

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF WEST VIRGINIA

In Re

TARA RETAIL GROUP, LLC

Case No. 17-00057

Debtor-in-Possession

Chapter 11

OBJECTION TO DISCLOSURE STATEMENT

The United States Trustee, Judy A. Robbins, by counsel, objects to the Disclosure Statement that was filed on June 23, 2017, because it does not contain adequate information, and states that:

No Liquidation Analysis (Part VII, page 19)

1. A disclosure statement must include a liquidation analysis to show a hypothetical Chapter 7 distribution to all creditors and equity interest holders. This disclosure statement (Page 19) makes a summary statement that the Debtor believes that conversion to Chapter 7 would not benefit unsecured creditors. The disclosure statement does not contain an exhibit or analysis to determine how this conclusion was reached. Without a meaningful liquidation analysis, the unsecured creditors and the Court will be unable to compare liquidation pursuant to the plan with liquidation under Chapter 7.

Inadequate Current and Historical Financial Information (Article IV, page 16)

2. A disclosure statement should include current and historical financial statements so that the Court and creditors can determine if a plan is feasible. The only financial exhibits that the debtor has filed include two (2) exhibits [Docket #300], which appear to be rent roles. 1

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1 The disclosure statement references Exhibit 1 as a “projected” rent role. No exhibit was attached to the Disclosure

It is unclear what the filed exhibits reflect. A description of what these exhibits include and what impact they may have on the plan should be included in the disclosure statement. Further, the debtor should provide some historical information to reflect what the net operating profit (if any) was prior to the bankruptcy filing. This information is necessary for creditors and the Court to evaluate the feasibility of the Plan.

Inadequate Information Regarding Funding of Plan and Projected Cash Flow (Article IV, page 16)

3. The disclosure statement outlines that the debtor will fund the plan through a combination of rents<sup>2</sup>, litigation recoveries against Comm 2013, the State of West Virginia, an insurance claim, a contribution from Emerald Grande and William and Rebecca Abruzzino. The disclosure statement provides no specific information regarding the amount of the possible recoveries of such claims. Further, there is no detail regarding the approximate expense necessary in obtaining recovery of such claims. The debtor also did not file a 12 month budget the first year of the plan to show net cash flow to support the proposed payments. The debtor should be required to provide some form of projections of the possible recovery of such claims and the necessary expense involved in obtaining such claims. This information is necessary for creditors and the Court to evaluate the feasibility of the Plan.

Undisputed claims (Article IV, page 14)

4. The disclosure statement outlines that virtually all of the claims filed in this case are “disputed”. The debtor proposes to pay 100% of the approved priority and unsecured claims. However, it is not possible to determine what, if any, claims that the debtor plans to pay under the terms of the plan. The debtor should be required to provide a listing of creditors that will be subject to objection or payment under the proposed plan. Without this information, it is not possible to determine if the plan is feasible.

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Statement and Plan filed on June 23, 2017.

<sup>2</sup> As outlined above, the debtor has filed exhibits that appear to be “projected” rent rolls.

Effective Date of Plan (Article I, page 5)

5. It is unclear when the plan will become effective. The disclosure statement and plan define the “effective date” as a “business day after the confirmation date as designated by the debtor that is as soon as reasonably practicable after the conditions to the effectiveness of the plan specified in Section 9.1 hereof have been satisfied or waived”. Based on this definition, the effective date would be left to the sole discretion of the debtor. The debtor should be required to provide notice to creditors of when the effective date of the plan will be.

WHEREFORE, the United States Trustee requests the Court not approve the Disclosure Statement, until it contains adequate information.

Dated: July 17, 2017

Respectfully submitted,

JUDY A. ROBBINS  
UNITED STATES TRUSTEE

By Counsel

/s/ David L. Bissett

WV Bar No. 6013

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Charleston, WV 25301

304-347-3404

CERTIFICATE OF SERVICE

I hereby certify that on this day I electronically filed the Objection to Disclosure Statement with the Clerk of the Court using the CM/ECF System, which will send notice of such filing to the following CM/ECF participants:

Steven L. Thomas  
*Attorneys for Debtor*

I further certify that on this date, I mailed the Objection to Disclosure Statement by First Class Mail to the following non-CM/ECF participants:

Tara Retail Group, LLC  
P.O. Box 190  
Bonita Springs, FL 34133

/s/ David L. Bissett  
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