

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA**

In re:

Industrie Service, LLC,
Debtor.

Case No. 17-02995-hb

Chapter 11

DEBTOR'S DISCLOSURE STATEMENT

Filed by the Debtor-in-Possession on November 30, 2017

Submitted by:

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DISCLOSURE STATEMENT

I. INTRODUCTION

Industrie Service, LLC (the “Debtor”) provides this Disclosure Statement to all of its known creditors in order to disclose information considered by the Debtor to be important, material and necessary for the creditors to make a reasonably informed decision in exercising their right to vote on the Plan of Reorganization of the Debtor (the “Plan”) which has been summarized herein and will be filed with this Disclosure Statement in the United States Bankruptcy Court for the District of South Carolina. This Disclosure Statement must provide such information, as far as practicable, that would enable a hypothetical reasonable investor typical of the holders of claims to make an informed judgment about the Plan. The Debtor feels that the information provided in this Disclosure Statement gives information that is adequate for an investor to make such a decision. The United States Bankruptcy Court will set a hearing to determine if this Disclosure Statement provides adequate information and conforms to the requirements of the Bankruptcy Code (11 U.S.C. §101 et seq.).

The United States Bankruptcy Court will set a date at a later time for a hearing on the acceptance of the Plan or may combine the Disclosure Statement and Plan hearing. Notice of the hearing will be mailed to all holders of claims, and upon receiving the Notice of Hearing, holders of claims may vote on the Plan by completing the ballot mailed with the Plan and Notice of Hearing and then returning the ballot to the Bankruptcy Court. The Notice of Hearing will specify a time within which the ballots must be returned. The vote of all creditors and holders of claims is very important. The Plan will be confirmed by the Court if it is accepted by the holders of two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the creditors or holders of claims in each class voting on the Plan, and two-thirds (2/3) in number of the holders of allowed interests voting on the Plan. In the event the requisite number of acceptances are not obtained, the Court may still confirm the Plan if the Court finds the Plan accords fair and equitable treatment to those classes rejecting the Plan.

The Plan represents a legally binding arrangement and should be read in its entirety, rather than relying on the summary in this Disclosure Statement. Approval of the Disclosure Statement by the United States Bankruptcy Court does not constitute approval by the Bankruptcy Court on the merits of the Plan. There is no unsecured creditors committee in this case.

EXCEPT WHERE SPECIFICALLY STATED OTHERWISE, THE DISCLOSURE STATEMENT WAS PREPARED BY THE DEBTOR AND WAS PREPARED BASED ON INFORMATION AVAILABLE TO THE DEBTOR. NO REPRESENTATIONS CONCERNING THE DEBTOR (PARTICULARLY THE VALUE OF THE ASSETS OF THE DEBTOR) ARE AUTHORIZED

OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. THOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY.

II. HISTORY OF THE DEBTOR AND EVENTS LEADING TO THE FILING OF BANKRUPTCY

The Debtor began operations in 1998 as an American subsidiary of a German parent Industrie Service, GmbH. The Debtor is a South Carolina limited liability company maintaining an office located at 230 Brookshire Road, Greer, South Carolina. The Debtor was formed to do business in Greenville, South Carolina area to perform supporting projects in connection with the BMW plant located there. The Debtor became a registered E-2 Treaty Investor with the US Department of State in Frankfurt, Germany which allowed the Debtor to obtain visas for employees to enter the United States. However, the ability to maintain the visas for the employees is based on the continued foreign investment, ownership, and operation of the Debtor.

As a result of the good work accomplished on multiple projects for BMW, the Debtor developed a good reputation and was able to develop strong and productive business relationships with other automobile manufacturers such as Mercedes in Alabama. In 2009, the Debtor received major contracts to perform work on the then newest German automotive plant in the southeast, i.e., the Volkswagen plant in Chattanooga, Tennessee (“VW Plant”) in 2009. Two of the prime contractors for the VW Plant, Stotzfriedenhagen Industries, Inc. (“Stotz”) and Moll Systems US, Inc. (“Moll”) awarded sub-contracts to the Debtor to provide the structural steel on two assembly lines for the VW Plant. The VW Plant Project was a troubled affair for all involved. The completion of the physical shell was delayed by months, resulting in Volkswagen Group of America, Inc. (“VGA”) ordering acceleration of the later phases of construction and line installation. VGA representatives told all contractors to “keep time records” and that they would be compensated fairly for the extraordinary team effort needed to open the plant on time. When the VW Plant was completed in 2011, VGA defaulted on its earlier promise pay its contractors in full. The result of VGA’s short-pay was the bankruptcy of both Stotz and Moll, and the filing of at least twelve (12) mechanic’s lien suits that related to the Debtor on the VW Plant.

In January 2011, Debtor filed suit against Stotz in the Chancery Court of Tennessee for the Eleventh Judicial District at Chattanooga, which case is captioned as *Industrie Service, LLC v. Stotzfriedenhagen Industries, Inc., et al.*, case No. 11-0052, (“VW Litigation”). The VW Litigation

remains pending, but has been stayed and put on an administrative hold by the Tennessee Chancery Court as a result of the bankruptcy filings by Stotz and the Debtor.¹ The Debtor was successful in recovering a portion of the money it was due from Moll. The largest portion of the Moll funds were necessary to pay Debtor's subcontractors and lien holders in order to have the subcontractor's liens removed from the VW Plant.

The massive shortfall in payment (estimated in the millions of dollars) was extremely detrimental to the financial stability of the Debtor. The stability of the Debtor was further weakened due to the filing in 2011 of an insolvency proceeding in Germany by the Debtor's parent company, Industrie Service, GmbH. The bankruptcy filings by Stotz and Moll in conjunction with filing of the German insolvency proceeding by Industrie Service, GmbH put the continued existence of the Debtor in jeopardy. As part of a court approved settlement of the German Insolvency Proceeding of the Parent Company, ownership of the Debtor was transferred to Hansjuergen Blum. However, the extraordinary burden placed upon the Debtor by the non-payment from VGA had caused the Debtor to become delinquent in its obligations to the IRS beginning in 2011. The Debtor eventually failed to file tax returns and remit its employee withholding from 2011 through 2016. Additionally, during this period the Debtor operated on loans from the Clarissa Blum, Hansjuergen Blum, Binder & Blum, EquipMax Finance, and FMS in excess of four million dollars (\$4,000,000.00) in order to maintain essential operations.

Notwithstanding the efforts to sustain operations it became evident in 2014 that the livelihood of Mr. Blum and 19 employees depended on developing a new corporate structure that could potentially earn revenues under a fresh brand name, from customers new and old. Such an effort required new investment from owners, new and additional equipment, and the formation of an entirely separate entity, with different ownership. The new company, Fabrication & Mechanical Service, LLC ("FMS") was formed as a South Carolina limited liability company on April 10, 2014.

Clarissa Blum is the sole owner of FMS.

Notwithstanding the formation of FMS, the continued existence of the Debtor was essential because of the current E-2 employment-based visas for its employees, which supply critical and

¹ *Industrie Service, LLC v. Stotzfredenhagen Industries, Inc., et al.*, case No. 11-0052, was eventually consolidated with several other civil actions filed by various parties, including subcontractors of the Debtor.

highly specialized labor for projects that FMS intended to pursue. FMS began to contract for new assembly line projects. However, the successful completion of the new work still required access to the employees of the Debtor that were participating in the E-2 Treaty Investor program. FMS entered into contracts with the Debtor for use of Debtor's employees to perform services on FMS projects with the source of payments being the revenue stream created by the FMS projects.

Following the break from Industrie Service, GmbH, EquipMax Finance, LLC ("EMF") was formed to lease necessary equipment and real property for operations to the Debtor for use in providing service to FMS. EMF is owned by Florian Gleibs who is employed in the administration of the Debtor. EMF has entered into various executory contracts with the Debtor, which are detailed on the Debtor's Schedule G (Doc 1) and included in the attached **Exhibit A**.

In March 2017, the IRS issued levies upon the accounts of FMS and EMF based upon theories that these entities are alter-egos of the Debtor and therefore liable for the tax obligations of the Debtor. The IRS further sought recovery directly from Clarissa Blum and Hansjuergen Blum as responsible persons for any trust fund taxes due by the Debtor. In conjunction with the levies the IRS sent collection letters to the account debtors of FMS in an effort to collect upon the liabilities of the Debtor. These events caused a severe disruption in FMS's ability to produce revenue to pay the Debtor for use its employees.

Under these circumstances the Debtor had no option but to seek relief under the Bankruptcy Code. Prior to the petition date, Debtor filed all its past-due tax returns and fulfilled its self-reporting obligations to the IRS.

III. POST-PETITION ACTIVITY

A. Bankruptcy Filing Pursuant to Chapter 11

On June 16, 2017 the Debtor filed a voluntary petition for relief pursuant to Chapter 11 of the Bankruptcy Code. Since the petition date, the Debtor has been managing its assets pursuant to 11 U.S.C. §§1107 and 1108.

B. Adversary Proceedings against the United States of America

On June 16, 2017, the Debtor filed an Adversary Complaint against the United States of America requesting injunctive relief, such that the IRS would no longer be able to levy upon the accounts of FMS. The adversary proceeding was styled as *Industrie Service, LLC v. United States of America*, Adv. Pro. No. 17-80059-hb. The Debtor was able to agree with the IRS because the IRS'

theories of liability relief upon by the IRS were based upon allegations of alter ego status the automatic stay of the Bankruptcy Code provided protection to FMS and EMF alleged alter egos of the Debtor. This agreement resulted in the entry of a consent order between the parties on June 28, 2017, that (i) rendered moot the relief requested by the Debtor in the adversary (Adv Pro Doc 10.) and (ii) allowed FMS continue its ordinary course of business operations work, including performance of its contract with the Debtor.

C. Motion and Orders Granting Use of Cash Collateral

As a component of its “First Day Motions,” the Debtor filed a Motion for Interim and Final Orders Authorizing the Use of Cash Collateral and Granting Replacement Liens (“Cash Collateral Motion”). Interim authority for the Debtor’s use of the cash collateral under lien to the IRS was granted on June 27, 2017 (Doc 24). Prior to the hearing on Debtor’s final authority to use cash collateral the IRS requested that the Debtor consider making limited adequate protection payments, prior to confirmation of the Debtor’s Plan. Based upon this IRS request, at the hearing that was held on July 11, 2017, the Debtor requested a second interim order on the use of cash collateral. The second interim order was entered on July 14, 2017.

The Debtor and the IRS agreed upon the payment of \$150,000 in adequate protection payable in the months of September, October, and November 2017. These protection payments were included in the Final Order granting the use of cash collateral that was entered on August 22, 2017 (Doc 56).

D. Motion and Orders Authorizing Debtor to Pay Certain Pre-Petition Claims

As a component of Debtor’s first day motions, Debtor filed a Motion for Entry of Order Authorizing Debtor to Pay Certain Pre-Petition Claims. These claims included payment to Debtor’s employees for pre-petition wages, employee benefits, and payment of insurance premiums. On June 27, 2017 the Court entered an interim order granting the relief to all parties that were not statutory insiders of the Debtor (Doc 25). Final authority for the payment of pre-petition claims was approved upon entry of the Court’s order on July 14, 2017 (Doc 39).

E. Utility Motion

As a component of Debtor’s first day motions, Debtor filed a Motion Pursuant to Section 366(b) of the Bankruptcy Code for Order Determining that Adequate Assurance of Payment Has Been Provided to Utility Companies. The Court’s Order Regarding Adequate Assurance for Utility

Companies Providing Service to Debtor was entered on July 27, 2017 (Doc. 26).

F. DIP Finance

On August 8, 2017, Debtor filed a Motion for entry of Interim and Final Orders Authorizing the Debtor to Obtain Post-Petition Financing (“DIP Finance Motion”). The Debtor sought interim relief under the DIP Finance Motion on an expedited basis. In the DIP Finance Motion, Debtor sought to borrow \$150,000 from FMS on an unsecured basis *pari pasu* with Debtor’s existing general unsecured creditors. An objection to this relief was filed by the United States Trustee (“UST”). At the hearing on the matter, the Court sustained the UST’s objection and interim relief was denied by the Court’s order entered on August 22, 2017 (Doc 55).

At the hearing on final relief under Debtor’s DIP Finance Motion, Debtor and FMS agreed that the loan could be provided on an unsecured basis subordinate to Debtor’s existing general unsecured creditors. Based upon the voluntary subordination by FMS, the UST’s objection was resolved. The Court’s final order approving Post-Petition Financing was entered on October 3, 2017 (Doc 67).

IV. PROPERTY OF THE DEBTOR

The Debtor’s primary assets consist of accounts receivable, machinery, equipment, furniture, vehicles, and causes of action against third parties for a total estimated value of \$1,583,178.85. Because Debtor’s pre-petition accounts were levied upon by the IRS, there were no cash accounts on the Petition Date. As demonstrated by the Debtor’s monthly operating reports, which are found on the Court’s docket or can be provided by request to hpenn@mccarthy-lawfirm.com, since the petition date, Debtor has generated income in the amount of \$708,276.01 and incurred expenses in the amount of \$599,778.22 thereby generating a net income of \$108,497.79.

The Debtor is continuing in the process of reviewing its financial records with regard to whether the Debtor has any causes of action relating to its outstanding accounts receivable or pursuant to 11 U.S.C. §§ 547, 548, 549, and 550. To any extent it is determined that the Debtor has such causes of action, the Debtor, or its assigns, will bring such actions prior to the closing of this bankruptcy case. At this time, the Debtor cannot project that any and all such causes of action will create any additional funds for distribution to the unsecured creditors of the estate.

V. LIQUIDATION ANALYSIS

Because the Debtor's assets are primarily accounts receivable, which on the petition date were over ninety (90) days old and projected as collectible the amount of \$1,231,489.44, it is anticipated that a liquidation of the Debtor's assets by a trustee would generate significantly less than will be funded pursuant to the Debtor's proposed Plan. In the Debtor's business judgment, it is expected that a hypothetical trustee in a best-case scenario would only be able to recover thirty percent (30%) of such receivables or approximately \$370,000. Liquidation of Debtors machinery, equipment, and vehicles are likely to recover \$61,512.00 shown on Debtor's Schedule A/B (Doc 1 at page 13, entry 51). Such a liquidation would likely result in a reduced recovery or no recovery in the on-going VW Litigation.

VI. SUMMARY OF PROPOSED PLAN

Unless otherwise ordered by the Court, the Claims Bar Date was **October 23, 2017 for all creditors except governmental units** and shall be **December 13, 2017 for a governmental unit** as such dates were set forth in the Court's Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors, & Deadlines issued on the Petition Date in this Case. Unless specifically ordered otherwise by the Court, only Claims scheduled by the Debtor without any contingent, unliquidated, or disputed notations and those Claims filed on or before the Claims Bar Date shall constitute Claims asserted against the Debtor in this Case. Any Claims filed after the Claims Bar Date shall be automatically disallowed unless the claimant successfully obtains an order of the Court allowing their late-filed proof of claim. Any claim for United States Trustee fees is not subject to any deadline for administrative claims. **The Debtor specifically reserves its right to object to any scheduled or asserted claims prior to the closing of the bankruptcy case.** The Debtor is seeking information from the IRS regarding the amount and dates of its pre-petition levies.

Debtor's Plan is a reorganization plan and the allowed claims of creditors will be paid as outlined in the Debtor's Plan. Based upon the cost reductions and employee wage structure instituted by the Debtor post-petition, Debtor anticipates that it will have no less than \$25,000 per month of disposable income which it will commit to funding minimum payments pursuant to Debtor's Plan. Upon the occurrence that Debtor has built cash reserves in excess of \$200,000, Debtor intends to provide such additional funds beyond the reserve as payment to the IRS pursuant

to the terms of Class 1, further detailed below. All payments provided to the IRS in Class 1 or Class 2 as further described below shall be applied by the IRS first to any “trust fund portion” of the outstanding federal employment tax liabilities until paid in full. During the term of this Plan, the IRS shall only receive payment on this Plan and not through any alleged alter ego of the Debtor.

The Debtor is currently reviewing its financial records with regard to whether the Debtor has any causes of action relating to its outstanding accounts receivable or pursuant to 11 U.S.C. §§ 547, 548, 549, and 550. The Debtor does not believe that such causes of action exist and at this time, the Debtor cannot project that any and all such causes of action will create any additional funds for distribution to the unsecured creditors of the estate. In the event that such causes of action are determined to exist, the Debtor will contribute such funds to distribution payments of claims in Class 6 and Class 8.

VII. CLASSIFICATION OF CREDITORS

Class 1. United States of America – Internal Revenue Service (“IRS”). Secured, Impaired.

The IRS has asserted tax liens against all assets owned by the Debtor in the amount of \$1,583,176.82, which is secured by all of the Debtor’s assets. The Debtor acknowledges that only a portion of the IRS’s Allowed Claim can be paid during the term of Debtor’s Plan. The Debtor proposes that the unpaid portions of the IRS’s secured Allowed Claim will survive the completion of all Plan Payments or paid as a balloon payment upon the sixty-first month following the Effective Date of Debtor’s Plan.

As a Class 1 creditor, the IRS will recover all of the Debtor’s disposable income following payments to creditors in Class 2, Class 3, Class 4, Class 5, and Class 6. In addition to the guaranteed payments detailed herein, Class 1, shall be entitled to sweep the Debtor’s account of any amounts that exceed the necessary \$200,000 operating reserve. The Debtor estimates that Class 1 shall recover approximately nine percent (9%) of its secured claim during the 60 months of this Plan. Payments to Class 1 shall begin on the fifty-second month of the Plan and shall be in the monthly amount of \$16,955.29.

Class 2. Priority Tax Claims. Priority, impaired.

Priority Tax Claims scheduled and filed against the Debtor's Estate in the amount of \$962,344.18 shall be paid as members of Class 2. The Allowed Claims of Class 2 creditors shall begin on the effective date and be paid in full within sixty (60) months of the Petition Date. Any reduction in the payout to Class 2 obtained from the claims objection process shall be split pro-rata between creditors in Class 1 and Class 6.

Class 3 includes the following claims:

1. The IRS has filed a priority claim in the amount of \$589,282.34 as shown on proof of claim ("POC") 3-5;
2. The South Carolina Department of Employment and Workforce filed POC 8-1 detailing a priority claim in the amount of \$10,296.73;
3. The South Carolina Department of Revenue ("SCDOR") filed POC 4-1 asserting a priority component of \$84,372.40. The priority components of the SCDOR's Allowed Claim shall be paid as a member of Class 2;
4. Spartanburg County Tax Collector filed POC 5-1 in the amount of \$277,157.53. This claim is disputed by the Debtor, but POC 5-1 shall be paid the amount of its Allowed Claim as a member of Class 2; and

The Tennessee Department of Revenue ("TN DOR") has filed POC 6-1 with a priority component of \$1,235.18. This claim is disputed by the Debtor, but any Allowed Claim shall be treated as a Class 2 claim.

For the first twenty-four months of this Plan, Class 2 will receive distributions in the amount of \$14,832.36, which shall be divided pro rata between the Allowed Claims of Class 2 creditors. Beginning in the twenty-fifth month after the Effective Date, Class 2 will receive distributions in the amount of \$22,458.06, which shall be divided pro rata between the Allowed Claims of Class 2 creditors. The Debtor projects that all Allowed Claims of Class 2 creditors shall be paid within sixty months of the Petition Date.

Class 3. Employee Claims. Priority, unimpaired.

On the Petition Date, Debtor scheduled Employee Claims for wages and benefits in the amount of \$32,501.47 along with the Debtor's contribution to such employee health insurance through BlueCross Blue Shield in the amount of \$10,043.14. The Debtor has paid the wage and

insurance portions of the Employee Claims pursuant to the Court's Orders on Payment of Post-Petition Claims (Doc 25). The sole exception are the wage claims of Clarissa Blum, which shall be treated as an Insider Claim and treated as detailed in Class 9.

Other Employee Claims consist of amounts accrued as paid time off ("PTO") by the employees. Those portions of the Employee Claims that are PTO shall be assumed by the Debtor and may be used by employees in the ordinary course of the Debtor's business. In this manner, all Class 3 claims will be paid in full by the Debtor, without impairment.

Class 4. Administrative Claims of the U.S. Trustee and Estate Professionals. Administrative Priority, impaired.

This class consists of quarterly fees of the United States Trustee and any unpaid administrative claims of professionals. United States Trustee fees for the Debtor will be paid by the Debtor in full upon the due date and any amounts remaining due for quarterly fees must be paid prior to the closing of the case. The quarterly fees due to the United States Trustee under 28 U.S.C. § 1930 are not deemed subject to any bar date applicable to administrative claims, and shall be paid quarterly.

The Debtor currently estimates post-petition professional fees for McCarthy, Reynolds, & Penn, LLC ("Debtor's Counsel") and Ouzts Ouzts and Company ("Debtor's Accountant") in the aggregate amount of approximately \$150,000. Post-petition professional fees incurred through the date of confirmation will only be paid upon Court approval. Unless otherwise ordered by the Court, and subject to the foregoing, post-petition professional fees incurred through the date of confirmation will be paid in full. Post-confirmation, professional fees, if any, will be paid monthly in the ordinary course.

Class 4 shall receive distributions in the amount \$6,250.00 for the first twenty-four months following the Effective Date.

Class 5. General Unsecured Trade Vendors ("Trade Creditors"). Unsecured, impaired.

This Class is a convenience-type of class that includes the Debtor's Trade Creditors with whom it does business as a part of its normal operations and amounts due are less than \$11,000. The members of Class 5 are detailed in the attached **Exhibit B**.

Members of Class 5 will receive no less than ten percent (10%) of their asserted claim. As a

convenience-type class of creditors, Class 5 will receive distributions within thirty (30) days of the Effective Date of Debtor's Plan.

Class 6. General Unsecured Creditors. Unsecured, impaired.

This class consists of all unsecured creditors not included in Class 5. The members of Class 6 are detailed in the attached Exhibit C. Many members of Class 6 are the holders of claims that were classified on the Debtor's Scheduled as "Disputed Claims." Disputed Claims will not receive distributions if the disputed creditor failed to timely file a proof of claim prior to the claims bar date.

Allowed Claims held by members of Class 6 will receive no less than ten percent (10%) of their claims. For the initial twenty-four months following the Effective Date, Class 6 shall receive distributions in the amount of \$3,112.44, which shall be paid pro rata to the holders of Allowed Claims of Class 6 creditors. For the next twenty-seven months, Class 6 shall receive distributions in the amount of \$1,736.73, which shall be paid pro rata to the holders of Allowed Claims of Class 6 creditors. During the final nine months of the Plan, Class 6 shall receive distributions in the amount of \$7,239.57, which shall be paid pro rata to the holders of Allowed Claims of Class 6 creditors.

Class 7. Pridestaff, Inc. ("Pridestaff") Unsecured, impaired.

This class of creditors contains only the claims against the Debtor held by Pridestaff. Pridestaff is a party to the VW Litigation has filed a lien against the VGA Plant in the approximate amount of \$250,000. Pridestaff's claim was scheduled by the Debtor in the amount of \$446,468.95 based upon work that Pridestaff performed on the VGA Plant as a subcontractor of the Debtor. Pridestaff has not filed a proof of claim in this matter.

In lieu of cash payment, Pridestaff shall be assigned the Debtor's rights to any recovery in the VW Litigation. Any proceeds from the VW Litigation in excess of Pridestaff's Allowed Claim shall be paid pro rata to creditors in Class 6 and Class 8.

Class 8. MOS Service, LLC ("MOS"). Unsecured, impaired.

MOS has been placed in Class 8 on account of the default judgment it obtained against the Debtor on or about October 8, 2013 in the action styled as *MOS Service, LLC v. Industrie Service, LLC*, C/A No. 2013-CP-23-04032 in the Court of Common Pleas for Greenville County, South Carolina ("MOS Judgment"). MOS has filed POC 7 in the amount of \$483,118.60, which updates the initial judgment amount by accounting for accrued interest at the statutory rate in South Carolina from the date of the MOS Judgment to the Petition Date. While MOS has obtained a judgment

against the Debtor, it remains unsecured as the Debtor does not own any real property.

As a member of Class 8, MOS shall receive a distribution of no less than ten percent (10%) of its Allowed Claim. Class 8 shall receive monthly distributions in the amount of \$805.20 for the sixty month term of the Plan.

Class 9. Insider Claims. Unsecured, impaired.

This class consists of claims of creditors who are statutory insiders of the Debtor, or otherwise closely related to the Debtor's management. The members of Class 7 are detailed in the attached **Exhibit D**. The claims in Class 7 have been scheduled by the Debtor in amounts that aggregate to \$4,164,751.54. Class 7 claims shall be subordinate to all other claims detailed herein and shall receive no distributions or other payment during the pendency of Debtor's Plan of Reorganization.

Class 10. Equity Holders. Equity, impaired.

All equity interests in the Debtor will be subordinated to the claims of Class 1 through Class 8. The single member of Class 10 is Hansjuergen Blum. Class 10 shall receive no distributions or other payment during the pendency of Debtor's Plan.

VIII. EXECUTORY CONTRACTS

The Debtor intends to continue its normal operations in the ordinary course post-petition. Therefore, the Debtor shall assume all of the Executory Contracts, which Executory Contracts are shown in Schedule G of the Bankruptcy Schedules for the Debtor. Schedule G is also attached to this Disclosure Statement as **Exhibit A**, and there are not believed to be any cure amounts due as evidenced by the Debtor's Schedule F filed with the Court. Any and all cure amounts owed for Allowed Claims due to the assumption of Executory Contracts will be treated as Administrative Claims and will be paid in full as set forth in Class 4 hereinabove.

IX. FEASIBILITY OF DEBTOR'S PLAN

The Debtor believes and asserts that it has the ability to make the payments set forth herein and in the Disclosure Statement. Following the Petition Date, the Debtor instituted a cost savings program with its employees, which structures the Debtor's operations in such a fashion that a minimum of \$25,000 per month shall be available to the Debtor for disbursement pursuant to this Plan.

11 U.S.C. §1129(a)(11) provides that in order for a Plan of Reorganization to be confirmed, it must be demonstrated that the Plan of Reorganization is not likely to be followed by a liquidation or the need for further reorganization of the Debtor or any successor of the Debtor under the Plan unless the liquidation or reorganization is proposed in the Plan of Reorganization. The Debtor's Plan provides for liquidation of the Debtor's assets.

X. TAX CONSEQUENCES

Following Plan Confirmation, the Debtor shall pay all income tax and employee withholding as they come due in the ordinary course of business. The Debtor believes there are no adverse tax consequences to the Debtor or its creditors as a result of the bankruptcy and the provisions of the Plan but all creditors and parties in interest should consult their respective accountants and/or tax attorneys.

XI. CONCLUSION

The Creditors and readers of this Disclosure Statement are directed to the Plan of Reorganization for specific treatment of their particular claims against the Debtor. The provisions of the Plan satisfy all undisputed claims against the Debtor.

RESPECTFULLY SUBMITTED on this the 30th day of November, 2017, at Columbia, South Carolina.

McCARTHY, REYNOLDS, & PENN, LLC.

/s/ W. Harrison Penn
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Exhibit A

(Executory Contracts)

Fill in this information to identify the case:

Debtor name Industrie Service, LLC

United States Bankruptcy Court for the: DISTRICT OF SOUTH CAROLINA

Case number (if known) _____

Check if this is an amended filing

Official Form 206G

Schedule G: Executory Contracts and Unexpired Leases

12/15

Be as complete and accurate as possible. If more space is needed, copy and attach the additional page, number the entries consecutively.

1. Does the debtor have any executory contracts or unexpired leases?

No. Check this box and file this form with the debtor's other schedules. There is nothing else to report on this form.

Yes. Fill in all of the information below even if the contacts of leases are listed on *Schedule A/B: Assets - Real and Personal Property* (Official Form 206A/B).

2. List all contracts and unexpired leases

State the name and mailing address for all other parties with whom the debtor has an executory contract or unexpired lease

2.1. State what the contract or lease is for and the nature of the debtor's interest **Condo**
 217 Jordan Springs
 Duncan, SC 29334
 \$1,800/monthly
 Year to Year

State the term remaining _____

List the contract number of any government contract _____

Clarissa Blum
 212 Holly Drive
 Duncan, SC 29334

2.2. State what the contract or lease is for and the nature of the debtor's interest **Master Consulting Agreement (for consulting and financial services)**
 \$1,250 monthly (flat fee)
 Month-to-Month

State the term remaining _____

List the contract number of any government contract _____

EquipMax Finance, LLC
 230 Brookshire Road, Suite B
 Greer, SC 29651

2.3. State what the contract or lease is for and the nature of the debtor's interest **Lease of Office and Shop (Industrial premises) located at 540 Brookshire Road, Greer, SC 29651**
 Rent is \$3,850 monthly
 Lease is currently month-to-month, with a 3 month termination notification required.
 Month-to-Month

State the term remaining _____

List the contract number of any government contract _____

EquipMax Finance, LLC
 230 Brookshire Road, Suite B
 Greer, SC 29651

Debtor 1 **Industrie Service, LLC**
First Name Middle Name Last Name Case number (if known)

Additional Page if You Have More Contracts or Leases

2. List all contracts and unexpired leases State the name and mailing address for all other parties with whom the debtor has an executory contract or unexpired lease

2.4. State what the contract or lease is for and the nature of the debtor's interest **Lease of property at 230 Brookshire Road, Greer, SC Rent is \$4,000 monthly Lease is currently month-to-month, with a 3 month termination notification required. Month-to-Month**
State the term remaining
List the contract number of any government contract
**EquipMax Finance, LLC
230 Brookshire Road, Suite B
Greer, SC 29651**

2.5. State what the contract or lease is for and the nature of the debtor's interest **Master Lease Agreement All items listed on the Lease Scheduled attached hereto as Exhibit A, totaling \$9,261/monthly.**
State the term remaining
List the contract number of any government contract
**EquipMax Finance, LLC
230 Brookshire Road, Suite B
Greer, SC 29651**

2.6. State what the contract or lease is for and the nature of the debtor's interest **15 Cell Phones Month-to-month \$1,366.88 (approx. monthly)**
State the term remaining
List the contract number of any government contract
**Verizon Wireless
PO Box 660108
Dallas, TX 75266-0108**

(to Schedule G)

LEASES

DESCRIPTION	BRAND	MODEL	SERIAL#01	LEASE START	LEASE END	MONTHLY LEASE	
Plasma Cutter	Torchmate	Torchmate X	SO#19685	2015-04-10	2018-04-06	\$ 1,250.00	
Mobile Welding Machine	Miller	Maxstar 150 s	MC250180J	2014-07-20	2017-07-16	\$ 50.00	
Mobile Welding Machine	Miller	Maxstar 150 s	MC250181J	2014-07-20	2017-07-16	\$ 50.00	
Plasma Cutter - Plate Marker Kit	Torchmate	Torchmate X		2015-11-15	2018-11-11	\$ 100.00	
Pipe Bending Machine	Baileigh	M250	37900136	2016-07-05	2019-07-02	\$ 360.00	
Floor Scan Device	Hilti	PS38 Multidetector	307100048	2017-03-01	2020-02-26	\$ 45.00	
Power Tool-Set	Makita	Miscellaneous		2016-12-01	2019-11-28	\$ 42.50	
Power Tool-Set	Makita	Miscellaneous		2016-12-01	2019-11-28	\$ 42.50	
Theodolite	Bosch	GOL26 - 26X Auto	X127031	2016-12-01	2019-11-28	\$ 15.00	
Theodolite	Bosch	GOL26 - 26X Auto	X127055	2016-12-01	2019-11-28	\$ 15.00	
Wall Slotter	Eibenstock	EMF150		2016-07-01	2018-06-30	\$ 35.00	
Wall Slotter	Eibenstock	EMF150		2016-07-01	2018-06-30	\$ 35.00	
Wall Slotter	Eibenstock	EMF150		2016-07-01	2018-06-30	\$ 35.00	
Speed Mixing Drill	Dewalt	DW130V		2016-07-01	2018-06-30	\$ 15.00	
Truck with Loading Platform	ISUZU	Cab Over Flatbed	JALB4B14537007787	2015-02-17	2018-02-13	\$ 650.00	
Trailer (closed)	LOOK	EWLC6X12S12	53BTE1222CU003807	2015-03-15	2018-03-11	\$ 200.00	
2014 Jeep Compass Sport SUV	Chrysler		1C4NJCBA9ED561114	2013-06-10	2018-06-09	\$ 415.00	
Chrysler Pacifica	Chrysler	Pacifica	2A4GM68416R718937	2014-08-01	2017-07-31	\$ 335.00	
2010 KIA Sedona	KIA	Sedona	KNDMG4C7XC6433078	2014-11-20	2018-11-19	\$ 418.50	
2012 KIA Sorento	KIA	Sorento	5XYKT3A17CG257583	2014-11-20	2018-11-19	\$ 450.00	
Laptop	IBM - Lenovo	T520	00186-150-448-914	2015-02-17	2018-02-13	\$ 45.00	
Printer	Brother	MFC-9325cw	U63095L1J703294	2015-02-17	2018-02-13	\$ 30.00	
Monitor - LED 24"	Acer	S242HL	14807467785	2015-02-17	2018-02-13	\$ 15.00	
Laptop	Hewlett Packard	Pavilion G6	5CG2090C1H	2015-05-15	2018-05-11	\$ 55.00	
Printer	Brother	MFC-9325cw	U63095D2J842174	2015-06-10	2018-06-06	\$ 30.00	
Printer	Brother	MFC-9325cw	U63095D2J842161	2015-06-10	2018-06-06	\$ 30.00	
Printer	Brother	MFC-9320cw	U63095D0J352325	2015-06-10	2018-06-06	\$ 30.00	
Printer	Brother	MFC-9325cw	U63095F2J877222	2015-06-10	2018-06-06	\$ 30.00	
Printer	Brother	MFC-9325cw	U63095D2J842462	2015-06-10	2018-06-06	\$ 30.00	
Server - IS LLC	Miscellaneous	DELL	not applicable	2015-07-15	2018-07-11	\$ 827.50	
Laptop	IBM - Lenovo	T520	00186-175-646-537	2015-07-15	2018-07-11	\$ 45.00	
Laptop	IBM - Lenovo	T520	00186-175-646-568	2015-07-15	2018-07-11	\$ 55.00	
Laptop	IBM - Lenovo	T520	00186-175-651-086	2015-07-15	2018-07-11	\$ 45.00	
Laptop	IBM - Lenovo	T520	00186-175-651-088	2015-07-15	2018-07-11	\$ 45.00	
Laptop	IBM - Lenovo	T520	00186-175-651-084	2015-07-15	2018-07-11	\$ 45.00	
Laptop [USA]	IBM - Lenovo	T530	00186-175-702-183R9-R1P7G	12/07	2015-07-15	2018-07-11	\$ 60.00
Laptop	IBM - Lenovo	T530	00186-175-702-382R9-R1P7H	12/07	2015-07-15	2018-07-11	\$ 60.00
Laptop [GERMANY]	IBM - Lenovo	T530	00186-175-706-330R9-R1P7K	12/07	2015-07-15	2018-07-11	\$ 60.00
Printer	Brother	MFC-9325cw	U63095B2J781852	2015-07-15	2018-07-11	\$ 30.00	
Printer	Brother	MFC-9325cw	U63095D2J842469	2015-08-15	2018-08-11	\$ 30.00	
Plotter	Hewlett Packard	T2300 eMFP	CN728A / CN266BK028	2015-09-15	2018-09-11	\$ 320.00	
Laptop	IBM - Lenovo	T530	00186-188-036-941R9-T3WB9	12/09	2015-09-15	2018-09-11	\$ 45.00
Advanced Steel Premium	Graitec	not applicable	035559-US-71G4Z30	2015-09-15	2018-09-11	\$ 495.00	
Advanced Steel Premium	Graitec	not applicable	035559-US-71G4Z30	2015-09-15	2018-09-11	\$ 495.00	
Advanced Design Steel Professional	Graitec	not applicable	035560-US-C9AYFDG	2015-09-15	2018-09-11	\$ 425.00	
Conference Screen PN60E550 60"	Samsung			2015-10-15	2018-10-11	\$ 45.00	
Conference Screen PN51E550 51"	Samsung			2015-10-15	2018-10-11	\$ 30.00	
Coffee Machine	Jura	Impressa J9.3	7 610917 135929	2015-10-20	2018-10-16	\$ 95.00	
Desktop Computer	IBM - Lenovo	ThinkCenter M92P	00186-214-161-547	2016-07-15	2019-07-12	\$ 75.00	
Desktop Computer	IBM - Lenovo	ThinkCenter M92P	00186-220-543-916	2016-09-01	2019-08-29	\$ 75.00	
Desktop Computer	IBM - Lenovo	ThinkCenter M92P	00186-220-543-957	2016-09-01	2019-08-29	\$ 75.00	
Desktop Computer (TINY)	IBM - Lenovo	ThinkCenter M92P	1S3238CTOMJ97K9T	2016-09-01	2019-08-29	\$ 50.00	
Printer	Brother	MFC-9325cw	U63095A3J154917	2016-10-01	2019-09-28	\$ 30.00	
AutoCAD 2016 Full Version	Autodesk	NLM 2016	559-01442172 / 001H1	2017-07-01	2020-06-27	\$ 350.00	
AutoCAD 2016 Full Version	Autodesk	NLM 2016	559-01442172 / 001H1	2017-07-01	2020-06-27	\$ 350.00	
Desktop Computer	IBM - Lenovo	ThinkCenter M800 SFF		2016-05-01	2019-04-30	\$ 50.00	
Desktop Computer	IBM - Lenovo	ThinkCenter M800 SFF		2016-05-01	2019-04-30	\$ 50.00	
Desktop Computer	IBM - Lenovo	ThinkCenter M800 SFF		2016-05-01	2019-04-30	\$ 50.00	

\$ 9,261.00

Exhibit B

(Class 5 – Trade Creditors)

Industrie Service, LLC, C/A No. 17-2995-hb
Exhibit B - Class 5 Creditors

<u>Name</u>	<u>Scheduled Claim</u>	<u>Filed Claim</u>
Airgas USA, LLC	\$3,323.07	\$4,847.50 Claim No. 9
Ameritas Life Ins	\$628.41	
Anderson Fire & Safety	\$348.00	
Carolina Abrasives	\$2,560.50	
Carolina Analysis	\$360.00	
Charter Communication	\$215.78	
Charter Communication	\$139.98	
Com of Public Works	\$53.81	
Com of Public Works	\$142.55	
Diamond Springs	\$155.83	
Duke Energy	\$1,902.84	\$2,408.12 Claim No. 10
FCCI Insurance	\$5,059.98	
FedEx	\$100.00	
Hired Killers Pest Control	\$75.00	
Hydradyne	\$87.13	
Peddinghaus	\$7,370.04	
Siemens Energy	\$3,278.35	
Verizon	\$1,158.94	
Waste Connections	\$173.20	
Windstream	\$574.80	
Wurth	\$1,001.60	
Total of Maximum Claims in Class 5		\$40,782.66

Exhibit C

(Class 6 – General Unsecured Creditors)

Industrie Service, LLC, C/A No. 17-2995-hb

Exhibit C - Class 6 Creditors

<u>Creditor</u>	<u>Scheduled Claim</u>	<u>Filed Claim</u>	<u>Status</u>	
Barbara Walter	\$44,000.00		Disputed	
BB&T	\$11,228.39			
Delta Wire & Manufacturing	\$236,525.00		Disputed	
Fa Erik Buechner	\$4,133.55		Disputed	
Fallerbau	\$1,902.80		Disputed	
Hire Dynamics	\$37,549.15	\$68,413.71		Claim No. 11
IRS	\$150,000.00	\$1,318,261.33		Claim No. 3.5
Metallau Walter	\$1,226.52			
Rolf Reich	\$4,795.70		Disputed	
SC DOR		\$51,280.66		Claim No. 4
Spartanburg County Tax Collector		\$275.63	Disputed	Claim No. 5
SC Dept of Employment		\$995.33		Claim No. 8
TN DOR		\$275.63	Disputed	Claim No. 6
Trace Staffing Solutions	\$38,312.27			
Tradesmen Intl	\$80,045.58	\$81,235.83		
Service Schlossern & Schweissen	\$4,601.45		Disputed	Claim No. 2
Total Maximum Claims in Class 6				\$1,867,463.80

Exhibit D

(Class 9 – Insider Claims)

Industrie Service, LLC, C/A No. 17-2995-hb
Exhibit D - Class 9 Creditors

<u>Creditor</u>	<u>Claim Amount</u>
Binder & Blum	\$23,276.17
Binder & Blum	\$278,731.75
Clarissa Blum	\$221,547.99
Clarissa Blum	\$66,609.46
Clarissa Blum	\$2,275.00
EquipMax	\$465,390.60
EquipMax	\$185,878.18
Fabrication Mechanical	\$10,119.40
Fabrication Mechanical	\$1,444,556.48
Fabrication Mechanical	\$883,433.45
Fabrication Mechanical	\$150,000.00
Hansjuergen Blum	\$40,234.62
Hansjuergen Blum	\$151,031.11
Hansjuergen Blum	\$241,667.33
Total	\$4,164,751.54