

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE
AT NASVILLE**

IN RE:)	
)	
RONALD JAMES BLABER)	Case No. 3:16-bk-02602
)	Chapter 11
Debtor in Possession)	Judge Mashburn
)	

**DISCLOSURE STATEMENT TO ACCOMPANY
REORGANIZATION PLAN PROPOSED BY THE DEBTOR**

DATED: September 16, 2016

INTRODUCTION

Ronald James Blaber, (hereinafter "Debtor"), filed a Chapter 11 Bankruptcy on April 13, 2016. The Debtor's address is 3342 Granite Springs Way, Murfreesboro, Tennessee 37130. The Debtor will submit a Plan (hereinafter "Debtor's Plan") that calls for payment of certain priority obligations. This document constitutes a disclosure statement, to accompany the Debtor's Plan, prepared to disclose such information as the Debtor believes to be necessary for the creditors to arrive at a reasonably informed decision in exercising their rights to vote on the Debtor's Plan. A copy of the Debtor's Plan is provided with this Disclosure Statement.

The Debtor sought relief under Chapter 11 due to financial hardship brought about by the oil market crash approximately two (2) years ago. The Debtor's company, Volunteer Oil Service, LLC, operates as an oil collection service for the purpose of recycling the oil. The prices Debtor's company obtained for a full oil tanker greatly reduced by approximately seventy-five percent during that time period, causing the

company and, thus, the Debtor, to fall into a period of financial difficulty. The recycled oil market has since gone through changes, and the oil that the Debtor's company used to have to pay the customer for is now costing the customer to collect and remove, and the Debtor's company has begun to rebound since the second quarter of this year.

This Disclosure Statement has been filed with the United States Bankruptcy Court for the Middle District of Tennessee (the "Court"), and a hearing will be held for its approval of which you will receive notice. The information is current and believed accurate as of the date of the hearing. The information is provided by the Debtor and other identified parties.

SECTION I: DEBTOR PLAN OVERVIEW

The Debtor's Plan is broken into four component parts: (1) payment of the administrative claims on or before the Effective Date of the plan; (2) payment of priority taxes within six (6) years of the date of assessment; (3) payment of secured obligations and (4) payment to unsecured creditors.

SECTION II: EXPLANATION OF CHAPTER 11 AND THE MECHANICS OF PLAN CONFIRMATION

Chapter 11 is the principal business reorganization Chapter of the Bankruptcy Code. The formulation and confirmation of a reorganization plan is the primary goal of a Chapter 11 case. A reorganization plan is the vehicle for satisfying, to the extent possible, the claims against and investor interests in the Debtor.

Holders of claims and investor interests whose claims are impaired by the plan are afforded the opportunity to vote to accept or reject the plan if a class of claims or investor interests constituting that class are not paid in full or if the claims are adversely affected

by the plan. Such affected claims are labeled "impaired." The Court will determine whether the impaired classes have accepted the plan by determining whether sufficient acceptances have been received from the holders of claims in such classes. An impaired class of claims will be determined to have accepted a plan if the holders allowed claims in that class casting votes in favor of a plan (i) hold at least two-thirds in amount of the allowed claims of the holders in such class who actually vote on the plan and (ii) comprise more than one-half of the number of holders of the allowed claims in such class who actually vote on a plan.

The vote of the class binds all members of that class. Thus, if a class votes to accept a plan, the provisions of the Bankruptcy Code designed to protect rejecting classes cannot be invoked even by members of that class who voted to reject the plan. Conversely, if a class rejects a plan, the members of such class who voted to accept the plan will be deprived of the benefits of a plan, if not confirmed.

The Bankruptcy Code does not require that every class of claims vote in favor of a plan. A plan, however, must be accepted by at least one class of holders of claims impaired under a plan. The Court may confirm a Chapter 11 plan notwithstanding the rejection of a plan by one or more classes of claims in what is referred to as a "cram-down." The criteria under which the Court may confirm a plan over the objection of one or more classes of claims are set forth in § 1129(b) of the Bankruptcy Code and, among other requirements, include the requirement that the Court find, with respect to each class that does not accept a plan, that such plan does not discriminate unfairly against such class, is fair and equitable as to such class, and that the value or benefits to be distributed

to the members of such class will not be less than the members of that class would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code.

Even if all classes of claims accept a plan, the Court may deny confirmation if either such plan fails to comply with all applicable provisions of the Bankruptcy Code. The Court may confirm such a plan if the Court determines that the plan meets all the requirements of § 1129 of the Bankruptcy Code governing confirmation of a plan of reorganization, including, but not limited to:

(1) That the Debtor has complied with the provisions of Chapter 11, including the provisions of § 1122 and § 1123 of the Bankruptcy Code governing classification of claims and contents of a plan of reorganization;

(2) That the Debtor has proposed a plan in good faith and not by any means forbidden by law;

(3) That the Debtor has disclosed any payment made or promised by the Debtor to any person for services in connection with the Chapter 11 case;

(4) That one or more of the classes of impaired claims has voted to accept the plan;

(5) That the plan does not discriminate unfairly against and is fair and equitable to any non-accepting class of impaired claims;

(6) That the plan is in the best interest of holders of claims, i.e., each holder of an allowed claim either has accepted the plan or will have received on account of that claim an amount of property with a value, as of the closing, that is not less than the amount that the holder of the claim would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code on the closing date; and

(7) That a plan is feasible.

The Debtor believes that the Debtor's Plan satisfies all of the statutory requirements imposed by § 1129 of the Bankruptcy Code. Any objections to the Plan filed and prosecuted by a party in interest, however, may prevent or delay confirmation if the Court allows the objection or if a party in interest appeals a denial of any objection and such appeals are pursued.

SECTION III: THE CHAPTER 11 REORGANIZATION

The purpose of this Chapter 11 is to pay more to creditors than what they would receive in hypothetical Chapter 7 proceedings.

SECTION IV: ASSETS OF THE DEBTOR

The Debtor has made a separate appraisal of the Debtor's property and believes that the values contained in the Debtor's Plan to be a fair and equitable estimate of the value of their assets as of the petition date.

1. **Debtor's Assets.** The Debtor operates a business known as Volunteer Oil Service LLC. Debtor owns his residence with his wife.
2. **Debtor's Personal Property.** The Debtor's personal property consists of a 2014 Thoroughbred Houseboat, a Mastercraft ski boat and trailer, and a 2007 Land Rover.
3. **Litigation and Claims.** The Debtor has conducted an examination of his books and records for preferences and fraudulent conveyances within the two years prior to the filing of the Chapter 11 Bankruptcy. As a result thereof, the Debtor believes that all payments made during the applicable period were within the ordinary course of the Debtor's business.

SECTION V: DEBTOR'S LIABILITIES

The following summary of claims is for informational purposes only and it is without prejudice to the rights of the Debtor or any other party in interest to object to claims, including, but not limited to, claims arising from applications for compensation submitted to the Court pursuant to 11 U.S.C. § 330. The principal claims against or known to the Debtor are as follows:

1. **PRIORITY CLAIMS.** Debtor is liable for 2013 income tax liability. Debtor believes the total outstanding liability to the Internal Revenue Service will be reduced upon the assessment of his tax returns for the years 2014 and 2015.
2. **SECURED CREDITORS.** Secured claims of Wells Fargo Bank, Simmons First National Bank (residence); JP Morgan Chase Bank, N.A. (vehicle); BB&T (Houseboat); and State Farm National Bank (Ski boat).
3. **GENERAL UNSECURED CREDITORS.** Unsecured claims totaling approximately \$325,482.12.
4. **POST-PETITION ADMINISTRATIVE CLAIMS.**

Administrative claims are accorded priority under 11 U.S.C. Sec 507. The following is a discussion of the administrative claims in this case:

- a) T. Larry Edmondson and Tommy Edmondson, Debtor's counsel and other persons employed during the case with the approval of the Court are treated as administrative expenses of the Chapter 11 case. Payment of all such professional fees is subject to application to, and approval of, the Bankruptcy Court. Debtor's counsel was paid an initial retainer of \$7,500.00. Debtors' Counsel does not anticipate more than \$4,000.00 for the remainder of the Chapter 11 case.

b) U.S. Trustee Quarterly Fees. Fees due the United States Trustee pursuant to 28 U.S.C. Sec 1930 are accorded priority under 11 U.S.C. Sec 507(a). The Debtor is current in its payment of quarterly fees to the United States.

5. COMPLIANCE OF THE ABSOLUTE PRIORITY RULE

NOTICE is hereby given that the proposed plan does comply with the absolute priority rule of Section 1129(b) of the Bankruptcy Code.

6. SUBSTANTIAL CONSUMMATION OF THE PLAN AND ISSUANCE OF A FINAL DECREE.

Sixty days after the Effective Date of the plan, the initial plan payments will have been made and, absent further order. At such time, an appropriate application for a final decree will be filed, and this case will be closed. The Debtor anticipates filing the final report and necessary pleadings to close these proceedings no later than January 15, 2017, absent any contested disclosure statement and/or confirmation hearing.

SECTION VI: DETAILS OF THE DEBTORS' PLAN

A. CLASSIFICATION OF CLAIMS AND INTERESTS.

The Claims of creditors and Interests of equity security holders under the Plan are divided into the following classes and subclasses:

Class 1. Allowed Administrative Claims

Class 2. Allowed Priority Claims of Governmental Units for Taxes or Penalties

Class 3. Allowed secured claims.

Class 4. General Unsecured Claims.

B. TREATMENT OF CLAIMS

The following is a summary of treatment provided in the Plan to each Class of Claims: Except for Class 1, all other Claims are impaired to some extent:

1. Class 1 Claims: Quarterly fees owed to the United States Trustee will be paid in full on or before the confirmation Date. The Debtor shall continue to make post-confirmation quarterly fee payment to the United States Trustee until the Plan has been substantially consummated and the case closed. Allowed Class 1 Claims shall be paid in full within 30 days following the Effective Date of the Plan.
2. Class 2 Claims: Class 2 consists of the Claims, if any, of governmental units for taxes and penalties which are accorded priority pursuant to 11 U.S.C. Sec 507(a)(8). Allowed Class 2 Claims shall be paid their pro rata of the Debtor's disposable income for the next 72 months.
3. Class 3 Claims: Secured Claims.
4. Class 4 Claims: This class contains all General Unsecured claims. The General Unsecured Claims will receive pro rata distributions during the life of this Plan.

C. SUMMARY OF OTHER PROVISIONS OF THE PLAN

1. **Legally Binding Effect.** Confirmation of the Plan will bind the Debtor and all creditors and Interest holders, whether or not they accept the Plan. Confirmation will also discharge the Debtor from all debts that arose before the Confirmation Date. The distributions of consideration provided for in the Plan will be in exchange for and in complete settlement, satisfaction and discharge of all Claims and Interests, including any claim for interest after the Petition Date. On the Confirmation Date, all creditors shall be precluded from asserting any claim against the Debtor or its property based upon any transaction or other activity of any kind that occurred prior to the Confirmation Date.

2. **Modification of the Plan.** The Debtor may propose amendments to or modifications of the Plan at any time prior to the Confirmation Date provided that the amended Plan satisfies the requirements of the Code, if the circumstances warrant, after

the Confirmation Date. Unless, within the time fixed by the Court, after a hearing, confirms the Plan as modified, meets the requirements of the Code and the Court, after a hearing, confirms the Plan as modified. Unless, within the time fixed by the Court, a creditor changes its previous acceptance or rejection of the plan, such previous election shall be deemed applicable to the amended Plan.

3. **Post-Confirmation Jurisdiction.** The Court shall retain exclusive jurisdiction over this Chapter 11 case for the purpose of determining any matters pertaining to the Plan, or the Confirmation Order as well as determining all disputes, suits or controversies arising out of the Plan and its interpretation, enforcement or consummation. Persons reading this Disclosure Statement should refer to the Plan for a more detailed discussion of the Court's continuing jurisdiction over the Debtor and this case.

4. **Post-Confirmation Reporting.** Pursuant to Local Rules of Court, the reorganized Debtor shall file with the Court, within 30 days following the Effective date of the Plan, a report of the action taken and progress made toward Plan consummation.

VII. LIQUIDATION ANALYSIS

To obtain confirmation of the Plan, the Debtor must show that each holder of an impaired Claim or Interest has accepted the Plan, or that each holder will receive or retain under the Plan on account of the holder's Claim or Interest, property value, as the Effective Date of the Plan, that is less than the amount such holder would receive or retain if the Debtors' assets were liquidated under Chapter 7 of the Code on said date.

The Debtor believes that the Plan is a significantly better alternative than liquidation under Chapter 7. To be paid first out of any liquidation proceeds are Claim

holders secured in any property sold. Any liquidation procedure would also include the attendant costs of liquidation such as Trustee fees, as well as those of counsel and other professionals that would be retained by the Trustee. The result would be a diminution in the liquidation proceeds available to pay Unsecured Claims.

The Debtor believes that the distribution proposed in the Plan will be substantially greater than that which creditors would receive in a Chapter 7 liquidation. Therefore, acceptance of the Plan is in the best interest of creditors.

VIII CONFIRMATION PROCEDURES

The Plan cannot be consummated unless it is confirmed by the Court. Confirmation of the Plan requires that, among other things, either (i) each Class of Claims or Interest that is impaired by the plan has voted to accept the Plan by the requisite majority, or (ii) the Plan is determined by the Court to be fair and equitable, as defined by the Code, with respect to Classes of Claims or Interests that have rejected the Plan. The Code also requires that confirmation of the Plan be in the “best interest” of all holders of Claims and Interests. The Debtor believes that the Plan meets the confirmation requirements of the Code.

A. CREDITORS ELIGIBLE TO VOTE

Only the votes of Classes whose Claims or Interests are impaired by the Plan will be counted in connection with the confirmation of the Plan. Generally, and subject to the specific provisions of Sec. 1124 of the Code, a Class is “impaired” if its legal, equitable or contractual rights attaching to the Claims or Interests of that Class are modified by the Plan. In determining acceptance of the Plan, votes will be counted only if submitted by a

Holder of an allowed Claim or Allowed Interest. Claims or Interests may be allowed by the Court for voting purposes only.

The following Classes of Claims are entitled to vote on the Plan: Classes 2, 3 & 4.

ACCEPTANCE NECESSARY TO CONFIRM THE PLAN

For the Plan to be accepted and thereafter confirmed, it must be accepted by at least one class of Claims which is impaired by the plan. Under Sec 1126 of the Code, the impaired Class is deemed to have accepted the Plan if : (i) with respect to a Class of Claims, votes representing at least two-thirds ($2/3$) in amount and more than one-half ($1/2$) in number of Allowed Claims that have voted in that Class have accepted the Plan, and (ii) with respect to a Class of Interests, votes representing at least two-thirds ($2/3$) in amount of those Allowed Interests that have voted have accepted the Plan; provided that the vote of any holder of an Allowed Claim or Allowed Interest whose acceptance or rejection of the Plan was not made in good faith, as determined by the Court, will not be counted.

If a Class of Claims has been impaired by the Plan, the impaired Class must accept the Plan. Otherwise, the Court, in order to confirm the Plan, must independently determine that the Plan provides to each holder of a Claim or Interest, as the case may be, of such Class a recovery which has a value, as of the Effective Date, at least equal to the value, as of the Effective Date, of the distribution which such holder would receive or retain if the Debtor was liquidated under Chapter 7 of the Code on the Effective Date of the Plan.

C. MANNER OF VOTING

In voting for or against the Plan, please use only the ballot sent to you. If a claimant has an Allowed Claim or Allowed Interest in more than one Class, such claimant may vote multiple ballots.

Holders of Allowed Claims or Allowed Interests entitled to vote to accept or reject the Plan may vote by completing, dating, signing and mailing or faxing the ballot to:

T. Larry Edmondson
Tommy Edmondson
800 Broadway, Third Floor
Nashville, TN 37203
Fax # 615-254-2072
larryedmondson@live.com; edmondsonlawoffice@gmail.com

D. CONFIRMATION WITHOUT UNANIMOUS ACCEPTANCE

Section 1129 (b) of the Code provides that the Plan may be confirmed by the Court despite not being accepted by every impaired Class if: (i) at least one impaired Class of Claims, excluding the Claims of insiders, has accepted the Plan; and (ii) the Court finds that the Plan does not discriminate unfairly and is fair and equitable to the rejecting classes. Among other things, such a finding would require a determination by the Court that the Plan provides that no holder of an Allowed Claim or 'allowed Interest junior to the rejecting Class will receive or retain property or payment under the Plan until or unless such rejecting Class is paid in full.

The Debtor reserves the right pursuant to Sec. 1129(b) of the Code to request the Court to confirm the Plan if all of the applicable requirements of Sec 1129(a) of the code have been met. In addition, the Debtor reserves the right pursuant to Sec 1129 e) of the Code to request the court to strike any ballot rejecting the Plan cast by any holder of a Claim or Interest which was not cast in good faith.

E. HEARING ON CONFIRMATION OF THE PLAN

The Court will set a hearing on confirmation of the Plan to determine whether the Plan has been accepted by the requisite number of holders of Claims and interests and whether the other standards for confirmation of the Plan have been satisfied. The hearing may be adjourned from time to time without further notice other than an announcement in open Court.

DATED: September 16, 2016.

Respectfully Submitted,

/s/ T. Larry Edmondson
T. LARRY EDMONDSON 5601

/s/ Tommy Edmondson
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Certificate of Service

I hereby certify that on September 16, 2016 a true and exact copy of the foregoing was filed electronically. Notice of this filing will be sent by operation of the Court's electronic filing system to all parties indicated on the filing receipt. All other parties will be served by U.S. mail, postage prepaid.

/s/ Tommy Edmondson
Tommy Edmondson