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PROPOSED ATTORNEY FOR DEBTOR

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

IN RE	§	
	§	
NETWEST, INC	§	CASE 17-43103-11
	§	
DEBTOR	§	

**DISCLOSURE STATEMENT OF NETWEST, INC PURSUANT TO SECTION 1125
OF THE BANKRUPTCY CODE DATED NOVEMBER 10, 2017**

**TO: ALL PARTIES-IN-INTEREST, THEIR ATTORNEYS OF RECORD AND TO THE
HONORABLE UNITED STATES BANKRUPTCY JUDGE:**

**I
INTRODUCTION**

Identity of the Debtors

Netwest, Inc., (“Debtor”) filed a voluntary Chapter 11 case on July 31, 2017, in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division (“Court”). The Debtor owns and leases out a piece of real property in Stephenville, Texas. The Debtor proposes to continue its operations and to re pay the creditors of the Debtor’s estate.

Purpose of Disclosure Statement; Source of Information

Debtor submits this Disclosure Statement pursuant to Section 1125 of the Code to all known Claimants of Debtor for the purpose of disclosing that information which the Court has determined is material, important, and necessary for Creditors of Debtor in order to arrive at an intelligent,

reasonably informed decision in exercising the right to vote for acceptance or rejection of the Debtor's Plan. This Disclosure Statement describes the operations of the Debtor contemplated under the Plan. You are urged to study the Plan in full and to consult with your counsel about the Plan and its impact upon your legal rights. Any accounting information contained herein has been provided by the Debtor.

Explanation of Chapter 11

Chapter 11 is the principal reorganization chapter of the Code. Pursuant to Chapter 11, a debtor is authorized to reorganize its business for its own benefit and that of its creditors and equity interest holders. Formulation of a plan of reorganization is the principal purpose of a Chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against and interests in the debtor. After a plan of reorganization has been filed, it must be accepted by holders of claims against, or interests in, the debtor. Section 1125 of the Code requires full disclosure before solicitation of acceptances of a plan of reorganization. This Disclosure Statement is presented to Claimants to satisfy the requirements of Section 1125 of the Code.

Explanation of the Process of Confirmation

Even if all Classes of Claims accept the plan, its confirmation may be refused by the Court. Section 1129 of the Code sets forth the requirements for confirmation and, among other things, requires that a plan of reorganization be in the best interests of Claimants. It generally requires that the value to be distributed to Claimants may not be less than such parties would receive if the debtor were liquidated under Chapter 7 of the Code.

Acceptance of the plan by the Creditors and Equity Interest Holders is important. In order for the plan to be accepted by each class of claims, the creditors that hold at least two thirds (2/3) in amount and more than one-half (1/2) in number of the allowed claims actually voting on the plan in such class must vote for the plan and the equity interest holders that hold at least two-thirds (2/3) in amount of the allowed interests actually voting on the plan in such class must vote for the plan. Chapter 11 of the Code does not require that each holder of a claim against, or interest in, the debtor vote in favor of the plan in order for it to be confirmed by the Court. The plan, however, must be accepted by: (i) at least the holder of one (1) class of claims by a majority in number and two-thirds (2/3) in amount of those claims of such class actually voting; or (ii) at least the holders of one (1) class of allowed interests by two-thirds (2/3) in amount of the allowed interests of such class actually voting.

The Court may confirm the plan even though less than all of the classes of claims and interests accept it. The requirements for confirmation of a plan over the objection of one or more classes of claims or interests are set forth in Section 1129(b) of the Code.

Confirmation of the plan discharges the debtors from all of their pre-confirmation debts and liabilities except as expressly provided for in the plan and Section 1141(d) of the Code. Confirmation

makes the plan binding upon the debtors and all claimants, equity interest holders and other parties-in-interest, regardless of whether or not they have accepted the plan.

Voting Procedures

Unimpaired Class. Claimants in Class 1 and 5 are not impaired under the Plan. Such Classes, therefore, are deemed to have accepted the Plan.

Impaired Classes. The Class 2, 3 and 4 Claimants are impaired as defined by Section 1124 of the Code. The Debtor is seeking the acceptance of the Plan by Claimants in Classes 2, 3 and 4. Each holder of an Allowed Claim in Classes 2, 3 and 4 may vote on the Plan by completing, dating and signing the ballot sent to each holder and filing the ballot as set forth below.

A ballot to be used to accept or reject the Plan has been enclosed with all copies of this Disclosure Statement mailed to holders of claims whose claims are impaired by provisions of the Plan as follows:

Accordingly, this Disclosure Statement together with the accompanying ballot and all related materials are being furnished to the above creditors for the purpose of determining whether or not to vote to accept or reject the Plan.

Except to the extent permitted by the Bankruptcy Court pursuant to Rule 3018 of the Bankruptcy Rules, ballots or master ballots that are received after the Voting Deadline will not be accepted or used by the Debtor in connection with the Debtor's request for confirmation of the Plan.

Consistent with the provisions of Rule 3018 of the Bankruptcy Rules, the Bankruptcy Court has fixed the Voting Record Date as the time and date for the determination of holders or record of claims and equity interests who are entitled to vote on the Plan. If the holder of record of any claim or equity interest is not also the beneficial owner of that claim or equity interest, the vote to accept or reject the Plan must be cast by the beneficial owner of the claim.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt) acceptance and revocation or withdrawal of ballots or master ballots will be determined by the Debtor in its sole discretion, whose determination will be final and binding.

For all Classes, the ballot must be returned to Eric A. Liepins, 12770 Coit Road, Suite 1100, Dallas, Texas 75251. In order to be counted, ballots must be **RECEIVED** no later than at the time and on the date stated on the ballot.

Best Interests of Creditors Test

Section 1129(a)(7) of the Code requires that each impaired class of claims or interests accept the Plan or receive or retain under the Plan on account of such claim or interest, property of a value as of the Effective Date of the Plan, that is not less than the amount that such holder would so receive or retain if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code. If Section 1111(b)(2) of the Bankruptcy Code applies to the claims of such class, each holder of a claim of such class will receive or retain under the Plan, on account of such claim, property of a value, as of the Effective Date of the Plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims. In order for the Plan to be confirmed, the Bankruptcy Court must determine that the Plan is in the best interests of the Debtor's creditors. Accordingly, the proposed Plan must provide the Debtor's creditors with more than they would receive in a Chapter 7 liquidation. It is anticipated that in a Chapter 7 liquidation, the Debtor's creditors, other than the secured creditors, would receive nothing. Accordingly, since the Plan proposes a substantial dividend to all creditors, such creditors are receiving more than they would receive in a Chapter 7 liquidation. Accordingly, the Plan satisfies the requirements of Section 1129(a)(7).

Cramdown

The Court may confirm the Plan even though less than all of the classes of claims and interests accept it. The requirements for confirmation of a plan over the objection of one or more classes of claims or interests are set forth in Section 1129(b) of the Code.

II **REPRESENTATIONS**

[Note: Paragraphs in brackets to be included after the Bankruptcy Court approves this Disclosure Statement.]

[This Disclosure Statement is provided pursuant to Section 1125 of the Code to all of the Debtor known Creditors and other parties in interest in connection with the solicitation of acceptance of its Plan of Reorganization, as amended or modified. The purpose of this Disclosure Statement is to provide such information as will enable a hypothetical, reasonable investor, typical of the holders of Claims, to make an informed judgment in exercising its rights either to accept or reject the Plan. A copy of the Plan is attached hereto as **Exhibit "A"**.]

[After a hearing on notice, the Court approved this Disclosure Statement as containing information of the kind and in sufficient detail adequate to enable a hypothetical, reasonable investor typical of the classes being solicited to make an informed judgment about the Plan.]

The information contained in this Disclosure Statement has been derived from the Debtor, unless specifically stated to be from other sources.

All initially capitalized and bolded words used in this Disclosure Statement have the same definitions provided for in Article I of the Plan.

NO REPRESENTATIONS CONCERNING THE DEBTOR IS AUTHORIZED BY THE DEBTOR OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT. THE DEBTOR RECOMMENDS THAT ANY REPRESENTATION OR INDUCEMENT MADE TO SECURE YOUR ACCEPTANCE OR REJECTION OF THE PLAN WHICH IS NOT CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN REACHING YOUR DECISION ON HOW TO VOTE ON THE PLAN. ANY REPRESENTATION OR INDUCEMENT MADE TO YOU NOT CONTAINED HEREIN SHOULD BE REPORTED TO THE ATTORNEYS FOR DEBTOR WHO SHALL DELIVER SUCH INFORMATION TO THE COURT FOR SUCH ACTION AS MAY BE APPROPRIATE.

ANY BENEFITS OFFERED TO THE CREDITORS ACCORDING TO THE PLAN WHICH MAY CONSTITUTE "SECURITIES" HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE FEDERAL SECURITIES AND EXCHANGE COMMISSION ("SEC"), THE TEXAS SECURITIES BOARD, OR ANY OTHER RELEVANT GOVERNMENTAL AUTHORITY IN ANY STATE OF THE UNITED STATES. IN ADDITION, NEITHER THE SEC, NOR ANY OTHER GOVERNMENTAL AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN. ANY REPRESENTATIONS TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. FOR THE FOREGOING REASON, AS WELL AS BECAUSE OF THE IMPOSSIBILITY OF MAKING ASSUMPTIONS, ESTIMATES AND PROJECTIONS INTO THE FUTURE WITH ACCURACY, THE DEBTORS ARE UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS COMPLETELY ACCURATE, ALTHOUGH EVERY REASONABLE EFFORT HAS BEEN MADE TO ENSURE THAT SUCH INFORMATION IS ACCURATE. THE APPROVAL BY THE COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE COURT OF THE PLAN OR GUARANTEE THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

THE DEBTOR BELIEVES THAT THE PLAN WILL PROVIDE CLAIMANTS WITH AN OPPORTUNITY ULTIMATELY TO RECEIVE MORE THAN THEY WOULD RECEIVE IN A LIQUIDATION OF THE DEBTORS ASSETS, AND SHOULD BE ACCEPTED. CONSEQUENTLY, THE DEBTOR URGES THAT CLAIMANTS VOTE FOR THE PLAN.

DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS CORRECT, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN. THIS DISCLOSURE STATEMENT CONTAINS ONLY A

SUMMARY OF THE PLAN. THE PLAN WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT IS AN INTEGRAL PART OF THIS DISCLOSURE STATEMENT, AND EACH CREDITOR AND INTEREST HOLDER IS URGED TO CAREFULLY REVIEW THE PLAN PRIOR TO VOTING ON IT.

III

FINANCIAL PICTURE OF THE DEBTOR

Financial History and Background of the Debtor

The Debtor originally purchased a piece of real property located at 1660 W Lingleville Road, Stephenville, Texas (“Stephenville Property”) from Fikes Wholesale, Inc (“Fikes”) on or about April 10, 2014. The Debtor then entered into a lease agreement with York Corporation to lease the property from the Debtor. On or about May 19, 2015 a company called Mountain Calico, Inc. (“Mountain”) purchased a piece of property located at 3400 College Ave, Snyder, Texas (“Snyder Property”) from Fikes. Unbeknownst to Debtor, the Snyder Property and the Stephenville Property, although owed by separate corporations were cross defaulted by Fikes. Therefore, even though the Debtor was current on all its payments to Fikes, when Mountain became delinquent on payments to Fikes, Fikes declared the Debtor in default and posted the Stephenville Property for foreclosure. This bankruptcy was filed to stop the Fikes foreclosure on the Stephenville Property.

Post Petition Operations

Since the filing of the bankruptcy, the Debtor has maintained the Stephenville Property under a lease agreement with York. York pays the Debtor \$2,500 per month and the Debtor has placed these proceeds into the Debtor in Possession account.

Future Income and Expenses Under the Plan

Under the terms of the Plan, the Debtor will use funds from ongoing operations to pay creditors in Classes 1 through 4 of the Plan. The Debtor anticipates ongoing operations to make the Plan payments.

Post-Confirmation Management

Upon Confirmation of the Debtor’s Plan, the Reorganized Debtor shall retain its current ownership. Muhammad Nadeem is the current president of the Debtor and will remain so after confirmation. Mr. Nadeem will not take a salary from the Debtor. .

IV.

ANALYSIS AND VALUATION OF PROPERTY

The Debtor's assets consist of the ownership of the Stephenville Property, the ownership of the gas pumps, the racking, coolers and other personal property located at the Stephenville Property as well as cash.

Liquidation Value of Assets

The Debtor's hard assets consist of the Stephenville Property along with the store fixtures and cash. The Debtor has obtained an appraisal of the Stephenville Property as of April 11, 2017. The value of the Stephenville Property is in excess of \$600,000.

V.

SUMMARY OF PLAN OF REORGANIZATION

The Debtor's Plan will break the existing claims into 5 categories of Claimants. These claimants will receive cash payments over time from the Reorganized Debtor. The current secured creditors will have its claim valued based upon the current value of the security for the claim. The remaining portion of the claim will be paid as a general unsecured creditor.

Satisfaction of Claims and Debts: The treatment of and consideration to be received by holders of Allowed Claims or interests pursuant to this Articles 5 and 6 of this Plan shall be the sole an exclusive means for full settlement, release and discharge of their respective Claims, Debts, or interests. On the Confirmation Date, the Reorganized Debtors shall assume all duties, responsibilities and obligations for the implementation of this Plan. Any class of Claimants failing to vote on this Plan shall be deemed to have accepted this Plan in its present form or as modified or amended as permitted herein.

Class 1 Claimants (Allowed Administrative Claims) are unimpaired and will be paid in cash and in full on the Effective Date of this Plan. Professional fees are subject to approval by the Court as reasonable. Debtors' attorney's fees approved by the Court and payable to the law firm of Eric Liepins, P.C. will be paid immediately following the later of Confirmation or approval by the Court out of the available cash. This case will not be closed until all allowed Administrative Claims are paid in full. Class 1 Creditor Allowed Claims are estimated as of the date of the filing of this Plan to not exceed the amount of \$15,000 including Section 1930 fees. Section 1930 fees shall be paid in full prior to the Effective Date. The Debtor is required to continue to make quarterly payments to the U.S. Trustee and will be required to file post-confirmation operating reports until this case is closed. The Class 1 Claimants are not impaired under this Plan.

Class 2 Claimants (Allowed Tax Creditor Claims) are impaired and shall be satisfied as follows: The Allowed Priority Amount of all Tax Creditor Claims shall be paid out of the revenue from the continued operations of the business to City of Stephenville and Stephenville ISD (collectively hereinafter "Ad Valorem Taxes") for unpaid real property and business personal property taxes for tax years 2017 and shall be treated as secured claims. The Debtor believes the tax

liability for Ad Valorem Taxes for unpaid Ad Valorem Taxes to the City of Stephenville be \$1,152.63 and for Stephenville ISD to be \$2,904.89. The Ad Valorem Taxes will receive post-petition pre-confirmation interest at the state statutory rate of 12% per annum and post-confirmation interest at the rate of 12% per annum. The Debtor will pay the Ad Valorem Taxes to City of Stephenville over a period of 60 months from the Petition Date, commencing on the Effective Date. The Debtor's monthly payment to pay the Ad Valorem Taxes of City of Stephenville will be approximately \$55. The Debtor will pay the Ad Valorem Taxes to Stephenville ISD over a period of 60 months from the Petition Date, commencing on the Effective Date. The Debtor's monthly payment to pay the Ad Valorem Taxes of Stephenville ISD will be approximately \$97. The Taxing Authorities shall retain their statutory senior lien position regardless of other Plan provisions, if any, to secure their Tax Claims until paid in full as called for by this Plan. Pursuant to the terms of the lease with York, York is responsible for the payment of these taxes.

Class 2 Claimants are impaired under this Plan.

Class3 Claimant (Allowed Secured Claim of Fikes Wholesale, Inc) is impaired and shall be satisfied as follows: On or about April 10, 2014 the Debtor executed that certain Promissory Note in favor of Fikes, in the original principal amount of \$200,000 ("Note"). The Note was secured by that certain Deed of Trust of even date securing the Stephenville Property as more fully described in the Deed of Trust. The Debtor would show the indebtedness to Fikes as of the Petition Date was \$182,823. The value of the Stephenville Property exceeds the amount of the Class 3 creditor's claim. The Debtor shall restructure the Note to provide Fikes shall have an allowed secured claim in the amount of \$182,823 ("Fike's Claim"). The Fikes Claim shall be repaid based upon a 300 month amortization with interest that the rate of 6% per annum. The Debtor shall make 47 equal monthly payments commencing on the Effective Date of \$1,180.67 and one payment on the 48th month following the Effective Date of all outstanding principal and interest. Fikes shall maintain its lien on the Stephenville Property until paid in full in accordance with the terms of this Plan.

The Class 3 creditor is impaired under this Plan.

Class 4 Claimants (Allowed General Unsecured Claims) are impaired and shall be satisfied as follows: The Allowed Claims of the General Unsecured Creditors shall receive a payment in full on their Allowed Claims with interest at 3% per annum. The Class 4 creditors shall share pro rata in the unsecured creditors pool. The Debtor shall make monthly payments commencing on the Effective Date of \$500 into the unsecured creditors' pool. The Debtor shall make distributions to the Class 4 creditors every 90 days commencing 90 days after the Effective Date. The Debtor shall make payments into the unsecured creditor's pool and distribution therefrom until all allowed Class 4 creditors have been paid in full.

The Class 4 creditors are impaired under this Plan.

Class 5 Claimants (Certain Allowed Equity Interest Holder Claims) are not impaired and shall be satisfied as follows: The Allowed Equity Interest Holder Claims shall be retain their interests in the Reorganized Debtor.

Class 5 Claimants are not impaired under the Plan.

ARTICLE VI
MECHANICS/IMPLEMENTATION OF PLAN

Debtor anticipates there will be continuing operations to fund this Plan. The Debtor income and expenses payments for the next year are attached as Exhibit B..

As specified in Section 1125(e) of the Bankruptcy Code, persons that solicit acceptances or rejections of this Plan and/or that participate in the offer, issuance, sale or purchase of securities offered or sold under this Plan, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, are not liable on account of such solicitation or participation for violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejection of this Plan or the offer, issuance, sale or purchase of securities.

VII.
RETENTION OF JURISDICTION

The Bankruptcy Court's jurisdiction shall be retained under the Plan as set forth in Article XIV of the Plan.

This Plan shall be the sole and exclusive remedy for any Creditor of the Debtor dealt with herein, so long as Debtors or the Reorganized Debtor are not in default under the Plan.

VIII
ALTERNATIVES TO DEBTOR'S PLAN

If the Debtor's Plan is not confirmed, the Debtor's bankruptcy case may be converted to a case under Chapter 7 of the Code, in which case a trustee would be appointed to liquidate the assets of the Debtor for distribution to its Creditors in accordance with the priorities of the Code. Generally, a liquidation or forced sale yields a substantially lower amount. In this case the Debtor would show all creditors are being paid in full so they are receiving as much as they would receive in a chapter 7 proceeding.

X
RISKS TO CREDITORS UNDER THE DEBTOR'S PLAN

Claimants and Equity Interest Holders should be aware that there are normally a number of substantial risks involved in consummation of a Plan. The risks associated with the Plan are that York will continue to make its lease payments during the term of this Plan.

XI.
TAX CONSEQUENCES TO THE DEBTOR

Implementation of the Plan may result in federal income tax consequences to holders of Claims, Equity Interest Holders, and to the Debtor. Tax consequences to a particular Creditor or Equity Interest Holder may depend on the particular circumstances or facts regarding the Claim of the Creditor or the interests of the Equity Interest Holder. CLAIMANTS ARE URGED TO CONSULT THEIR OWN TAX ADVISOR AS TO THE CONSEQUENCES OF THE PLAN TO THEM UNDER FEDERAL AND APPLICABLE STATE AND LOCAL TAX LAWS.

XII.
PENDING OR ANTICIPATED LITIGATION

The Debtor is not involved in any litigation which will substantially alter the Debtor projected performance. The Debtor's books and records do not reveal any potential cause of action for preferential payments or fraudulent transfers which would benefit the creditors of the estate.

Dated: November 10, 2017.

Respectfully submitted,

Netwest, Inc.

/s/ Muhammad Nadeem

By: Muhammad Nadeem

Its: President