

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

IN RE: CASE NO. 18-33298

BRADLEY J. BARKER, DDS, P.C.

DEBTOR

BRADLEY J. BARKER, DDS, P.C. DISCLOSURE STATEMENT

TO THE HONORABLE DAVID R. JONES
UNITED STATES BANKRUPTCY JUDGE

Respectfully submitted by,

s/ Charles R. Chesnutt, Sr.

CHARLES R. CHESNUTT, P.C.
12222 Merit Drive, Suite 1200
Dallas TX 75251 Texas Bar 04186800

972.248.7000
972.559.1872 (fax)
cc@chapter7-11.com

COUNSEL FOR BRADLEY J. BARKER, DDS, P.C.

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INTRODUCTION

This is the disclosure statement (the “Disclosure Statement”) in the small business chapter 11 case of Bradley J. Barker, DDS, P.C. (the “Debtor”). This Disclosure Statement contains information about the Debtor and describes the Debtor’s Plan of Reorganization (the “Plan”) filed by the Debtor on or about August 22, 2018. A full copy of the Plan is accompanying this Disclosure Statement and should be read with this Disclosure Statement. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

The proposed distributions under the Plan are discussed in this Disclosure Statement. General unsecured creditors are classified in Class 10, and anything other than a minimal distribution to Unsecured Creditors will be contingent upon a recovery in the Litigation Trust.

a. Purpose of this Document

This Disclosure Statement describes:

1. The Debtor and significant events during the bankruptcy case,
2. How the Plan proposes to treat claims or equity interests of the type you hold (*i.e.*, what you will receive on your claim or equity interest if the plan is confirmed),
3. Who can vote on or object to the Plan,
4. What factors the Bankruptcy Court (the “Court”) will consider when deciding whether to confirm the Plan,
5. Why Bradley J. Barker, DDS, P.C. believes the Plan is in the best interest of all creditors, and
6. The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

b. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

Time and Place of the Hearing to Finally Approve This Disclosure Statement and Confirm the Plan

The hearing at which the Court will determine whether to finally approve this Disclosure Statement and confirm the Plan will take place on the date and time provided to you in the accompanying *Notice*.

Deadline for Voting to Accept or Reject the Plan

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to Charles R. Chesnutt, 12222 Merit Drive, Suite 1200, Dallas TX 75251. See section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by _____ or it will not be counted.

i. Deadline for Objecting to the Adequacy of Disclosure and Confirmation of the Plan

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon Charles R. Chesnutt, 12222 Merit Drive, Suite 1200, Dallas TX 75251 by _____.

ii. Identity of Person to Contact for More Information

If you want additional information about the Plan, you should contact Charles R. Chesnutt, 12222 Merit Drive, Suite 1200, Dallas TX 75251, 972-248-7000.

c. Disclaimer

The Court has conditionally approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. The Court's approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan. Objections to the adequacy of this Disclosure Statement may be filed until the date mentioned above.

BACKGROUND

d. Background and History of the Debtor's Business

The Debtor is a dental office that was incorporated on September 11, 2007 and opened for business on November 11, 2008. It was in operation at the time that Disclosure Statement was filed. It is located at 23501 Cinco Ranch Blvd., Suite B228, Katy, Texas 77494 and has operated continuously at this location since that time. The business employs four people including Dr. Barker. Dr. Barker is a dentist licensed by the State of Texas. Dr. Barker has no history of any ethical or professional negligence complaints.

e. Insiders of the Debtor

Dr. Bradley J. Barker is the manager and the owner of the Debtor. He is the only insider. During the 12 months immediately preceding the commencement of this bankruptcy, the Debtor paid Dr. Barker \$99,748.

f. Management of the Debtor Before and During the Bankruptcy

Dr. Barker has been the manager of the Debtor during all times relevant both before and after the bankruptcy was filed.

g. Events leading up to the Chapter 11 filing

The Debtor invested heavily in advanced dental equipment for the purpose of providing the best possible dental care in an expeditious manner. Among other things, the Debtor invested in advanced diagnostic equipment that detects mouth cancer, purchased specialized root canal and other Endodontics equipment and a milling machine so that crowns could be made in the office. At the time that these investments were made, the office produced sufficient income to fund the loans taken out for their purchase. But over time the business and therefore the income declined until it tipped below the monthly income required to pay off the loans and to fund the monthly office expenses. This caused the Debtor to default to its lenders and to its suppliers.

The continuing decline in income forced Dr. Barker individually into a Chapter 7 bankruptcy filed on January 12, 2017 in the Southern District of Texas and given case number 17-30208.

Prior to Dr. Barker's individual Chapter 7, he took out several loans in order to make payments to his lenders and make changes in hope for the return of former days. The former days' income was not forthcoming, however, and under the press of lawsuits, the Debtor filed this Chapter 11 proceeding in order to have time to reconsider the present circumstances and plot a future course that would best benefit both Dr. Barker individually and the creditors of this bankruptcy estate.

h. Significant events during the bankruptcy case

- Asset Sales. This Debtor has not sold any property outside the ordinary course of its business.
- Professionals approved by the Court. The Court has approved two professionals to represent the bankruptcy estate. They are Charles R. Chesnutt, P.C. and Christian Sternat. An application to employ a CPA may be pending at the time for the hearing on confirmation.
- Adversary proceedings. No adversary proceeding has been filed in this case, but the proposed Litigation Trust intends to do so.
- Steps taken to improve operations and profitability of the Debtor. the Debtor has taken the following steps to improve the operation and profitability of its business:
 - Negotiated with third party investors
 - Negotiated with third parties relating to sale and lowering of rent
 - Advertising
- Following a review of the financial prospects of reorganization, the Debtor has determined that a conventional reorganization of the Debtor is not feasible.
- Cessation of business. Dr. Barker, the only dentist employed by the Debtor, resigned his position as of August 24, 2018 to seek other employment.

i. Preference and avoidance actions

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions against Mariner Dental for a \$2750 payment made to settle the debt or against Authentic Dental Lab for a payment of \$5422 made to settle the debt.

j. Claims objections

Except to the extent that a Claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth under “Claims” in the Plan.

k. Current and historical financial conditions

The Debtor had \$5495 in receivables as of the date that the Plan and Disclosure Statement were filed. Of that amount \$3200 are postpetition receivables. All receivables are fully collectible. The Debtor had \$19567 in post-petition cash and accounts as of the date when the Plan and Disclosure Statement were filed.

Interested parties should see the Debtor’s operating reports.

The Debtor has approximately \$227,000 in personal property, which consists of Dental equipment, machines, patient chairs, dental lights, specialized cabinetry, phones, office equipment, screens and entertainment for patients, computers, desks, waiting room furniture, a copy of which is attached hereto as Exhibit 1.

Three creditors (Wells Fargo Bank, Direct Capital Corporation and Healthcare Professional Funding) lent money to the Debtor based upon misrepresentations made by a loan broker. These loans total approximately \$327,019. The Plan provides that each of these creditors may opt to participate in a Litigation Trust, described infra, that will pursue these causes of action. The Bankruptcy Estate alleges a claim against the defendants in the amount of at least \$50,000. Dr. Barker, individually, takes the position that he has an individual cause of action for \$100,000 against the defendants. All of these causes of action will be asserted by the Litigation Trust. The Debtor estimates that the judgment value of these causes of action may be worth as much as \$3 million.

SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

l. What is the purpose of the plan?

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

One use of Chapter 11 is to provide time for a debtor to stay in business and reorganize and pay its debts in whole or in part. This was the initial intent of the Debtor, but after careful review, it appears that the Debtor has already effectively done that through operating capital loans. Barring a significant investor, further costs expended for further reorganization do not appear to be outweighed by an realistic prospect of a successful reorganization of the existing debt. The Debtor has therefore opted to liquidate.

m. Unclassified claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has *not* placed the following claims in any class:

Administrative Expenses

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment. The following chart lists the Debtor's estimated administrative expenses, and their proposed treatment under the Plan:

Type	Estimated Amount	Treatment
US Trustee	\$1,200	Paid in full by estate or Dr. Barker
Attorneys	\$20,000	Paid in part from the estate, the Litigation Trust and Dr. Barker individually
CPA	\$500	Paid in full by the estate or Dr. Barker
PR II LaCenterra	\$26,000	Paid from the unencumbered assets of the estate; paid in part from Litigation Trust

Priority Tax Claims

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

All taxes due are ad valorem and are treated as secured claims.

n. Classes of Claims and Equity Interests

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

Secured Claims

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim. The following chart lists all classes containing Debtor's secured prepetition claims and their proposed treatment under the Plan:

Class	Creditor	Estimated Amount	Treatment	Impairment	Insider
1	Fort Bend County	27148	Paid in full from proceeds of sale	Unimpaired	No
2	Cinco Municipal Utility District	3068	Paid in full from proceeds of sale	Unimpaired	No
3	Willow Fork Drainage District	2270	Paid in full from proceeds of sale	Unimpaired	No
4	Live Oak Bank	1,100,000	Remainder paid to Live Oak	Impaired	No
5	Wells Fargo Bank	128700	Paid from Litigation Trust; remainder reverts to Unsecured	Impaired	No
6	Direct Capital	132576	Paid from Litigation Trust; remainder reverts to Unsecured	Impaired	No
7	Healthcare Funding	65743	Paid from Litigation Trust; remainder reverts to Unsecured	Impaired	No
8	On Deck Capital	2236022	Reverts to Unsecured	Impaired	No

Priority Unsecured Claims

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

The Debtor does not have any priority unsecured claims. All priority tax claims are classified as secured.

Unsecured Claims

Unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code. General unsecured claims are paid as follows:

Class	Description	Estimated Amount	Treatment	Impairment
9	Convenience	\$1500	Payment in full in two installments	Impaired
10	General Unsecured	\$400,000	Paid in part from proceeds from Litigation Trust	Impaired

To the extent that the Litigation Trust produces an unencumbered return for the estate, the class of General Unsecured Claims will receive a dividend. Otherwise the class of General Unsecured Claims will receive nothing.

Class 11 Small Business Administration

The debt of Class 11, which is Small Business Administration, which is the guarantor of the Live Oak Bank loan, shall be subsumed into the Live Oak Bank Claim and shall not be paid.

Class 12 Equity Interest Holders

Equity interest holders are parties who hold an ownership interest (*i.e.*, equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company (L.L.C.) or a Professional Corporation (P.C.), the equity interest holders are the members.

The only equity interest holder is Dr. Bradley J. Barker. Dr. Barker will retain his ownership interest in the liquidated Debtor and will be paid his portion from the proceeds of the Litigation Trust. Dr. Barker has an individual cause of action that will pass to the Litigation Trust and be asserted with the other causes of action. It is impossible to say how much he may recover for his cause of action.

Class 13 Other Excluded Claims

Other excluded claims are specific claims that will not be paid. This class is in addition to any other claims that will not be paid by operation of law or pursuant to other terms of the Plan. The members of this class are Authentic Dental Lab and Mariner Dental Lab, both of which settled with the Debtor prior to the commencement of this bankruptcy.

o. Means of Implementing the Plan

Source of Payments

The source of payments will be the proceeds from the sale of the Chattels of the Estate, the unencumbered cash in the estate and the proceeds from the Litigation Trust. The Debtor estimates that the Chattels of the estate may be sold for \$100,000, but that they are fully encumbered. The Chattels of the estate will be sold by the first lienholder, Live Oak Bank who will liquidate them no later than 45 days following the Confirmation Date and hold the proceeds pending a determination of any competing liens. If Live Oak Bank does not liquidate the Chattels, then the Debtor will liquidate them under the same terms and conditions.

Post-confirmation Management

The Debtor will be liquidated and will not continue to operate.

p. Risk Factors

The proposed Plan has little risk factor because it is a liquidating plan. Participation in the Litigation Trust has little risk because the causes of action are asserted by the Trust and not the Beneficiaries.

q. Executory Contracts and Unexpired Leases

All executory contracts shall be rejected.

r. Tax Consequences of Plan

Creditors and Equity Interest Holders concerned with how the Plan may affect their tax liability should consult with their own accountants, attorneys and/or advisors.

The Debtor is not aware of any tax consequence to itself or to any creditor of this bankruptcy estate that would occur as a result of the confirmation of the plan. In general, taxable events are generated when a confirmed plan discharges debt and this plan does not discharge any debt.

CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

s. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that classes 1 – 10 are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan does not intend to pay Class 11 or Class 12; therefore Classes 11 and 12 are not entitled to vote.

What Is an Allowed Claim or an Allowed Equity Interest?

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

What Is an Impaired Claim or Impaired Equity Interest?

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

*Who is **Not** Entitled to Vote*

The holders of the following five types of claims and equity interests are *not* entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not “allowed claims” or “allowed equity interests” (as discussed above), unless they have been “allowed” for voting purposes.
- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and
- holders of claims or equity interests in classes that do not receive or retain any value under the Plan;
- administrative expenses.

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.

Who Can Vote in More Than One Class

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim. Otherwise, any creditor who may receive a payment pursuant to the terms of the plan may vote.

t. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by a “cram down” on non-accepting classes, as discussed herein.

Votes Necessary for a Class to Accept the Plan

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half ($1/2$) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds ($2/3$) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds ($2/3$) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

Treatment of Nonaccepting Classes

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a “cram down” plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not discriminate unfairly, and is fair and equitable toward each impaired class that has not voted to accept the Plan.

u. Liquidation Analysis

This is a comparison between the potential and actual recoveries for creditors in the event that this case is converted to a Chapter 7 proceeding as opposed to the confirmation of the Debtor’s Plan of Reorganization.

This liquidation analysis assumes that Live Oak Bank has a first lien. However other lienholders may challenge the Live Oak lien.

If this case were converted to a Chapter 7:

In the event that this case were converted to a Chapter 7 proceeding the Debtor believes the following will be the most likely outcome. In this scenario the lenders who are the victims of fraudulent loans will not have the option of a Litigation Trust.

ASSETS

Encumbered cash and receivables	\$ 2295	(Live Oak Bank lien)
Encumbered property	\$227000	(Live Oak Bank, Taxing authorities)
TOTAL ENCUMBERED	\$229295	
TOTAL UNENCUMBERED	\$22767	

LIABILITIES

	<i>Secured Claim</i>	<i>Unsecured Claim</i>
Willow Fork Drainage District	\$ 2270	
Cinco Municipal Utility District	\$ 3068	
Fort Bend County	\$ 27148	
Live Oak Bank	\$ 196809	878403
Direct Capital	\$ 0	132576 (Litigation Trust)
Wells Fargo	\$ 0	128700 (Litigation Trust)
Healthcare Professional Funding	\$ 0	60114 (Litigation Trust)
On Deck Capital	\$ 0	203663
On Deck Capital	\$ 0	19939
Unsecured Creditors	\$ 0	1,773,739

DISTRIBUTION

Distribution to taxing authorities
and Live Oak Bank \$229295

Distribution to Administrative Claims:

Chapter 7 Trustee	\$3400
Chapter 7 Trustee Attorney	\$2500
UST	\$1200
Postpetition rent	\$15667
TOTAL	\$22767
Distribution to Direct Capital	\$0
Distribution to Wells Fargo	\$0
Distribution to Healthcare Prof.	\$0
Distribution to On Deck Capital	\$0
Distribution to Unsecured Creditors	\$0

If the Plan is confirmed

In the event that the Plan is confirmed, the Debtor believes the following will be the most likely outcome. This outcome assumes a collection of \$1 million by the Litigation Trust and \$550,000 net benefit to the beneficiaries after costs and attorney fees.

ASSETS

Encumbered cash and receivables	\$ 2295	(Live Oak Bank lien)
Encumbered property	\$227000	(Live Oak Bank, Taxing authorities)
Litigation Trust	\$550,000	
TOTAL ENCUMBERED	\$229295	
TOTAL UNENCUMBERED	\$22767	

LIABILITIES

	<i>Secured Claim</i>	<i>Unsecured Claim</i>	
Willow Fork Drainage District	\$ 2270		
Cinco Municipal Utility District	\$ 3068		
Fort Bend County	\$ 27148		
Live Oak Bank	\$ 196809	878403	
Direct Capital	\$ 132576		Litigation Trust
Wells Fargo	\$ 128700		Litigation Trust
Healthcare Professional Funding	\$ 60114		Litigation Trust
On Deck Capital	\$ 0	203663	
On Deck Capital	\$ 0	19939	
Unsecured Creditors	\$ 0	1,773,739	

DISTRIBUTION

Distribution to taxing authorities
and Live Oak Bank \$229295

Distribution to Administrative Claims:

UST	\$1200	
Attorneys	\$10798	
Postpetition ren	\$10798	
TOTAL	\$22767	
Distribution to On Deck	\$132576	Litigation Trust
Distribution to Wells Fargo	\$128700	Litigation Trust
Distribution to Healthcare Prof.	\$60114	Litigation Trust
Distribution to Unsecured Creditors	\$221239	Litigation Trust
Other Plaintiffs	\$100000	Litigation Trust

v. Feasibility

This is a liquidating plan and is therefore feasible.

EFFECT OF CONFIRMATION OF PLAN

w. Discharge of Debtor

This is a liquidating plan and the Debtor will not be discharged of any debt.

x. Modification of Plan

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or re-voting on the Plan.

y. Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

STATE COURT LITIGATION

In 2018, Align Technology filed a conventional lawsuit on a debt against Dr. Barker individually in California¹ and has also filed a claim in this bankruptcy. In 2018, Live Oak Bank filed a conventional lawsuit on a debt against the Debtor. Both of these lawsuits were pending at the time that this bankruptcy was filed. In 2018, Mariner Dental Laboratory filed a conventional lawsuit on a Debt in the amount of \$10,000 and the Debtor and settled it for \$2750. Also in 2018, Authentic Dental Lab filed a conventional suit on a debt in the amount of \$5422 and the Debtor settled it for \$2250.

PREFERENCES

No significant preference actions have been found. The Debtor does not intend to pursue any preference actions.

¹ Case No. CGC-18-566016, Superior Court for the State of California, County of San Francisco, Limited Civil Jurisdiction
DISCLOSURE STATEMENT

LITIGATION TRUST

Three Creditors of the Debtor lent money to the Debtor based upon loans negotiated by IMS Financial Group. Each of these loans purported to give the lender a first lien position against certain assets of the estate either by way of a purchase money lien or a sale/leaseback. However, the assets which IMS represented to the lenders as being newly acquired were in fact already owned by the Debtor and were collateral for other loans. The Debtor takes the position that it and the three lenders were the victims of fraud.

The plan proposes to create a Litigation Trust. The Trust will assert the causes of action in the bankruptcy court of each of the three lenders, the Debtor, and Dr. Barker, individually and any other interested party. Each Participant will have the option to opt out of the Litigation Trust by filing a notice to this effect within 21 days of the Confirmation Date.

The specific provisions of the Litigation Trust speak for themselves and are not required to be make part of this Disclosure Statement.

OTHER PLAN PROVISIONS

1. Except as otherwise provided in the Plan, if any Creditor has an obligation to the Reorganized Debtor for any reason whatever, the bankruptcy estate may set off that obligation against any distributions that are owed or will be owed to that Creditor.
2. All liens that shall survive the confirmation of this Plan are recited above. Any lien not provided for in this plan shall be void and of no effect whatever.
3. Neither the Debtor nor any of their respective officers, directors, partners, employees, members, agents, advisors, affiliates, underwriters or investors, nor any professional person employed by any of them shall have or incur any liability to any entity for any act taken or omission made in good faith in this bankruptcy case prior to the Effective Date.
4. A term in this Plan, not otherwise defined herein but used in the Code, shall have the definition assigned to such term in the Bankruptcy Code. Any amendment or supplement to this plan or to any subsequent plan or amendment shall govern all previous plans, previous amended plans and all supplements to any previously filed plan.

SIGNATURES

BRADLEY J. BARKER, DDS, P.C.



Bradley J. Barker, DDS, Owner

Respectfully submitted by,

s/ Charles R. Chesnutt, Sr.

CHARLES R. CHESNUTT, P.C.
12222 Merit Drive, Suite 1200
Dallas TX 75251 Texas Bar 04186800

972.248.7000
972.559.1872 (fax)
cc@chapter7-11.com

COUNSEL FOR BRADLEY J. BARKER, DDS, P.C.

Certificate of Service

The undersigned hereby certifies that on August 30, 2018 he caused a copy of the above and foregoing to be served on all those requesting service.

s/ Charles R. Chesnutt