

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF TENNESSEE  
AT CHATTANOOGA**

re:	)	
	)	Case No. 1:15-bk-12543 NWW
Goins Waste Oil Company, Inc.	)	
	)	Chapter 11
	)	
Debtor.	)	

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**DEBTOR’S DISCLOSURE STATEMENT  
DATED JULY 22, 2016**

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The Debtor ( “Debtor”) submits this Disclosure Statement to its Plan of Reorganization dated the 22nd day of July, 2016, pursuant to 11 U.S.C. § 1125.

**I.**

**INTRODUCTION**

The Debtor is the proponent of a Plan of Reorganization (“Plan”). This Disclosure Statement is filed in order to disclose that information deemed by the Plan proponents to be material, important and necessary for creditors of the Debtor to arrive at a reasonably informed decision in exercising their right to accept or reject the Plan presently on file with the Bankruptcy Court. The Court has determined that the Disclosure Statement, contains adequate information for creditors to determine whether to accept or reject the Debtor’s Plan.

The Disclosure Statement is being sent to all creditors and those parties requesting in writing a copy thereof. Information contained herein has been obtained from the books and records of the Debtor or from appraisals (where indicated) or accountings obtained by the Debtor.

The Plan is on file in the United States Bankruptcy Court for the Eastern District of Tennessee at Chattanooga and may be considered by creditors if this Disclosure Statement is approved by the Bankruptcy Court. If the Disclosure Statement is approved, creditors may then vote on the Plan by filling out and mailing ballot forms to the Bankruptcy Court. Ballot forms will be mailed with the Order approving this Disclosure Statement and such Order will set a date for a hearing on confirmation of the Plan. As a creditor, your vote is important. In order for the Plan to be accepted, creditors in classes impaired under the Plan that vote to accept or reject the Plan and that hold at least two-thirds in amount and more than one-half in number of the allowed claims within certain classes must vote for the Plan. Certain classes are not entitled to vote since such classes are being paid in full or the rights of creditors in those classes are not being impaired by the Plan. If there is a class of impaired claims, at least one class of claims must accept the Plan excluding acceptances by any insiders. In the event the requisite acceptances are not obtained, the Court may nevertheless confirm the Plan, if the Court finds, *inter alia*, that the Plan accords fair and equitable treatment to all classes that have rejected it. To have your vote count, you must complete and return the ballot within the time provided therefore.

NO REPRESENTATIONS CONCERNING THE DEBTOR ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE, WHICH ARE OTHER THAN AS CONTAINED IN THIS STATEMENT, SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR WHO, IN TURN, SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

THE PLAN, IN THE OPINION OF THE DEBTOR OFFERS MORE TO CREDITORS THAN THE PRESENT FORCED LIQUIDATION VALUE OF THE PROPERTY OF THE DEBTOR.

THE INFORMATION CONTAINED IN THIS DOCUMENT OR IN THE ATTACHED EXHIBITS HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. THE RECORDS ARE DEEMED SUFFICIENT FOR A BUSINESS OF THE SIZE AND COMPLEXITY OF THE DEBTOR. ACCOUNTANTS HAVE NOT VERIFIED SUCH INFORMATION AS THE COST OF COMPLETE VERIFICATION WOULD BE PROHIBITIVE. THE INFORMATION CONTAINED HEREIN IS BELIEVED TO BE TRUE AND CORRECT. ALTHOUGH INACCURACIES MAY BE PRESENT, AN EFFORT HAS BEEN MADE TO BE ACCURATE. THERE ARE ESTIMATES AND APPROXIMATIONS HEREIN WHICH ARE INHERENTLY SPECULATIVE, UNCERTAIN AND UNKNOWN OR CONTAIN MATTERS ABOUT WHICH OPINIONS MAY DIFFER. NO REPRESENTATIONS CONCERNING THE DEBTORS OR ITS BUSINESS OR ASSETS AND ANY VALUATION THEREOF ARE AUTHORIZED OTHER THAN AS SET FORTH IN THIS DOCUMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OF THIS PLAN WHICH ARE OTHER THAN AS CONTAINED IN THIS DOCUMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION. SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR, WHO, IN TURN, SHALL PROMPTLY DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

## II.

### **HISTORY OF DEBTOR**

Gordon Goins, Sr. and wife, Juanita started Goins Waste Oil Company in March of 1952. Mr. Goins only had 1 truck and 1 tank for storing the oil. By 1971, Mr. Goins daughter, Joyce and her husband, Richard had entered the business at which time Mr. Goins had purchased 2 more trucks. In 1979, Mr. Goins youngest son, Gordon Goins, Jr, known to many as Buddy, had entered the business at the age of 16. In the late 1980's, Mr. Goins retired but was still a consultant for the business for many years. Goins Waste Oil Company incorporated in 1987, at which time another daughter, Sheila entered the company. The company continued to grow and purchase more trucks, while also acquiring more property for their tank farm. Mr. Goins' wife passed away in 2000. By this time, Mr. Goins grandsons had also entered the business.

Mr. Goins passed away in 2003. In 2004 the business had moved to the acquired property and continued to grow. In 2012 the company became a used oil processing facility in order to recycle the used oil. The company is now ran by Mr. Goins, Jr (Buddy) and his 2 sisters. The company employs almost all of Mr. Goins' grandchildren. The business now operates 4 street trucks, 3 tractor trailers with tankers, a vacuum truck, and a box truck. The company has been reliable and loyal to all their customers. They have taken steps to insure that all customers can be environmentally safe. Goins works with federal, state, and local government agencies to meet all requirements and regulations. The pricing on oil has changed so drastically over the last 2 years that the company has had to endure a lot of changes. In the last 64 years the Goins' have seen the oil prices fluctuate dramatically but they are sure the business will continue to grow and prosper for the next generation in the family.

**III.**

**PROJECTED INCOME & EXPENSES**

The following projected monthly income and expenses were generated from the Debtor's monthly operating reports. The copy of the Debtor's most recent monthly report is attached hereto as Exhibit "A"{Doc 144}. Projected monthly income from the operating statements, less business expenses, less plan payments indicates that the Debtor's projected monthly gross income should be sufficient to pay the Debtor's business and expenses and the payments proposed under the Debtor's Plan.

A. Gross Income (Last 6 Mo Average)	\$ 75,781
B. Cost of Goods Sold	\$ 3,928
Operating Expenses	\$ 56,889
Equipment Repairs anticipated	<u>\$ 2,500</u>
Total Projected Expenses	\$ 63,317
Net Income	\$ 12,464
C. Trustee Fees	\$ 542
D Proposed Plan Payments	\$ 10,823
Net Income Less Plan Payments	\$ 1,099

**IV.**

**ASSETS OF THE DEBTOR**

**As of June 30, 2016**

**Liquid Assets**

A. Cash and Cash Equivalent	\$ 17,190
B. Trade Accounts Receivable	<u>\$ 69,925</u>
Total Liquid Assets	\$ 87,115

**Other Assets, see schedules**

Schedule B Personal Property – Amended Vehicles	\$ 168,500
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Schedule B Personal Property – Amended Other Equipment	\$ 33,950
Schedule A Real Property 4201 and 4200 Calhoun Ave. Chattanooga TN	\$ 214,258
<b>Total Assets</b>	<b>\$ 503,823</b>

**V.**

**LIABILITIES OF THE DEBTORS**  
**(Rounded to the nearest dollar)**

A.	Estimated Administrative Expense Claims:	
	Attorney fees for Counsel for Debtors(est):	\$15,000
	U.S. Trustee fees:	\$650
B.	<b>TOTAL EST ADMIN. EXPENSES</b>	<b>\$15,650</b>
C.	Schedule D and POC's	\$430,022
D.	Schedule E and POC's	\$148,054
E.	Schedule F and POC's	\$195,155
<hr/> <b>TOTAL LIABILITIES</b>		<b>\$788,881</b>

**VI.**

**SUMMARY OF PLAN**

The Debtors' Plan is as follows:

**Class 1 – Tax Claims.** (Class 1) consists of all Allowed Tax Claims against the Debtor, excluding such Claims that were paid prior to the Effective Date. This Class is impaired. Each Allowed Tax Claim shall be paid the Allowed Amount of such Claim in cash, in full, in

accordance with the provisions of Section 1129(a)(9)(C) of the Code. If any Allowed Tax Claim, **except any claim by the Internal Revenue Service**, is not paid in cash in full on the latest of (i) the Effective Date; (ii) the date a Contested Tax Claim is allowed in whole or in part by Final Order; or (iii) the date such payment is due under applicable law, then the unpaid portion of such Allowed Tax Claim shall accrue interest from the due date until the date of payment, provided, however, that no Allowed Tax Claim shall include any Claims with pre-petition or post-petition penalties, all of which penalties, pre-confirmation and post-confirmation, shall be (i) deemed unsecured claims and (ii) paid as provided for in Section 5. Each Contested Tax Claim shall become an Allowed Tax Claim only upon entry of, and only to the extent such claim is allowed by a Final Order. Allowed Tax Claims shall be paid monthly within the time provided by 11 USC § 1129(a)(9)(C). It is anticipated that Federal taxes are the Tax Claims in this Class.

Allowed federal secured and priority tax claims shall be paid in monthly installments, with 3% APR interest over a period not to exceed 60 months from the petition date. The Priority Claim of \$103,762 of the IRS was paid during the case.

(A) If the Debtor fails to make any payment required by the confirmed Plan of reorganization, make any deposits of any currently accruing employment tax liability, make any payment of any tax to the Internal Revenue Service within 10 days of the due date of such deposit or payment, or fail to file any required federal tax return by the due date of such return and pay any outstanding tax liability shown on the return at the time the return is filed, then the United States may declare that the Debtor are in default of the Plan. Failure to declare a default does not constitute a waiver by the United States of the right to declare that the Debtor is in default.

(B) If the United States declares the Debtor to be in default of the Debtor's obligations under the Plan, then the entire imposed liability, together with any unpaid current liabilities, shall become due and payable immediately upon written demand to the Debtor.

(C) If full payment is not made within 10 days of such demand, then the Internal Revenue Service may collect any unpaid liabilities through the administrative collection provisions of the Internal Revenue Code.

(D) In the event the Debtor file for protection under Title 11, the secured and unsecured priority tax claims of the Internal Revenue Service shall retain their status as tax claims in the subsequent bankruptcy case.

(E) The discharge of any debt owed to the Internal Revenue Service under this Plan shall not be effective until the federal taxes provided for under this Plan have been paid in full.

The Priority Tax Claim of the Hamilton County Trustee in the amount of \$6658.00 will be paid under same terms as the priority IRS claim.

The Priority Tax Claim of the City of Chattanooga in the amount of \$11,150.00 will be paid under same terms as the priority IRS claim.

The Priority Tax Claim of Georgia Department of Revenue in the amount of \$8735.00 will be paid under same terms as the priority IRS claim.

The Priority Tax Claim of Tennessee Department of Revenue in the amount of \$17,749.00 will be paid under same terms as the priority IRS claim.

**Class 2-First Volunteer.** First Volunteer (Class 2) shall be paid its Allowed Secured Claim of \$430,022.00, more or less, secured by a second lien on Debtor's real estate. Creditor's Allowed Secured Claim shall be paid monthly in the amount of \$5,000 by Debtor. Interest rate shall be 5% with a balloon payment due of the balance then due and owing as of the fifth anniversary of the Confirmation Date. This Creditor is impaired.

**Class 3-Kalamata Capital LLC.** Kalamata Capital LLC (Class 3) shall be paid its Allowed Secured Claim of \$3622.00, more or less, secured by a first lien on Debtor's receivables. Creditor's Allowed Secured Claim shall be paid \$500.00 per month until the Allowed Secured Claim is paid in full. This Creditor is impaired.

**Class 4-Unsecured Claims.** Unsecured Claims (Class 4) shall be paid pro rata as cash flow permits beginning on the Effective Date, until each Creditor in the Class is paid ten (10%) of its Allowed Claim. As Class 1 is paid, that Classes' payments will be made to Class 4 until the dividend to this Class is paid. This Class is impaired.

**Class-5-Unsecured Penalty Claims.** Unsecured Penalty Claims (Class 5) shall receive no payment under the Plan. This Class is impaired.

**Class 6 - Debtor.** Debtor (Class 6) shall receive no payment under the Plan. This Class is impaired.

**THE FOREGOING IS A SUMMARY OF THE PLAN AND SHOULD NOT BE RELIED UPON FOR VOTING PURPOSES. CREDITORS ARE URGED TO READ THE PLAN IN FULL, WHICH IS BEING SEPARATELY SUBMITTED TO YOU. CREDITORS ARE URGED TO CONSULT WITH COUNSEL, OR WITH EACH OTHER, IN ORDER TO FULLY UNDERSTAND THE PLAN AND ANY EXHIBITS ATTACHED TO IT.**

## **VII.**

### **LIQUIDATION ANALYSIS**

Based upon the Debtor's estimate of the present market value of its business real estate, the liquidation of the Debtor's assets would result in a recovery substantially less than the

amount that the Plan proposes to creditors. Debtor estimates the value of its business building, equipment, receivables, vehicles and the other assets listed in Schedules A and B at fair market value.

## **VIII.**

### **OWNERSHIP, GENERAL OPERATIONS, AND MONTHLY STATEMENT**

Debtor will continue to be fully employed as a waste oil processing company and own and manage its sales business. Debtor's most recent Monthly Statement is attached as Exhibit A {Doc 144}.

Additionally, Exhibit "A" shows in detail the Debtor's expenses through its bank account statements which are attached to the Monthly Operating Report.

## **IX.**

### **MISCELLANEOUS**

The Plan states the means for execution of the Plan, provides for the retention, enforcement, settlement or adjustment of claims belonging to the Debtor or the Estate and certain general provisions, including, but not limited to, retention of jurisdiction by the Bankruptcy Court for certain purposes.

## **X.**

### **CLAIMS**

Claims which are disputed, contingent or unliquidated must be filed by the time of the bar deadline. All parties in interest have the right to object to any claim filed as to amount, classification or otherwise. Objections may be filed up to twenty (20) days prior to the Effective Date.

#### **A. Classification of Claims and Interests:**

1. The claims will be classified as follows:
  - a. Administrative expense claimants including the fees of the United States Trustee's office, attorney's fees, post-petition taxes, if any, and other post-petition claims as requested and approved by the Court.
  - b. **Class 1:** Allowed priority tax claims.
  - c. **Class 2:** Allowed Secured Claim of First Volunteer. This class is impaired.
  - d. **Class 3:** Allowed Secured Claim of Kalamata Capital LLC. This class is impaired.
  - e. **Class 4:** Unsecured Claims. This Class is impaired.
  - f. **Class 5:** Unsecured Penalty Claims. There are no claims in this class.
  - g. **Class 6:** Debtor. This class is impaired
2. Unless otherwise provided as stated above, all classes are impaired.

**B. Treatment of Claims**

**Class 1 – Tax Claims.** (Class 1) consists of all Allowed Tax Claims against the Debtor, excluding such Claims that were paid prior to the Effective Date. This Class is impaired. Each Allowed Tax Claim shall be paid the Allowed Amount of such Claim in cash, in full, in accordance with the provisions of Section 1129(a)(9)(C) of the Code. If any Allowed Tax Claim, **except any claim by the Internal Revenue Service**, is not paid in cash in full on the latest of (i) the Effective Date; (ii) the date a Contested Tax Claim is allowed in whole or in part by Final Order; or (iii) the date such payment is due under applicable law, then the unpaid portion of such Allowed Tax Claim shall accrue interest from the due date until the date of payment, provided, however, that no Allowed Tax Claim shall include any Claims with pre-petition or post-petition penalties, all of which penalties, pre-confirmation and post-confirmation, shall be (i) deemed unsecured claims and (ii) paid as provided for in Section 5. Each Contested Tax Claim shall become an Allowed Tax Claim only upon entry of, and only to the extent such claim is allowed by a Final Order. Allowed Tax Claims shall be paid monthly within the time provided by 11 USC § 1129(a)(9)(C). It is anticipated that Federal taxes are the Tax Claims in this Class.

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**Class 6 - Debtor.** Debtor (Class 6) shall receive no payment under the Plan. This Class is impaired.

## **XI.**

### **RISKS**

The Plan is the Debtor's comprehensive proposal for the continuation of the Debtor's business selling processed waste oil and the restructuring of its debts. Confirmation of the Plan will enable the Debtor to focus on its business maximizing the return to creditors. The risks of the Debtor's Plan include, but are not limited to, uncertainty as to the value of the Debtor's assets, uncertainty of tax consequences to creditors, insufficient acceptances, and uncertainty as to the Debtor's ability to generate sufficient income to fund the Plan after confirmation.

## **XII.**

### **ALTERNATIVES TO THE PLAN**

The Debtor believes that the Plan affords creditors the potential for the greatest realization from the Debtor's assets and therefore is in the best interest of the creditors. The Debtor does not believe that a liquidation of Debtor's assets in the context of a Chapter 7 case or a dismissal of the Chapter 11 case would afford the holders of Claims a return as great as will be achieved under the Plan.

SCARBOROUGH & FULTON

/s/David J. Fulton

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