

I.
PREFATORY STATEMENT AND DEFINITIONS

The Debtor in Possession of the above-captioned case under Chapter 11 of Title 11 of the United States Bankruptcy Code, 11 USC § 101, et seq. ("Bankruptcy Code"), submits the following Disclosure Statement (the Disclosure Statement) in support of the Plan of Reorganization of Pallet Plus, Incorporated (the Plan). The definitions contained in the Bankruptcy Code are incorporated herein by reference, provided that the definition is set forth in Article AII to the Plan shall apply to Terms herein.

II.
INTRODUCTION AND OVERVIEW

A. Introduction

On May 25, 2017, (Petition Date), the Debtor submits the above-referenced Bankruptcy Case (Chapter 11 case) by filing a Voluntary Petition under Chapter 11 of the Bankruptcy Code. The Debtor is referred herein as the "Debtor", Pallet Plus, Incorporated.

This Disclosure Statement submitted in accordance with Section 1125 of the Bankruptcy Code, contains information regarding the Plan by the Debtor. A copy of the Plan accompanies this Disclosure Statement. This Disclosure Statement is being distributed to you for the purpose of enabling you to make an informed judgment about the Plan. The Disclosure Statement describes the Plan and contains information concerning, among other matters: (1) the history, business, results of operation, management, property and liabilities and the pending litigation of and against the Debtor and (2) the assets available for distribution under the Plan. The Debtor strongly encourages you to view carefully the contents of the Disclosure Statement and the Plan before making a decision to accept or reject the Plan. Particular attention should be paid to provisions affecting or impairing your rights as a creditor.

This Disclosure Statement contains sufficient information to enable a hypothetical reasonable investor, typical of a Holder of Claim or Interest receiving this Disclosure Statement to make an informed judgment about the Plan. Under Section 1112 of the Bankruptcy Code, this approval enable the Debtor to send you this Disclosure Statement and solicit your acceptance of the Plan; however, Judge Paulette Delk has not passed on the Plan itself or conducted a detailed investigation into the contents of this Disclosure Statement.

The Plan is important. Absent acceptance of the Plan there may be protracted delays, a Chapter 7 liquidation, or confirmation of another Plan. These alternatives may not provide distribution of as much value to Holders of allowed claims as does the Plan.

B. Disclaimer

**THIS DISCLOSURE STATEMENT CONTAINS INFORMATION
THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT**

THE DEBTOR'S PROPOSED PLAN. PLEASE READ THIS DOCUMENT WITH CARE. THE PURPOSE OF THIS DISCLOSURE STATEMENT IS TO PROVIDE "ADEQUATE INFORMATION" OF A KIND, AND IN SUFFICIENT DETAIL AS FAR AS REASONABLY PRACTICAL IN LIGHT OF THE NATURE AND HISTORY OF THE DEBTOR AND THE CONDITION OF THE DEBTOR'S BOOKS AND RECORDS, THAT WOULD ENABLE A HYPOTHETICAL REASONABLE INVESTOR TYPICAL OF A HOLDER OF CLAIMS OR INTEREST OF THE RELEVANT CLASS TO MAKE AN INFORMED JUDGMENT CONCERNING THE PLAN. (SEE 11 USC § 1125(a)).

FOR THE CONVENIENCE OF CREDITORS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN, BUT THE PLAN ITSELF QUALIFIES IN A SUMMARY. IF ANY INCONSISTENCIES EXIST BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING. THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN RELATED DOCUMENTS, CERTAIN EVENTS AND CERTAIN INFORMATION. WHILE THE DEBTOR BELIEVES THAT THE PLAN AND RELATED DOCUMENT SUMMARY ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. EXCEPT AS OTHERWISE SPECIFICALLY NOTED, THE FACTUAL INFORMATION CONTAINED IN THE DISCLOSURE STATEMENT HAS BEEN PROVIDED BY A REVIEW OF CERTAIN PARTS OF THE RECORDS IN THE CASE AND BY CERTAIN PERSONS HAVING FAMILIARITY WITH THE DEBTOR'S BUSINESS. CERTAIN FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO AN AUDIT. NEITHER THE DEBTOR, THE DEBTOR'S OFFICERS, THE DEBTOR'S MEMBERS NOR JOHN E. DUNLAP, COUNSEL FOR THE DEBTOR, IS ABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, IS WITHOUT ANY INACCURACY OR OMISSION.

As a creditor, or Interest Holder, your vote is important. The Plan can be confirmed by the Bankruptcy Court if it is accepted by the Holders of two thirds (2/3) of the amount and more than one half (1/2) in the number of certain claims in each impaired class claims or interest

voting on the Plan. Under certain circumstances more fully described in 11 USC § 1129(b), the court may confirm a Plan notwithstanding the rejection thereof by more than one third (1/3) in the amount and one half (1/2) in the number of creditors voting on the Plan in any given class. The Debtor intends to seek confirmation under 11 USC 1129(b) in the event any class of creditors rejects the Plan. The purpose of this statement is to provide the Holders of Claims against Interest in the Debtor with adequate information about the Debtor and the Plan to make an informed judgment voting on the Plan.

THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED, AS LEGAL, BUSINESS OR TAX ADVICE. EACH CREDITOR OR INTEREST HOLDER SHOULD CONSULT HIS OR HER LEGAL COUNSEL AND ACCOUNTANT AS TO LEGAL CONTEXT AND OTHER MATTERS CONCERNING HIS OR HER CLAIM.

C. An Overview of the Chapter 11 Process

Chapter 11 of the Bankruptcy Code contains numerous provisions, the general effect of which is to provide the Debtor with "breathing space" within which to propose a brief structuring of their obligations to third parties. The filing of a Chapter 11 Bankruptcy Petition creates a Bankruptcy Estate comprising all of the property interest of the Debtor. Unless a trustee is appointed by the Bankruptcy Court for cause (no trustee has been appointed in the Chapter 11 case), the Debtor remains in possession and control of his assets as a "Debtor in Possession". The Debtor may continue to operate his business in the ordinary course of a day-to-day basis without Bankruptcy Court approval. Bankruptcy Court approval is only required for various enumerated kinds of transactions and transactions out of the ordinary course of the Debtor's business. The filing of the Bankruptcy Petition gives rise to what is known as the "automatic stay" which, generally, enjoins creditors from taking any action to collect or recover obligations owed by the Debtor prior to the commencement of a Chapter 11 case. The Bankruptcy Code authorizes the creation of one or more official committees to protect the interests of some or all creditors or Interest Holders. Fees and expenses of counsel and other professionals employed by such official committees and approved by the Bankruptcy Court are borne by the Bankruptcy Estate. No unsecured creditors committee has been created in this case and one is not expected to be created.

A Chapter 11 Debtor emerges from bankruptcy by successfully confirming a Plan of Reorganization. Alternatively, the assets of the Debtor may be sold and the proceeds distributed to creditors through a Plan of liquidation. A Plan may either be consensual or nonconsensual and provide, among other things, for treatment of claims of creditors and interests of shareholders of options or warrants. The provisions of the Debtor's Plan are summarized below.

D. Plan Overview

The following is a brief overview of the material provisions of the Plan and is qualified in its entirety by reference to the full text of the Plan. The Plan is a Plan of Reorganization and

provides for distribution of the proceeds from the Debtor's income from rental income it receives from manufacturing , marketing and selling wooden pallets in Memphis, Shelby County, Tennessee.

The Plan provides classification and treatment of claims against the Debtor. The Plan designates ten classes of claims. These classes and Plan treatment take into consideration the different nature and priority under the Bankruptcy Code of the various claims and interests.

E. Voting on the Plan

1. Who May Vote

The Plan divides Allowed Claims and Interests into multiple classes. Under the Bankruptcy Code, only classes that are "impaired" by the Plan are entitled to vote. A class is impaired if legal, equitable or contractual rights attaching to the claim or interest for the class are modified, other than by deferring or reinstating maturities. Under the Plan, administrative claims are unclassified and are not entitled to vote. Accordingly, Classes 2, 3, 4,5,6,7,8,9 , 10 and 11 are impaired and entitled to vote. Accordingly, only Classes 2,3,4,5,6,7,8,9, 10 and 11 are both impaired and entitled to vote to accept or reject the Plan.

2. How to Vote

All votes to accept or reject the Plan must be cast by using the appropriate form of Ballot. No votes other than the ones using such Ballots will be counted except to the extent ordered otherwise by Judge Paulette Delk. A form of the Ballot provided to impaired creditors by which creditors in such classes may vote their acceptance or rejection to the Plan. The Ballot for voting on the Plan give Holders of impaired claims one important choice to make with respect to the Plan – you can vote for or against this Plan. Vote on the Plan, after carefully reviewing the Plan and this Disclosure Statement.

IN ORDER TO BE COUNTED ALL BALLOTS MUST BE COMPLETED, SIGNED AND RECEIVED BY THE DEBTOR'S BALLOTING AGENT, JOHN E. DUNLAP. IF YOUR BALLOT IS NOT PROPERLY RECEIVED AS DESCRIBED, IT WILL NOT BE COUNTED. IF YOUR BALLOT IS DAMAGED OR LOST, YOU MAY REQUEST A REPLACEMENT BY MAKING A WRITTEN REQUEST TO THE ADDRESS SHOWN ABOVE.

F. Confirmation of the Plan

1. Generally

"Confirmation" is the technical term for the Bankruptcy Court's approval of a Plan of Reorganization. The timing, standards and practices considered by the Bankruptcy Court in determining whether to confirm a Plan of Reorganization are discussed below.

2. Objection to Confirmation

Any objections to confirmation of the Plan must be in writing and must be filed with the Clerk of the Court and served on counsel for the Debtor, and the United States Trustee on or before the date set forth in the notice of Confirmation Hearing sent to you with the Disclosure Statement and the Plan. Bankruptcy Rule 3007 governs the form of any such objection. Counsel on whom objections are to be served are:

John E. Dunlap, Esquire
3294 Poplar Avenue #240
Memphis, Tennessee 38111

Carrie Ann Rohrscheib, Esquire
United States Trustee
200 Jefferson Avenue
Suite 400
Memphis, Tennessee 38103

III.

HISTORY, ORGANIZATION AND ACTIVITIES OF THE DEBTOR

A. Preliminary Statement

Pallet Plus , Incorporated is a for profit corporation organized and operating under the laws of the State of Tennessee. The business address of the Debtor is 4380 Millington Road, Memphis, Tennessee 38127. The Debtor is managed by the officers. Melvin Brown is President and Phyllis Brown is the Treasurer-secretary. Melvin and Phyllis Brown own 100% of the Debtor. The Debtor is in good standing with the Secretary of State of Tennessee. The purpose of this for profit corporation is to manufacture, market and sell wooden pallets.

The Debtor commenced this Chapter 11 case on May 25, 2017 in order to provide a platform for resolving its indebtedness to the US Department of Treasury (IRS). As discussed further in these Disclosure Statements, based on executions and levies served by the IRS the Debtor determined that a Chapter 11 reorganization would be the best vehicle for preserving its assets and maximizing value for the creditors. The Plan described by this Disclosure Statement is a mechanism by which Pallet Plus, Incorporated shall repay creditors.

B. Description of the Debtor

1. Generally

Pallet Plus, Incorporated is a for profit corporation operating under the laws of the State of Tennessee. The Debtor's income is generated from manufacturing and marketing pallets at its place of business located in Memphis, Shelby County, Tennessee.

2. Debtor's Assets and Liabilities

The Debtor's assets consist of equipment, vehicles, inventory and accounts receivables.

a. Assets

1. Real Estate

The Debtor owns no real estate.

2. Cash and Bank Accounts

The Debtor, as of the Petition Date, had \$540.00 in cash held in a bank account with Bank of Bartlett. This account has been closed. A DIP account has been opened at Regions Bank and all information has been presented to the United States Trustee.

3. Interest in Insurance Policies

The Debtor holds insurance policies with Scottsdale Insurance Agency which holds the commercial and general liability insurance.

4. Accounts Receivable

The Debtor held \$3,000.00 of accounts receivable that were less than 90 days old and collectible.

5. Leases

The Debtor leases 4380 Millington Road, Millington, Tennessee 38127 from Melvin and Phyllis Brown.

6. The Debtor owns office equipment consisting of desks, phones computers, file cabinets and a fax machine. The liquidation value is \$2,000.00 and there are no liens on this property.

7. The Debtor owns a refrigerator and stove and the liquidation value is \$300.00. There are no liens on this property.

8. The Debtor owns 1997 Freight Liner, 1997 Freight Liner with a rebuilt engine, and a 2000 Freight Liner that is not running. The total value of these vehicles is \$11,000.00. There are no liens on these vehicles.

9. The Debtor owns three forklifts valued at \$16,000.00 and DDL De Lagen holds a perfected security agreement on said property in the amount of \$21,940.26.

10. The Debtor owns ten trailers used in transporting raw material as well as finished products. The value is \$10,000.00 and there are no liens on the property.

11. The debtor owns various tools and equipment used in manufacturing the pallets. The value is \$30,000.00 and there are no liens on the property.

b. Liabilities

- (a) Administrative expenses
- (b) Pre-Petition secured claims
- (c) Pre-Petition priority tax claims
- (d) Pre-Petition unsecured claims

The Debtor has ascribed the following values to those categories in liabilities:

- (a) Administrative Claims (\$8,000.00)
- (b) Pre-Petition secured claims \$17,000.00
- (c) Pre-Petition priority tax claims (\$391,488.00)
- (d) Pre-Petition unsecured claims (\$108,304.18)

Regular PrePetition Income

The Debtor's gross income in 2015 was \$1,569,343.96. The Debtor's gross income in 2016 was \$838,331.45. The Debtor's gross income from January 1, 2017 until the Petition Date was \$91,683.05.

Postpetition Income

Since the Petition Date the Debtor has filed monthly operating reports as required under the United States Trustee guidelines. These reports reflect:

<u>Date</u>	<u>Income</u>
May 25, 2017-May 31, 2017	\$5,456.97
June 1,2017 - June 30,2017	\$18,531.63
July 1, 2017-July 31, 2017	\$23,521.63
August 1, 2017-August 30, 2017	\$14,545.01

Organizational Structure

The Debtor is a privately held for profit corporation organized under the laws of the State of Tennessee. There are two shareholders and the Debtor is managed by officers. The Debtor was formed and organized December 15, 1995.

**IV.
THE REORGANIZATION CASE**

A. Events Leading to Commencement of the Debtor's Chapter 11 Bankruptcy Case

1. Bad Economic Times, Subsequent Decline in Revenue

During the economic crisis of 2009-2012, the Debtor experienced a substantial decrease in revenue. Prior to this time the Debtor was meeting expenses and taxes through income. The decline in income resulted in an inability to meet Federal Income Tax obligations even though the size of the workforce was reduced as well as other expenses. . When the Debtor was unable to enter into a plan to resolve the delinquent taxes levies and liens were placed on all bank accounts and property. All efforts to resolve these issues without the necessity of intervention from the Bankruptcy Court failed.

B. The Commencement of the Chapter 11 Case

In order to provide a stable balance sheet and to stop levies, the Debtor filed a voluntary Petition under Chapter 11 of the Bankruptcy Code on May 25, 2017. Since the Petition Date, no trustee has been appointed and the Debtor has continued to operate as a Debtor in Possession

subject to the supervision of the United States Trustee in accordance with the Bankruptcy Code and Rules.

C. Claims Process and Bar Dates

In Chapter 11 cases under the Bankruptcy Code, prePetition claims against a Debtor are generally established either as a result of being listed in the Debtor's schedules and liabilities or through assertion by the creditor in a timely filed proof of claim. Claims asserted by creditors are either allowed or disallowed. If allowed, the claim will be recognized and treated pursuant to the Plan. If disallowed, the creditor will have no right to obtain any recovery on or to otherwise enforce the claim against the Debtor. Post-Petition claims are asserted by filing a request for payment. These are generally known as Administrative Claims.

D. Filing of Statements and Schedules

On May 25, 2017, the Debtor filed with the Bankruptcy Court schedules of assets and liabilities and statement of financial affairs which set forth Prepetition claims against the Debtor based upon their books and records.

E. Bar Date for Filing Proof of Claim

The bar date for filing proof of claims are September 20, 2017 for general unsecured claims and November 1, 2017 for government entities.

**V.
DESCRIPTIONS OF THE PLAN**

A discussion of the principal provisions of the Plan as they relate to the treatment of classes of allowed claims and interests is set forth below. The discussion of the Plan that follows constitutes a summary only, and to not be relied upon for voting purposes. You are urged to read the Plan in full in evaluating whether to accept or reject the Debtor's proposed Plan of Reorganization. If any inconsistency exists between the summary and the Plan, the terms of the Plan control. All capitalized terms not otherwise defined have the meaning ascribed to them in the Plan.

**VI.
SUMMARY OF PLAN OF REORGANIZATION**

The Debtor's proposed Plan provides for payment in full of administrative expenses.

A. Classification of Claims and Interest

Pursuant to 11 USC §§ 1122(a) and 1123(a)(1) the Plan divides claims and interest against an interest in the Debtor into the following classes:

Class 1: Administrative Expenses and Claims

Administrative expenses and claims consist of unpaid professional fees and expenses and other creditors holding allowed reclamation claims, as well as their commissions, unpaid United States Trustee fees and other creditors that may request allowance of an administrative expense claim.

Class 2: The PrePetition Secured Claim of DDL-LLage Laden

This class consists of the secured claim of DDL-LLage Laden against the Debtor's three Lindy Forklifts.

Class 3: The PrePetition Secured Claim of The Department of Treasury

This class consists of the secured claim of The Department of Treasury.

Class 4: The PrePetition Secured Claim of Mississippi Department of Revenue

This class consists of the secured claim of the Mississippi Department of Revenue.

Class 5: The PrePetition Secured Claim of Shelby County Trustee

This class consists of the secured claim of Shelby County Trustee against the Debtor's property .

Class 6: The PrePetition Secured Claim of the City of Memphis

This class consists of the claim by the City of Memphis for delinquent taxes.

Class 7: The PrePetition Unsecured Priority Claim of the Department of Treasury

This claim consists of a claim by Department of Treasury for delinquent 941 taxes.

Class 8: The PrePetition Unsecured Priority Claim of The Mississippi Department of Revenue

This class consists of the unsecured priority claim of the Mississippi Department of Revenue.

Class 9: The Prepetition Unsecured Priority Claim of The Tennessee Department of Revenue

This class consists of the Unsecured priority claim of the Tennessee Department of Revenue.

Class 10: The Prepetition Claims of General Unsecured Creditors

This class consists of the claims of general unsecured creditors.

Class 11: The Deficiency Claims of Secured Creditors

This class consists of unsecured deficiency claims of the unsecured creditors.

B. Treatment of Classes of Claims

Class 1: Administrative Expense Claims

Allowed Class 1 claims shall be paid in cash, in full on the effective date of the Plan. Any administrative expenses representing the liability incurred in the ordinary course of business by the Debtor shall be paid in cash in the ordinary course of business. Included in this class are:

- **Attorney Fee:** The Debtor's counsel shall file an application for compensation following the confirmation of the Plan. The attorney fees will not exceed Ten Thousand Dollars (\$10,000.00).
- **Unpaid Fees of United States Trustee:** Pursuant to 11 USC § 1930(a)(6), fees due or assessed prior to confirmation shall be paid in full on the effective date of the Plan and any other further fees shall be paid in accordance with 11 USC § 1930(a)(6).

Class 2: The PrePetition Secured Claim of De Lage Landen

De Lage Landen holds a perfected security agreement on the Debtor's three Lindy Forklifts in the amount of \$21,940.26. This claim shall be secured at \$16,000.00 at 5.5% interest and a monthly payment of \$250.00.

Class 3: The PrePetition Secured Claim of The Department of Treasury

The Department of Treasury (IRS) holds a secured claim in the form of a tax lien in the amount of \$76,850.00. This claim shall be fully secured at 6% interest and a monthly payment of \$646.00.

Class 4: The PrePetition Secured Claim of Mississippi Department of Revenue

The Mississippi Department of Revenue holds a perfected security interest in the form of a tax lien in the amount of \$735.11. This claim shall be fully secured at 5.5 percent and a monthly payment of \$20.42.

Class 5: The PrePetition Secured Claim of The Shelby County Trustee

The Shelby County Trustee holds a perfected security interest in the form of a Tax Lien in the amount of \$6,919.90. This class shall be fully secured at 12% interest and a monthly payment of \$96.10.

Class 6: The PrePetition Secured Claim of the City of Memphis

The City of Memphis holds a perfected security interest in the form of a tax lien in the amount of \$ 8,107.74 . This claim shall be paid in full at 12 percent interest and a payment of \$152.00 a month.

Class 7: The PrePetition Unsecured Priority Claim of the Department of Treasury

The Department of Treasury (IRS) holds a priority unsecured claim in the amount of \$208,134.29 . This claim shall be paid in full with 5.5 % percent interest and a monthly payment of \$2,890.00.

Class 8: The Prepetition Unsecured Priority Claim of Mississippi Department of Revenue

The Mississippi Department of Revenue is owed \$666.72 for sales taxes. This claim shall be paid in full at 5.5% interest and a monthly payment of \$36.00.

Class 9: The Prepetition Unsecured Priority Claim of the Tennessee Department of Revenue

The Tennessee Department of Revenue holds an unsecured priority claim in the amount of \$12,892.35 for delinquent sales and franchise taxes. This claim shall be paid in full at 5.5% interest and a monthly payment of \$195.00.

Class 10: The General Nonpriority Unsecured Claims

There are nine general unsecured creditors not entitled to priority in this Class. This class holds claims totaling \$102,125.38. They shall be paid a dividend of 20% over a sixty month period following the Effective Date.the total amount paid this class will be \$20,425.07. The claims shall be paid as follows:

Creditor	POC	Payment	Payout
Bridgefield	\$19,750.63	\$65.83	\$3,950.12
Wright's	\$68,8861.59	\$229.53	\$13,772.31
IPFS	\$1,202.02	lump sum	\$240.40
Bernie's	\$1405.25	lump sum	\$281.05
Gibson	\$500.00	lump sum	\$100.00
Miesler	\$550.00	lump sum	\$110.00

Southern	\$7,559.48	\$25.19	\$1,511.89
Storage Trailer	\$2,000.00	\$6.66	\$400.00
Prepass	\$340.00	lump sum	\$68.00
<hr/>			-
	\$102,125.38	\$327.21	\$20,425.07

Class11: The Unsecured Deficiency Claims of Secured Creditors

The secured creditor , De Lage Laden holds a deficiency claim in the amount of \$5,940.26. This claim shall receive a dividend of 20% over sixty months.

Creditor	Claim Amount	Monthly payment	Payout
Del Laden	\$5,940.26	\$19.80	\$1,188.05

C. Means for Implementing Plan

1. Income Generated from the Business

The Debtor automatic stay has enabled the officers of the Debtor to focus on operating the business. This has resulted in an increase in revenues . Based on postpetition income and expenses, the officers of the Debtor believe the the proposed reorganization is realistic.

D. Insurance Contracts

The Debtor has assumed all contracts for insurance on real and personal property. All insurance is in full force and effect and has been provided to the certified public accountant for the United States Trustee's office.

E. Cram-Down

The Debtor as a proponent of the Plan of Reorganization requests that the court find that the provisions of the Plan are fair and equitable treatment with respect to any class that is impaired under this Plan and will not accept the Plan and that the court confirm this Plan notwithstanding the requirements of 11 USC § 1129(a)(8) as to such classes.

VII.
ACCEPTANCE OR REJECTION OF THE PLAN

A. Classes Entitled and Not Entitled to Vote

Classes that are impaired and Holders of Claims in such classes shall be entitled to vote to accept or reject the Plan. Class 1 is unimpaired and will not be entitled to vote. Holders in this class are conclusively presumed pursuant to 1126(f) of the Bankruptcy Code to have accepted the Plan and therefore shall not be entitled to accept or reject the Plan.

B. NonConsensual Confirmation

In the event that any class of claims fails to accept the Plan as required by 1129(a) of the Bankruptcy Code, the Debtor shall request that Judge Emerson confirm the Plan in accordance with Section 1129(b) of the United States Bankruptcy Code. Without limiting the foregoing, in the event any class of claim or interest fails to accept the Plan, the Plan may be amended.

VIII.
STATUS OF CASE

This Chapter 11 is a method for dealing with difficulties that the Debtor experienced with its commercial real estate. The Disclosure Statement reveals that creditors will receive more in the Chapter 11 reorganization than under a Chapter 7 liquidation. The Debtor filed for relief under Chapter 11 of the United States Bankruptcy Code on May 25, 2017. Monthly operating reports are being filed and all court dates have been conducted.

IX.
BEST INTEREST OF CREDITOR'S DEBT

Confirmation requires, among other things, that each Holder of a claim in an impaired class and each Holder of an interest:

- (a) Accepts the Plan; or
- (b) Receives or retains under the Plan property of value, as of the effective date, that is not less than the value such Holder would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code. This requirement is commonly referred to as the "best interest test".

A. Chapter 7

To determine the value that Holders of impaired claims and interest would receive if the Debtor was liquidated, Judge Delk must determine the dollar amount that would be generated from the liquidation of the Debtor's assets and property in the context of a Chapter 7 liquidation. Bankruptcy Code § 704 requires that a Chapter 7 trustee collect and reduce to money the

property of the estate as expeditiously as is compatible with the best interests of the parties in interest.

The cash available for satisfaction of allowed claims would consist of the proceeds resulting from the disposition of the Debtor's assets, augmented by the cash, if any, held by the Debtor at the time of the commencement of the Chapter 7 case. Any such cash amount would then be reduced by the amount of any claim secured by such assets, the cost and expense of the liquidation and such additional administrative claims and other priority claims that may result from use of Chapter 7 for the purpose of liquidation. The cost of liquidation under Chapter 7 would include fees payable to a trustee in bankruptcy, as well as those that might be payable to the trustee's attorney and other professionals that such trustee may engage, plus any unpaid expenses incurred by the Debtor during the Chapter 11 case that would be allowed in the Chapter 7 case, such as compensation for the attorneys, appraisers, accountants or other professionals and costs and expenses of the Debtor and possible committee. Such administrative claims would have to be paid in cash, in full from the liquidation proceeds before the balance of those proceeds would be made available to pay other claims.

B. Liquidation Analysis

Pursuant to the Bankruptcy Code § 1129(a)(7), unless there is a unanimous acceptance of the Plan by an impaired class, the Debtor must demonstrate and Judge Emerson must determine that with respect to such class each Holder of a claim will receive property of value, as of the effective date of the Plan, that is not less than the amount that such Holder would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code on the effective date of the Plan. The requirement is commonly referred to as "best interest to creditors test." For the reasons set forth in the following paragraphs, the Debtor believes that the Plan satisfies the best interest of creditors test.

In a Chapter 7 liquidation, Holder of allowed claims would receive distributions based on liquidation of nonexempt assets of the Debtor. Such assets would include the same assets listed in the Disclosure Statement as well as the bankruptcy schedules. However, the net proceeds from the collection of sale of the property of the estate available for the distribution to the creditors would be reduced by commissions payable to the Chapter 7 trustee and the trustee's attorneys and accounting fees as well as administrative costs of the Chapter 11 estate.

In a Chapter 7 case, the Chapter 7 trustee would be entitled to seek a sliding-scale commission based upon funds distributed by the trustee, even though the Debtor has already accumulated much of the funds and the estate has already incurred many expenses associated with generating those funds. Accordingly, there is a likelihood the creditor would pay again for funds accumulated by the Debtor because the Chapter 7 trustee would be entitled to receive a commission in some amount for all funds distributed from the estate. It is also anticipated that a Chapter 7 liquidation would result in a significant delay in payment to creditors. Among other things, a Chapter 7 case would trigger a new bar date for filing proofs of claim that would be more than 90 days following the conversion of the case to Chapter 7. Hence, a Chapter 7 liquidation would not only delay distribution but raise the prospect of additional claims that were

not asserted in the Chapter 11 case. Based upon the foregoing, the Plan provides an opportunity to bring the greatest return to creditors.

CHAPTER 7 LIQUIDATION

Value of Assets:	\$90,850.00
Secured Creditors:	\$21,940.26
Federal Tax Lien:	\$76,850.00
Shelby County Tax Lien:	\$6919.90
Memphis Tax Lien:	\$8,107.74
Mississippi Tax Lien:	\$ 735.11
<hr/>	
Total Secured:	\$114,553.01
Projected Chapter 7 Administrative Expenses:	\$6,000.00
Projected Chapter 11 Expenses:	\$2,400.00
Priority Tax Claims Expenses:	\$221,693.36
Funds Available to General Unsecured Creditors:	00.00

X.
EFFECTIVE DATE

The Plan will become effective on or before the first business day following thirty (30) days after the confirmation order becomes a final order.

XI.
MISCELLANEOUS PROVISIONS

A. Payment of Statutory Fees

All fees payable pursuant to 28 USC § 1930, as determined by Judge Emerson at the hearing, pursuant to 11 USC § 1129 shall be paid on or before the effective date. To the extent required by law, the reorganized Debtor shall timely pay fees incurred post-Petition pursuant to 28 USC § 1930(a)(6) until the case is closed, converted, dismissed and the reorganized Debtor shall keep the payments current.

Respectfully submitted,

/s/John E. Dunlap

John E. Dunlap (013223)
Attorney for the Debtor in Possession
3294 Poplar Avenue #240
Memphis, Tennessee 38111
(901) 320-1603

/s/Melvin Brown

Melvin Brown, President