

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA

In re:)	
)	
ATLANTIC FABRICATION & DESIGN)	Case No. 17-14891
LLC,)	Chapter 11
)	
Debtor.)	
_____)	

DEBTOR’S DISCLOSURE STATEMENT

Atlantic Fabrication & Design LLC, debtor in the above-captioned case (“Debtor”), pursuant to 11 U.S.C. § 1125 and Fed. R. Bankr. P. 3016 hereby submits the following disclosure statement (“Disclosure Statement”).

BACKGROUND

1. On December 4th, 2017, Debtor filed its Voluntary Petition herein under Chapter 11 of Title 11, United States Code (the “Bankruptcy Code”) [Doc. No. 1].

2. The Debtor continues to operate the business as debtor-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code. The United States Trustee has not yet appointed any official committees in this case, and no request has been made for the appointment of a trustee or examiner.

3. Debtor provides mechanical and welding fabrication services with an emphasis on the repair and manufacture of pressure vessels, boilers, and steam piping systems. Debtor only has three employees, the two principals and an office manager. All other labor is provided to Debtor by various professional staffing companies.

4. On January 2, 2018, the Court entered an Order fixing the date for the Debtor to file a proposed disclosure statement and plan of reorganization as June 4th, 2018 [Doc. No. 44].

5. On January 2, 2018, the Court entered an Order fixing the bar dates for filing proof of claims [Doc. No. 45]. The last date for filing proof of claims in this case was March 1, 2018 for all persons or entities, other than Governmental Units (as such term is defined in § 101(27)), including Claims under § 503(b)(9). The last date for filing proof of claims in this case is June 4, 2018 for Governmental Units.

6. On January 8, 2018, a meeting of creditors pursuant to § 341 was held and concluded [Doc. No. 54].

7. Debtor has filed all required Monthly Operating Reports for each month since the Petition Date. Copies of those Monthly Operating Reports are available through the Bankruptcy Court Clerk's Office.

8. As required by the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure, Debtor has filed all necessary schedules of assets, liabilities, income and expenses, as well as a statement of financial affairs. Debtor also obtained Bankruptcy Court approval for the retention of legal counsel and accounting professionals to assist in the Bankruptcy Case.

EXPLANATION OF THIS DISCLOSURE STATEMENT

9. This Disclosure Statement has been prepared by the Debtor for distribution to all of the known holders of Claims in connection with (a) the solicitation of the acceptances of its Plan of Reorganization (the "Plan"), filed contemporaneously, as the same may be amended. Unless otherwise defined herein, all capitalized terms contained in this Disclosure Statement have the meanings as ascribed to them in the Plan. As described more fully elsewhere in this document, Debtor believes that the Plan provides the greatest earliest possible recoveries to

holders of Claims, that acceptance of the Plan is in the best interest of all parties, and that any alternative will result in delay, uncertainty, expense, and ultimately, smaller distributions to holders of Allowed Claims.

10. Section 1125 of the Bankruptcy Code generally requires the proponent of a plan of reorganization to prepare and file with the Bankruptcy Court a “disclosure statement” that provides information of a kind, and in sufficient detail, that would enable a typical holder of claims or interests in a class impaired under that plan to make an informed judgment about whether to accept or reject the Plan. This Disclosure Statement provides such information. Solicitation and acceptances and rejections of the Plan are not permitted until the Bankruptcy Court has approved a disclosure statement.

11. Parties in interest should read this Disclosure Statement, the Plan, and all of the Exhibits accompanying such documents in their entirety in order to ascertain:

- i. How the Plan will affect their Claims against the Debtor;
- ii. Their rights with respect to voting for or against the Plan;
- iii. Their rights with respect to objecting to confirmation of the Plan; and
- iv. How and when to cast a Ballot with respect to the Plan.

12. This Disclosure Statement, however, cannot and does not provide holders of Claims with legal or other advice or inform such parties of all aspects of their rights. Claimants are advised to consult with their lawyers and/or financial advisors to obtain more specific advice regarding how the Plan will affect them and regarding their best course of action with respect to the Plan.

13. The Disclosure Statement has been prepared by the Debtor in good faith and in compliance with applicable provisions of the Bankruptcy Code. Based upon information currently available, Debtor believes that the information contained in this Disclosure Statement is correct as of the date of its filing. The Disclosure Statement, however, does not and will not reflect events that occur after the date on which it was filed with the Court (and certain earlier dates where indicated herein, if any), and Debtor assumes no duty and presently does not intend to prepare or distribute any amendments or supplements to reflect such events.

14. Debtor has made every effort toward accuracy in all matters, but Debtor cannot warrant or represent that all of the information contained in this Disclosure Statement is accurate.

15. However, Debtor believes that the contents herein represent accurate and complete information. The approval of the Court of this Disclosure Statement does not constitute an endorsement by the Court of the Plan or a guarantee of the accuracy or completeness of the information contained in the Disclosure Statement.

16. Debtor has not obtained an expert valuation regarding its property, but the values set forth in its Bankruptcy Schedule A/B are to the best of its knowledge and ability. Any valuation not expressly credited to experts has been given by Debtor and represents Debtor's best estimate based upon current market conditions, past experience, and other relevant factors.

IMPORTANT NOTICE AND CAUTIONARY STATEMENT

17. The historical financial data relied upon in preparing the Plan and this Disclosure Statement is based upon the Debtor's books and records. The estimates, and other financial information referenced in this Disclosure Statement or attached hereto as Exhibits, if any, have

been developed by the Debtor. Although reasonable efforts have been made to provide accurate information, the Debtor cannot warrant or represent that the information in this Disclosure Statement, including any and all financial information, is without inaccuracy or omissions, or that actual values or distributions will comport with the estimates set forth herein.

18. No entity may rely upon the Plan or this Disclosure Statement or any of the accompanying Exhibits, if any, for any purpose other than to determine whether to vote in favor of or against the Plan. Nothing contained in such documents constitutes an admission of any fact or liability by any party, and no such information will be admissible in any proceeding involving the Debtor, or any other party, nor will this Disclosure Statement be deemed evidence of the tax or other legal effects of the Plan on holders of Claims in the Bankruptcy Case.

EXPLANATION OF CHAPTER 11

19. Chapter 11 is the main reorganization section of the Bankruptcy Code. In Chapter 11, a debtor is authorized to either reorganize or liquidate its business and financial affairs for its own benefit and that of its creditors. Formulation of a “plan” is the principal purpose of a Chapter 11 case. The Plan is the document that proposes the methods for satisfying creditors’ claims against the debtor. The Plan places creditors’ claims into “classes” (groups of similar claims) and treats each creditor’s claim within a class the same way. Creditors are entitled to be heard by the Bankruptcy Court about the Plan, through the process of voting for and objections to the Plan.

20. Your participation in this process is important. The Bankruptcy Court will set dates for when Ballots are due, the deadline to file Objections to Confirmation, and a date for the

Hearing on Confirmation of Plan. You will receive separate notice of all those dates. It is in your interest to pay attention to that notice so as to not miss any deadlines.

The Process of Voting on the Plan

21. Most creditors are generally entitled to vote on the Plan. A creditor's right to vote depends primarily on whether the creditor's claim against the Debtor is "impaired." A creditor's claim is termed "impaired" where the claim or interest, under a plan, will be modified in terms of principle, interest, length of time for payment, or a combination thereof. Only classes of creditors with claims impaired under a plan of reorganization are entitled to vote on a plan. Each holder of a Claim in a Class that is not impaired under the Plan is conclusively presumed to have accepted the Plan, and solicitation of acceptances from the holders of such Claim is not required and will not be undertaken.

Who May Support or Object to Confirmation of the Plan

22. Any party in interest may support or object to the confirmation of the Plan. Even entities who may not have a right to vote (e.g., entities whose Claims are classified into an unimpaired Class) may still have a right to support or object to confirmation of the Plan.

Who May Vote to Accept or Reject the Plan

23. A holder of a Claim generally has a right to vote for or against the Plan if their Claim is both "allowed" for purposes of voting and classified into an impaired Class.

What is an Allowed Claim or Interest for Voting Purposes

24. As noted above, a creditor's Claim must be "allowed" for purposes of voting in

order for such claim or interest to have the right to vote on the Plan. Generally, for voting purposes, a Claim is deemed “allowed” if (i) a proof of Claim was timely filed, or (ii) if no proof of Claim was filed, the holder of the Claim is identified in the Schedules as other than “disputed,” “contingent,” or “unliquidated.” In either case, when an objection to a Claim has been filed, the claim or interest holder cannot vote unless the Bankruptcy Court, after notice and hearing, either overrules the objection or allow the claim or interest for voting purposes.

25. The definitions of “Allowed Claim” used in the Plan for the purposes of determining whether Claim holders are entitled to receive distributions thereunder may differ materially from those used by the Bankruptcy Court to determine whether a particular Claim is “allowed” for the purpose of voting. Holders of Claims are advised to review the definitions of “Allowed,” “Claim,” “Disputed,” set forth the Plan to determine whether they may be entitled to receive distributions under the Plan.

Who Is Not Entitled to Vote

26. The holders of the following four types of Claims are not entitled to vote in the Plan; (a) Claims that have been disallowed; (b) Claims that are subject to a pending objections and which have not been allowed for voting purposes; (c) Claims in unimpaired Classes; and (d) Claims entitled to priority pursuant to sections 507(a)(1), (a)(2), and (a)(8) of the Bankruptcy Code. Holders of Claims in unimpaired Classes are not entitled to vote because such Classes are deemed to have accepted the Plan. Holders of Claims entitled to priority pursuant to sections 507(a)(1), (a)(2), and (a)(8) of the Bankruptcy Code are not entitled to vote because such Claims are required to receive certain treatment specified by the Bankruptcy Code.

Votes Necessary to Confirm the Plan

27. The Bankruptcy Court cannot confirm the Plan unless, among other things, (a) at least one impaired Class has accepted the Plan without counting the votes of any insiders within that Class; and (b) either all impaired Classes have voted to accept the Plan, or the Plan is eligible to be confirmed by “cramdown” with respect to any dissenting impaired Class, as discussed in the Plan.

Votes Necessary for a Class to Accept the Plan

28. A Class of Claims is considered to have accepted the Plan when more than one-half in number and at least two-thirds in dollar amount of the claims that actually voted in that Class have voted in favor of the Plan.

Treatment of Nonaccepting Classes

29. As noted above, even if certain impaired Classes do not accept the proposed Plan, the Bankruptcy Court may nonetheless confirm the Plan if the nonaccepting Classes are treated in the manner required by the Bankruptcy Code. The process by which nonaccepting Classes are forced to be bound by the terms of a plan is commonly referred to as a “cramdown.” Specifically, the Bankruptcy Code allows the Plan to be “crammed down” on nonaccepting Classes of Claims if the Plan meets the requirements of section 1129(a)(1) through (a)(7) and 1129(a)(9) through (a)(13) of the Bankruptcy Code and if the Plan does not “discriminate unfairly” and is “fair and equitable” as those terms are defined in section 1129(b) of the Bankruptcy Code.

Request for Confirmation Despite Nonacceptance By Impaired Classes

30. The Debtor has requested that the Bankruptcy Court confirm the Plan by cramdown on any impaired Class that does not vote to accept the Plan, and the Debtor believes that cramdown is appropriate under the circumstances.

Hearing on Confirmation of the Plan

31. The Bankruptcy Court may confirm the Plan only if at least one Class of Impaired Claims has voted to accept the Plan (without counting the vote of any insiders whose Claims are classified within that Class) and if certain statutory requirements are met as to both non-consenting members within a consenting Class and as to dissenting Classes. A Class of Claims has accepted the Plan only when at least one-half in number and at least two-thirds in the amount of the allowed Claims actually voting in that Class vote in favor of the Plan. In the event of a rejection of the Plan by one or more Voting Classes, the Debtor intends to request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code, which permit's confirmation notwithstanding such rejection if the Bankruptcy Court finds that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to the rejecting Classes.

EXISTENCE OF PENDING OR POTENTIAL LITIGATION

32. There is no ongoing or anticipated adversary proceeding action.

33. There is no ongoing or anticipated claim litigation based upon claims filed as of the time of filing the Plan. Debtor may, in its discretion, pursue claim litigation against any

subsequently filed claims.

34. There is no ongoing or anticipated litigation outside the Bankruptcy Court.

35. Under the Bankruptcy Code, a trustee or a debtor-in-possession has a right to recover preferences. Generally, a preference is a payment or a transfer of property by an insolvent debtor not made in the ordinary course of business in accordance with ordinary business terms to a creditor for or on account of a pre-existing debt. Such preferences may be recovered if made within 90 days (or one year in case of insiders) prior to the commencement of a bankruptcy case and if the payment or transfer had not been made and if the debtor's assets were distributed in liquidation under Chapter 7 of the Bankruptcy Code. Upon review of all pertinent transactions, Debtor does not believe any preference exist justifying expense of litigation.

36. In addition, attention has been given to identifying payment and transfers that constitute fraudulent conveyances under either the Bankruptcy Code or applicable non-bankruptcy law. Upon review of all pertinent transactions, Debtor has determined that no such transfers exist.

POST-PETITION PAYMENT OF PRE-PETITION CLAIMS

37. The Court authorized Debtor to pay certain pre-petition claims [Doc. No. 48]. Unfortunately, Debtor has identified unauthorized payments, made post-petition, to vendors not approved by the Court for claims which arose pre-petition. Those payments are detailed in Debtor's Monthly Operating Reports [Doc. No. 76, 77, 78, 79, 80]. The unauthorized payments were unintentional and occurred predominately in the first two weeks of the case. Subsequent

inquiry by Debtor's accounting professionals indicates that the payments were a result of lax accounting controls. An estimated 19 unsecured vendors received a combined amount less than \$9,000.00, or less than 1% of all scheduled unsecured debt. Debtor does not believe any potential recovery for the estate of unauthorized payments justifies the expense and uncertainty of litigation. To the extent any Creditor with an Allowed Unsecured Claim received an unauthorized post-petition payment, that payment will be considered as part of that Creditor's Pro Rata share. If the unauthorized post-petition payment equals or exceeds the Creditor's expected distribution under the Plan, the Creditor will not receive any further distributions.

SUMMARY OF THE PLAN

38. What follows is a simplified description of the Plan. It generally explains how the various claims against Debtor will be treated under the Plan. A copy of the Plan has been attached as to this Disclosure Statement. SOME PROVISIONS OF THIS PLAN MAY NOT BE DESCRIBED IN THIS DISCLOSURE STATEMENT, THE READER OF THIS DISCLOSURE STATEMENT SHOULD REFER TO THE PLAN ITSELF FOR A FULL ANALYSIS OF ITS CONTENTS. IN THE EVENT OF ANY DIFFERENCE BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE PLAN WILL CONTROL.

General Overview

39. The Plan proposes to reorganize Debtor's principal liabilities. Revenues to support the Plan and payments to be made under the Plan will be provided by Debtor's ongoing business revenue. Until substantial consummation of the Plan, all money shall be held by Debtor for the payment of expenses and, upon confirmation of the Plan, Debtor will pay the classes as

described herein. On the Effective Date or such other date as may be ordered by the Court, checks shall be issued to pay the Allowed Claims in Classes 1.a, 1.b, 2, and 3.b. Classes 3.a and 3.c shall receive quarterly payments as described more fully herein. Class 4 shall receive quarterly distributions, as funds allow.

Claims Against the Debtor

40. The Plan divides the Claims of Creditors into Eight (8) Classes. The treatment of each Class is specified in the Plan. Generally, the Plan provides the following treatment:

i. Class 1.a – Professional Fees: Class 1.a includes Administrative Expense Claims. Administrative Expense Claims are Claims constituting a cost or expense of administration of the Chapter 11 Case allowed under Sections 503(b) and 507(a)(1) of the Bankruptcy Code. Such Claims include all claims by professionals for compensation for services and reimbursement for expenses to the extent Allowed by the Bankruptcy Court and any fees or charges assessed against the Estate of the Debtor under Section 1930 of Chapter 123 of Title 28 of the United States Code. Except to the extent that the holder agrees otherwise, Administrative Expense Claims will be paid in full in cash on the Effective Date, or as soon thereafter as is practicable. The Reorganized Debtor shall be responsible for the timely payment of disbursement fees incurred pursuant to 28 U.S.C. § 1930(a)(6). After confirmation, the Reorganized Debtor shall file with the Bankruptcy Court and serve on the United States Trustee a quarterly financial report for each quarter (or portion thereof) the case remains open in a format prescribed by the United States Bankruptcy Trustee.

ii. Class 1.b – Post-Petition Ordinary Course: Class 1.b includes post-petition debt incurred in the ordinary course of business, commonly known as accounts payable. Such Claims include any indebtedness or obligations incurred or assumed by the Debtor in connection with the conduct of its business not otherwise included in Class 1.a. Except to the extent that the holder agrees otherwise, Post-Petition Ordinary Course Claims will be made in the ordinary course or upon such other terms as may be agreed between the Claim holder and the Debtor.

iii. Class 2 – Priority Claims: The Class 2 Claims shall consist of (a) all Allowed Claims or rights to payment entitled to priority under Sections 507(a)(1) - (5) and (8) of the Code, and (b) all fees and charges assessed against the Debtor's property under Chapter 123 of Title 28 of the United States Code. Subject to approval by the Court, all Allowed Class 2 Claims will be paid in cash, in full, on the Effective Date.

iv. Class 3.a – Secured Claims: Class 3.a includes the Allowed Secured Claims of Bank of Kremlin. To the extent that the amount of such claim exceeds the value of the collateral or is entitled to a set off, the balance of the claim will be treated as a Class 4 unsecured claim. Bank of Kremlin timely filed Claims No. 12, 13, and 14 with an aggregate value of \$1,170,419.57.

v. Class 3.b – Secured Claims: Class 3.b includes the Allowed Secured Claim of Ally Financial. Ally Financial did not file a proof of claim and will be paid the scheduled amount of \$12,059.42 less any payments received post-petition.

vi. Class 3.c – Secured Claims: Class 3.c includes the Allowed Secured

Claims of the Internal Revenue Service. To the extent that the amount of such claim exceeds the value of the collateral or is entitled to a set off, the balance of the claim will be treated as a Class 4 unsecured claim. The IRS timely filed Claim No. 6 in the amount of \$163,098.42.

vii. Class 4 – Unsecured Claims: Allowed Unsecured Claims are guaranteed no fixed minimum percentage or dividend. The Liquidation Analysis projects a low of 13.4% recovery and a high of 47.9% recovery to the unsecured claims. Debtor shall pay to Class 4 Claims all Operating Cash in excess of \$200,000.00, after all other expenses and Plan payments are made, not to exceed \$150,000.00 per year, for a total of three (3) years.

viii. Class 5 – Equity Claims: Equity holders are projected to receive zero distributions but will retain ownership of the Debtor after successful completion of the Plan.

Treatment of Executory Contracts and Unexpired Leases

41. The Bankruptcy Code empowers a debtor-in-possession, subject to the approval of the Bankruptcy Court, to assume or reject the debtor's executory contracts and unexpired leases. An "executory contract" generally means a contract under which material performance other than the payment of money is due by the parties. If the debtor in possession rejects an executory contract or unexpired lease, the rejection operated as a pre-petition breach of such agreement. If an executory contract or unexpired lease is assumed by the debtor in possession, the assumption obligates the debtor in possession to perform under the agreement, and damages

arising for any subsequent breach of the agreement are treated as administrative expenses of the estate. Debtor's estate has no known executory contracts or unexpired leases and assumes the same.

Continuing Jurisdiction of The Bankruptcy Court

42. The Bankruptcy Court shall retain jurisdiction over a broad range of matters relating to the Bankruptcy Case, the Plan, and other related items. Such retained jurisdiction included the power to:

- i. hear and determine any matter or proceeding concerning Claims or interests, including but not limited to, matters or proceedings to allow or disallow Disputed Claims;
- ii. determine and enter orders concerning payment of administrative expenses and other Priority Claims;
- iii. enforce and interpret the Plan and other orders confirming it, regardless when any controversy about the Plan or about the enforcement or interpretation of the Plan arise;
- iv. correct any defect, cure any omission, or reconcile any inconsistencies in the Plan or order confirming the Plan as may be necessary or appropriate;
- v. enter any orders, including injunctions, necessary or appropriate to enforce the Plan and the order confirming the Plan; and
- vi. Hear and determine all questions, disputes or such other matters may be contemplated by the Plan or as may be appropriate under the Bankruptcy Code.

Modification of the Plan

43. The Plan may be modified or amended before and after confirmation as provided by 11 U.S.C. § 1127.

ADMINISTRATION AFTER CONFIRMATION OF THE PLAN

Operation After Confirmation

44. After confirmation, Debtor will continue to operate the Estate (the “Reorganized Debtor”). The Reorganized Debtor will make every effort to repay Creditors pursuant to the terms of the Plan including determining allowed claims, filing tax returns, and distributing funds to creditors.

45. The Debtor estimates that its earnings from services rendered will enable him to make the payments to creditors as required in the Plan, as shown on the attached cash flow projection. **Exhibit A.** The Reorganized Debtor will be entitled to object to and/or seek disallowance of Claims, to prosecute any avoidance action and to litigate or compromise any other right or cause of action.

46. The Reorganized Debtor may prepay any class at anytime and may do so without penalty or premium to the extent not inconsistent with 11 U.S.C. § 1129. Once reserves for Disputed Claims have been established, as provided elsewhere in the Plan, disbursement on any allowed Claim shall not be considered as a prepayment.

Disputed Claims and Disputed Interests

47. The Reorganized Debtor shall not make any distribution on any Disputed Claim.

However, if a creditor originally listed as disputed, who filed a proof of claim, continues to be treated as a Disputed Claim or in an undisputed claim subsequently becomes a Disputed Claim because there is an unresolved objection, motion for estimation, motion for subordination, motion for valuation or adversary proceeding pending, the Reorganized Debtor shall reserve and hold, at Plan interest, the payments to which the holder of the Disputed Claim would be entitled under the Plan if the Disputed Claim were an Allowed Claim in the maximum amount potentially recoverable by the Creditor. The maximum amount potentially recoverable shall be determined and agreed by the Reorganized Debtor and the holder of the Disputed Claim or as estimated by the Bankruptcy Court if no agreement can be reached. Disbursement of the payments so held and the accrued interest thereon shall be made to the holder of the Claim as quickly as is practicable after the Disputed Claim becomes an Allowed Claim, if it becomes an Allowed Claim, or, if the Disputed Claim is disallowed by the Bankruptcy Court, to the Reorganized Debtor for payment of other unpaid Allowed Claims as provided in the Plan. If a Disputed Claim is a Secured Claim, then all payments shall be deposited into a segregated account of a qualifying financial institution and held until the entry of a final Order either allowing or disallowing such Claim or determining its proper classification and treatment. After reserving as required above, the Reorganized Debtor shall disburse to the holders of Allowed Claims notwithstanding the existence of Disputed Claims.

Lien Retention, Maintenance of Collateral and Other Matters

48. Each Claimant that holds a Secured Claim shall retain its lien to the extent of the allowed amount of its Allowed Secured Claim.

ALTERNATIVE TO THE PLAN

49. The only practical alternative to the Plan known to the Debtor is conversion of Debtor's reorganization Bankruptcy Case to a liquidation case under Chapter 7 of the Bankruptcy Code. A confirmation requirement under Chapter 11 of the Bankruptcy Code is satisfaction of the so-called "Best Interest Test" created by section 1129(a)(7) of the Bankruptcy Code. The Best Interest Test requires that, if a holder of a Claim is in an impaired Class and does not vote to accept the Plan, such holder received or retained an amount under the Plan not less than the amount that such holder would receive or retain if the Debtor is to be liquidated under chapter 7 of the Bankruptcy Code.

50. Typically, to determine whether a bankruptcy debtor's Plan passes the Best Interest Test, a liquidation analysis is conducted, comparing the liquidation value of the debtor's assets to its liabilities in order to determine an estimated distribution that unsecured creditors would receive if the debtor's case were converted to a case under Chapter 7 of the Bankruptcy Code. If the debtor's Chapter 11 Plan distributes as much as or more than creditors would receive in the hypothetical Chapter 7 Case, then the Plan is deemed to have met the Best Interest Test. A liquidation analysis is attached to this Disclosure Statement. **Exhibit 2.**

51. It is the belief of Debtor and the professional opinion of Debtor's attorneys and accountants that unsecured creditors will receive more under the Plan than pursuant to liquidation under Chapter 7 of the Bankruptcy Code.

Risk Factors to the Plan

52. The Debtor's ability to make the payments required under the proposed Plan is

necessarily impacted by Debtor's ability to continue to operate at the same or greater level of operating cash flow. Debtor is impacted greatly by the costs of raw materials, the energy industry in the state of Oklahoma and surrounding states, and the cost of fuel. While the Debtor believes that it will be able to continue its operations as projected in Exhibit 1, economic factors and general economic conditions outside Debtor's control may impact the projected operations of the Debtor. There can be no assurance that the Debtor will be able to maintain current cash flows. Nonetheless, the Debtor believes that it will be able to maintain its current business and be successful in its efforts to reorganize under Chapter 11.

Feasibility

53. The Bankruptcy Code permits a plan to be confirmed if it is not likely to be followed by liquidation or the need for further financial reorganization. For purposes of determining whether the Plan meets this requirement, the Debtor has analyzed its ability to meet its obligation under the Plan. Based upon its analysis, the Debtor believes that he will be able to make all payments required pursuant to the Plan and, therefore that confirmation of the Plan is not likely to be followed by liquidation or the need for further reorganization. This information is based on the assumption that the Bankruptcy Court will confirm the Plan and supported by the attached Exhibits.

TAX IMPLICATIONS OF DEBTOR'S PLAN

54. Implementation of the Plan may have federal, state, and local tax consequences to the Debtor and the Estate as well as to the creditors and members of the Debtor. No tax opinion has been sought or will be obtained with respect to any tax consequences of the Plan. Creditors

therefore are advised to consult with their own tax advisor regarding the tax consequences to them and to the Debtor of the transactions contemplated by the Plan, including federal, state, local and foreign tax consequences.

Respectfully Submitted,

**ATLANTIC FABRICATION & DESIGN
LLC**

By: 

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COUNSEL FOR DEBTOR

Dated: June 4, 2018

Exhibit A

Cash Flow Projection

	June 2018	July 2018	August 2018	September 2018	October 2018	November 2018	December 2018	2019	2020	2021	Grand Total
Gross Revenue	240,000	210,000	210,000	250,000	230,000	230,000	270,000	3,240,000	3,240,000	3,240,000	11,360,000
Cost of Goods Sold											
Materials	149,000	149,000	49,000	49,000	49,000	49,000	49,000	588,000	588,000	588,000	2,307,000
Labor	63,000	55,000	55,000	66,000	61,000	61,000	71,000	852,000	852,000	852,000	2,988,000
Subcontractors	34,000	34,000	34,000	34,000	34,000	34,000	34,000	408,000	408,000	408,000	1,462,000
Total Cost of Goods Sold	246,000	238,000	138,000	149,000	144,000	144,000	154,000	1,848,000	1,848,000	1,848,000	6,757,000
Gross Profit	(6,000)	(28,000)	72,000	101,000	86,000	86,000	116,000	1,392,000	1,392,000	1,392,000	4,603,000
Operating Expenses											
Accounting/Tax Expenses	-	2,000	2,000	2,000	2,000	2,000	2,000	29,000	29,000	29,000	99,000
Advertising	700	700	700	700	700	700	700	8,400	8,400	8,400	30,100
Automobile Expenses	900	1,800	1,800	1,800	1,800	1,800	1,800	21,600	21,600	21,600	76,500
Bank Service Charges	300	300	300	300	300	300	300	3,600	3,600	3,600	12,900
Communications	600	1,000	1,000	1,000	1,000	1,000	1,000	12,000	12,000	12,000	42,600
Fuel Expense	2,200	1,800	2,000	2,200	1,800	1,600	2,200	26,400	26,400	26,400	93,000
Insurance	6,000	8,000	8,000	8,000	8,000	8,000	8,000	96,000	96,000	96,000	342,000
Office Supplies	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000	36,000	36,000	129,000
Payroll	10,000	10,080	12,600	10,080	10,080	12,600	10,080	156,000	156,000	156,000	543,520
Per Diem & Lodging	2,200	2,000	3,000	2,000	2,500	2,500	3,000	36,000	36,000	36,000	125,200
Postage and Delivery	100	100	100	100	100	100	100	1,200	1,200	1,200	4,300
Rent	5,500	5,500	5,500	5,500	5,500	5,500	5,500	66,000	66,000	66,000	236,500
Repairs	6,300	6,300	6,300	6,300	6,300	6,300	6,300	75,600	75,600	75,600	270,900
Taxes	-	-	-	-	11,400	-	-	45,600	45,600	45,600	148,200
Tools	300	300	300	300	300	300	300	3,600	3,600	3,600	12,900
Utilities	3,500	4,000	4,000	4,000	4,000	4,000	4,000	48,000	48,000	48,000	171,500
Total Operating Expenses	41,600	46,880	50,600	47,280	58,780	49,700	48,280	665,000	665,000	665,000	2,338,120
Net Operating Income	(47,600)	(74,880)	21,400	53,720	27,220	36,300	67,720	727,000	727,000	727,000	2,264,880
Adequate Protection	5,250	5,250	5,250	-	-	-	-	-	-	-	15,750
Administrative Costs											
Debtor Counsel	2,000	-	-	-	-	-	-	-	-	-	2,000
Debtor Financial Advisor	2,000	-	-	-	-	-	-	-	-	-	2,000
Debtor Tax Accountant	-	-	-	-	-	-	-	-	-	-	-
UST	-	4,875	-	-	4,875	-	-	19,500	19,500	19,500	68,250
Total Administrative Costs	4,000	4,875	-	-	4,875	-	-	19,500	19,500	19,500	72,250
Debtor Income (Loss)	(56,850)	(85,005)	16,150	53,720	22,345	36,300	67,720	707,500	707,500	707,500	2,176,880
Less: Administrative Claims - Professional Fees (Class 1.a)	-	-	(33,000)	-	-	-	-	-	-	-	(33,000)
Less: Administrative Claims - Ordinary Course (Class 1.b)	-	-	(31,264)	-	-	-	-	-	-	-	(31,264)
Less: Priority Tax & Wage Claims (Class 2)	(9,000)	-	-	-	-	-	-	-	-	-	(9,000)
Less: Bank of Kremlin (Class 3.a)	-	-	-	-	(50,294)	-	-	(201,176)	(201,176)	(201,176)	(653,822)
Less: Ally Financial Secured Claim (Class 3.b)	-	-	(12,059)	-	-	-	-	-	-	-	(12,059)
Less: IRS Secured Claim (Class 3.c)	-	-	-	-	(14,730)	-	-	(58,920)	(58,920)	(44,860)	(177,430)
Less: Unsecured Claims (Class 4)	-	-	-	-	-	-	-	(150,000)	(150,000)	(150,000)	(450,000)
Net Cash Flow Before Quarterly Distributions to Owners for Tax Payments	(56,850)	(94,005)	(60,173)	53,720	(42,679)	36,300	67,720	297,404	297,404	311,464	810,305
Quarterly Distributions to Owners for Tax Payments	-	-	-	-	-	-	-	(194,041)	(211,719)	(211,719)	(617,479)
First Lien Principal Pre-Payments	-	-	-	-	-	-	-	(207,396)	(85,685)	(99,745)	(392,826)
Net Cash Flow	(56,850)	(94,005)	(60,173)	53,720	(42,679)	36,300	67,720	(104,033)	(0)	(0)	(200,000)
Beginning Operating Cash	400,000	343,150	249,145	188,972	242,692	200,013	236,313	304,033	200,000	200,000	400,000
Ending Operating Cash	343,150	249,145	188,972	242,692	200,013	236,313	304,033	200,000	200,000	200,000	200,000
Debtor Income (Loss) for Previous Quarter		(51,600)			(15,135)			656,990	707,500	707,500	
Less: Estimated Depreciation Expense		(25,647)			(25,647)			(102,588)	(102,588)	(102,588)	
Estimated Net Income		(77,247)			(40,782)			554,402	604,912	604,912	
Partner Tax Rate		35%			35%			35%	35%	35%	
Quarterly Distribution to Owners for Quarterly Tax Payments		-			-			194,041	211,719	211,719	

Note: Unsecured are paid all funds in excess of \$200,000 cash but not to exceed \$150,000 annually with a total of \$450,000 paid.

Exhibit B
Liquidation Analysis

NOTHING CONTAINED IN THE FOLLOWING LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A REPRESENTATION OR ADMISSION OF THE DEBTOR. THE ESTIMATED AMOUNTS OF ALLOWED CLAIMS SET FORTH HEREIN SHOULD NOT BE RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING ANY DETERMINATION OF THE VALUE OF ANY DISTRIBUTION TO BE MADE ON ACCOUNT OF ALLOWED CLAIMS UNDER THE PLAN. THE ACTUAL AMOUNTS OF ALLOWED CLAIMS IN THESE CHAPTER 11 CASES COULD DIFFER MATERIALLY FROM THE ESTIMATED AMOUNTS SET FORTH IN THE LIQUIDATION ANALYSIS. ALL CAPITALIZED TERMS NOT OTHERWISE DEFINED HEREIN SHALL HAVE THE MEANING SET FORTH IN THE DISCLOSURE STATEMENT FOR THE DEBTOR'S PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE.

Overview of Section 1129(a)(7) Best Interests of Creditors Test

The “best interests of creditors test” requires that the Bankruptcy Court find, as a condition to confirmation of the Plan, that each Holder of a Claim or Interest in each Impaired Class: (i) has accepted the Plan; or (ii) will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive if the Debtor was liquidated under chapter 7 of the Bankruptcy Code. The Bankruptcy Court reviews and considers: (1) the estimate of net cash proceeds (the “Net Liquidation Proceeds”) that a chapter 7 trustee (“Trustee”) would generate if each Debtor’s chapter 11 case were converted to a chapter 7 case on the Effective Date and the assets of such Debtor’s estate were liquidated; (2) the estimate of distribution (“Liquidation Distribution”) that each non-accepting Holder of a Claim or Interest would receive from the Net Liquidation Proceeds under the priority scheme set forth in chapter 7; and (3) the comparison of each Holder’s estimated recovery under liquidation to the estimated distribution under the Plan (“Plan Recovery”) that such Holder would receive if the Plan were confirmed and consummated.

Summary of Findings and Conclusions from Liquidation Analysis

Based on the following hypothetical liquidation analysis (“Liquidation Analysis”), the Debtor believes that the Plan satisfies the best interests of creditors test and that each Holder of an Impaired Claim or Interest will receive value under the Plan on the Effective Date that is not less than the value such Holder would receive if the Debtor liquidated under chapter 7 of the Bankruptcy Code. The Debtor believes that the Liquidation Analysis and conclusions set forth herein are fair and represent the Debtor’s management team’s best judgment regarding the results of a liquidation of the Debtor under chapter 7 of the Bankruptcy Code taking into account various factors including the market for the sale of the Debtor’s assets and the negative impact on values arising from a distressed sale of equipment/real property in a relatively short amount of time under current market conditions. The Liquidation Analysis was prepared for the sole purpose of assisting the Bankruptcy Court and Holders of Impaired Claims or Interests in making this determination, and should not be used for any other purpose. Asset values discussed herein may be different than amounts referred to in the Plan. The Liquidation Analysis is based upon and is materially dependent upon certain significant assumptions discussed herein and in the Disclosure Statement.

The Debtor believes, based on the following analysis along with the preliminary Plan recovery amounts described in the Disclosure Statement, that upon the Effective Date, the Plan will provide all creditors and equity holders with a recovery (if any) that is not less than what they would otherwise receive pursuant to a liquidation of the Debtor under chapter 7 of the Bankruptcy Code, and as such believe that the Plan

satisfies the requirement of section 1129(a)(7) of the Bankruptcy Code.

Statement of Conditions and Limitations

The determination of the costs of, and proceeds from, the hypothetical liquidation of the Debtor's assets in a chapter 7 case is an uncertain process involving the extensive use of significant estimates and assumptions that, although considered reasonable by the Debtor based upon their business judgment and input from their advisors as of the date of the Liquidation Analysis, are inherently subject to significant business, economic, and competitive uncertainties and contingencies beyond the control of the Debtor, their management and their advisors. Some assumptions in the Liquidation Analysis may not materialize in an actual chapter 7 liquidation, and unanticipated events and circumstances could materially affect the ultimate results in a chapter 7 liquidation, including but not limited to the energy and equipment manufacturing markets at the time of liquidation. The Liquidation Analysis was prepared for the sole purpose of generating a good faith estimate of the proceeds that would be generated if the Debtor's assets were liquidated in accordance with chapter 7 of the Bankruptcy Code. The Liquidation Analysis is not intended and should not be used for any other purpose. The underlying financial information in the Liquidation Analysis was not reviewed or examined by independent accountants and auditors.

Neither the Debtor nor their advisors make any representation or warranty that the actual results would or would not approximate the estimates and assumptions reflected in the Liquidation Analysis. Actual results could vary materially. The recoveries shown do not contemplate a sale or sales of the Debtor's assets on a full going concern basis although certain operations are assumed to be maintained during the liquidation process. While the Debtor makes no assurances, it is possible that: (i) proceeds received from such going concern sale(s) would be more than in the hypothetical chapter 7 liquidation; (ii) the costs associated with the going concern sale(s) would be less; and, (iii) fewer claims could be asserted against the bankruptcy estates and/or certain ordinary course claims could be assumed by the buyer(s) due to a going concern sale(s).

In preparing the Liquidation Analysis, the Debtor estimated Allowed Claims based upon a review of the Debtor's financial statements to account for estimated liabilities. In addition, the Liquidation Analysis includes estimates for Claims not currently asserted in the chapter 11 cases, but which could be asserted and allowed in a chapter 7 liquidation, including unpaid chapter 11 Administrative Claims, and chapter 7 Administrative Claims, such as wind down costs, Trustee fees and tax liabilities. The Bankruptcy Court has not estimated or otherwise fixed the total amount of Allowed Claims used for purposes of preparing the Liquidation Analysis. Therefore, the Debtor's estimate of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including determining the value of any distribution to be made on account of Allowed Claims and Interests under the Plan.

Summary of Significant Assumptions and Estimates

The Liquidation Analysis has been prepared assuming that the Debtor's chapter 11 case is converted to chapter 7 cases on or about July 1, 2018 ("Conversion Date"), which the Debtor estimates to be a reasonable date of conversion. Except for certain working capital and long-term property, which were subject to additional procedures to determine their estimated balance as of the Conversion Date, the Liquidation Analysis is based upon the Debtor's unaudited balance sheet of the Debtor as of April 30, 2018 ("Unaudited Statements"). The Unaudited Statements which are prepared following internal accounting principles ("IAP") are assumed to be representative of the Debtor's approximate assets and liabilities as of the Conversion Date after applying certain roll-forward estimates and adjustments for

operating activities subsequent to April 30, 2018. It is assumed that, on the Conversion Date, the Bankruptcy Court would appoint a Trustee who would sell all of the Debtor's major assets and distribute the cash proceeds, net of liquidation and wind-down costs, to creditors in accordance with the priorities set forth in sections 506 and 507 of the Bankruptcy Code. There can be no assurance that the recoveries realized from the sale of the assets would, in fact, approximate the amounts reflected in the Liquidation Analysis. Under section 704 of the Bankruptcy Code, the Trustee must, among other duties, collect and convert the property of the estate as expeditiously as possible (generally within a compressed period of marketing time), taking into account the best interests of stakeholders while applying the Trustee's business judgment.

The Liquidation Analysis assumes that the Debtor's liquidation would commence on or about the Conversion Date under the direction of the Trustee and liquidation activities would continue for a period not to exceed approximately six months with an additional three month administrative windup period. The Debtor would expect the Trustee to retain professionals to assist in the liquidation of the estates. It is assumed that the Debtor would conduct limited operations to sell only existing finished inventory from the Conversion Date until a sale of those assets could be completed. For the purposes of the Liquidation Analysis, the Debtor and their advisors have attempted to ascribe value to each of the assets individually as they would be liquidated by the Trustee and the professionals retained by the Trustee.

The Liquidation Analysis incorporates certain macro level assumptions. Individual asset and liability estimates and assumptions are set forth in the Notes to Liquidation Analysis.

1. *Dependence on Unaudited Financial Statements* – The Liquidation Analysis contains numerous estimates. Proceeds available for recovery are based upon the amount, composition and nature of the assets and liabilities recorded in the IAP-basis, Unaudited Statements of the Debtors as of April 30, 2018, adjusted and rolled-forward to the Conversion Date based upon pre-filing and post-petition operating forecasts and budgets unless otherwise noted.
2. *Chapter 7 Liquidation Costs & Length of Liquidation Process* – For the purposes of the Liquidation Analysis, the Debtor have assumed that the Trustee would take approximately six (6) to nine (9) months to pursue orderly sales of substantially all the property and assets, monetize and collect receivables as well as other assets on the balance sheet, and otherwise administer and close the estates. While a six to nine months liquidation process may be reasonable given the nature of the Debtor's assets, in an actual liquidation, the wind down process and time period(s) could vary significantly, thereby impacting recoveries. The uncertain duration and potential outcomes of the process to liquidate and allow Claims, including priority, contingent, litigation, rejection, and other Claims could substantially impact both the timing and the amounts of the distributions of asset proceeds to creditors. Accordingly, there can be no assurance that the values reflected in the Liquidation Analysis would be realized if the Debtor was, in fact, to undergo such liquidation.

Pursuant to section 726 of the Bankruptcy Code, the allowed administrative expenses incurred by the Trustee, including expenses associated with selling the Debtor's assets, would be entitled to payment in full prior to any distributions to chapter 11 Administrative Claims and Priority Tax Claims. The estimates used in the Liquidation Analysis for these expenses include estimates for operational expenses and certain legal, accounting and other professionals, as well as an assumed statutory fee payable to the Trustee based on the amount of liquidated assets. It is assumed the chapter 7 administrative and priority claims, post-chapter 7 conversion expenses and professional fees, and the Trustee fees are entitled to payment in full prior to any distribution to Holders of any other Claims.

3. *Additional Claims* – The conversion of the case to a liquidation proceeding is likely to trigger certain Claims that otherwise would not exist under a Plan absent a liquidation. Examples of these Claims include various potential Claims related to further rejection of unexpired leases and executory contracts, litigation claims, and other potential Allowed Claims. While some of these Claims could be significant and, in certain instances, may be entitled to priority in payment over General Unsecured Claims, no adjustment has been made for these potential Claims.
4. *First Day Orders Affecting Pre-Petition Claims* – The Debtor obtained orders approving several first day motions (“First Day Orders”) requesting permission to pay prepetition claims. A summary of those motions is: (i) Cash Collateral Motion; and (ii) Critical Vendor Motion. Accordingly, we have estimated that \$109,945.51 was paid under these Orders prior to the Conversion Date. The resultant remaining General Unsecured Claims are estimated to total \$773,491.69.
5. *Preference or Fraudulent Transfers* – No recovery or related litigation costs have been attributed to any potential avoidance actions under the Bankruptcy Code, including potential preference or fraudulent transfer actions due to, among other issues, the costs of such litigation, the uncertainty of the outcome, and anticipated disputes regarding these matters. The Debtor does not currently believe that such causes of action would have a material effect on the Liquidation Analysis for purposes of section 1129(a)(7) of the Bankruptcy Code.
6. *Claims Estimates*. Claims are estimated at the Conversion Date incorporating and considering the changes in financial assets after April 30, 2018 utilizing management’s internal weekly cash flow forecast/budget and the obligations recorded in the April 30, 2018 Unaudited Statements.
7. *Distribution of Net Proceeds* – Chapter 11 Administrative Claims and Priority Tax Claims, Trustee fees and other such Claims that may arise in a liquidation scenario would be paid in full, from the liquidation proceeds before the balance of those proceeds can be made available to pay General Unsecured Claims. Pursuant to the “absolute priority rule”, set forth in section 1129(b)(2) of the Bankruptcy Code, no junior creditor would receive any distribution until all senior creditors are paid in full, and no equity holder would receive any distribution until all creditors are paid in full. Secured creditor claims have been estimated applying the valuation principles of section 506(a) of the Bankruptcy Code with any undercollateralized portion of such secured claim created as a deficiency claim within the class of General Unsecured Claims. The assumed distributions to creditors as reflected in the Liquidation Analysis are estimated in accordance with the absolute priority rule.

NET PROCEEDS AVAILABLE FOR DISTRIBUTION

	Note Reference	Unaudited IAP 4-30-18	Projected IAP 7-1-18	Value Adjustments	Conversion Date 7-1-18	Hypothetical Value & Recovery			
						Low		High	
						Amount	Percentage	Amount	Percentage
Chapter 7 Liquidation Proceeds									
Assets:									
Cash	A	426,562	343,150	-	343,150	343,150	100.0%	343,150	100.0%
Receivables	B	446,680	446,680	-	446,680	446,680	100.0%	446,680	100.0%
Prepays	C	17,175	2,675	-	2,675	2,675	100.0%	2,675	100.0%
Property, Plant & Equipment									
Equipment ⁽¹⁾	D	253,592	253,592	1,279,743	1,533,335	766,668	50.0%	1,073,335	70.0%
Truck (Secured by Ally)	D	32,000	32,000	-	32,000	22,000	68.8%	22,000	68.8%
Property (Enid, OK)	E	250,000	250,000	-	250,000	175,000	70.0%	175,000	70.0%
Chapter 5 Causes of Action	F	-	-	-	-	-	0.0%	-	0.0%
Gross Liquidation Proceeds		1,426,009	1,328,097	1,279,743	2,607,840	1,756,173	67.3%	2,062,840	79.1%
Liquidation Costs:									
Wind-Down Expenses - Net	G					(50,000)		(50,000)	
Trustee Fee (Section 326)	H					(42,310)		(51,510)	
Trustee Legal and Professional Fees	I					(141,000)		(172,000)	
Liquidation Costs						(233,310)		(273,510)	
Net Liquidation Proceeds						1,522,862		1,789,329	

(1) Adjusted to value of 2017 appraisal for Projected IAP 7-1-18.

SUMMARY OF ESTIMATED CLAIMS RECOVERY

	Note Reference	Unaudited IAP 4-30-18	Projected IAP 7-1-18	Value Adjustments	Conversion Date 7-1-18	Hypothetical Value & Recovery			
						Low		High	
						Amount	Percentage	Amount	Percentage
Estimated Liquidation Recoveries Available to Creditors									
Class 1.a - Administrative - Professional Fees	J	37,942	33,442	(442)	33,000	33,000	100.0%	33,000	100.0%
Class 1.b - Administrative - Ordinary Course	K	297,290	31,264	-	31,264	31,264	100.0%	31,264	100.0%
Class 2 - Priority Tax & Wage Claims	L	11,802	11,802	(2,802)	9,000	9,000	100.0%	9,000	100.0%
Lienholder Claims									
Class 3.a - Bank of Kremlin ⁽¹⁾	M	1,170,420	1,170,420	-	1,170,420	1,170,420	100.0%	1,170,420	100.0%
Class 3.b - Ally Financial ⁽²⁾	N	12,059	12,059	-	12,059	12,059	100.0%	12,059	100.0%
Class 3.c - Internal Revenue Service ⁽³⁾	O	163,098	163,098	-	163,098	163,098	100.0%	163,098	100.0%
Total Lienholder Claims		1,345,577	1,345,577	-	1,345,577	1,345,577	100.0%	1,345,577	100.0%
Unsecured Claims									
Class 4 - General Unsecured Claims	P	773,492	773,492	-	773,492	104,021	13.4%	370,488	47.9%
Total Unsecured Claims		773,492	773,492	-	773,492	104,021	13.4%	370,488	47.9%
Class 5 - Pre-Petition Equity Claims	Q	-	-	-	-	-	0.0%	-	0.0%
Total Estimated Claims and Recoveries		2,466,103	2,195,577	(3,244)	2,192,333	1,522,862	69.5%	1,789,329	81.6%

Footnotes to Liquidation Analysis:Asset Recovery and Gross Liquidation Proceeds:

Except as noted herein, the Liquidation Analysis was developed using the unaudited, IAP-basis balance sheet for the Debtor as of April 30, 2018 and applying certain estimates and forecasts of financial assets through the Conversion Date. Historical, IAP-basis balance sheet amounts, unless otherwise noted herein, are intended to be proxies for actual balances on the date of a hypothetical liquidation.

A. Cash

Cash which is not restricted, pledged or held for third-parties consists of all bank accounts held by the Debtor, including deposit accounts as of April 30, 2018.

- B. Receivables
Amounts due from third parties are estimated to be collected in full.
- C. Prepays
Prepaid assets for salary advances of approximately \$2,675 at April 30, 2018 and retainers of \$14,500 are estimated to be collected in full.
- D. Property, Plant & Equipment – Equipment and Truck
Equipment, furniture and fixtures include, but is not limited to, various tools, tables, and storage cabinets. Liquidation value is estimated at a low of 50% of original cost and a high of 70% of original cost.
- E. Property, Plant & Equipment – Property (Enid, OK)
The property in Enid, OK includes a warehouse and real estate. The liquidation value is estimated at 70% of original cost.
- F. Chapter 5 Assets and Other Causes of Action
In general, the Debtor pays their vendor to terms. As such, the amount of preference claims was estimated at zero for purposes of the Liquidation Analysis. The Debtor has not performed a detailed analysis of potential causes of action. Accordingly, they are currently estimated at zero for purposes of the Liquidation Analysis. Nevertheless, to the extent such claims would yield any material recovery, such recovery would be distributed in the same manner and amount under the Plan or in a chapter 7 liquidation.

Liquidation Costs:

- G. Net Wind-Down Expenses
The Liquidation Analysis assumes the chapter 7 liquidation process will take three to four months to complete primary assets sales and will also require an additional two months to implement case wind-up and closure. Examples of such costs incurred during a chapter 7 liquidation would include, but are not limited to, expenses associated with payments for continued usage of leased locations pending sale/auction procedures and associated accounting/administrative support costs.
- H. Trustee Fee
Compensation for the Trustee is based upon calculations of distributable funds applied to the statutory fee structure set forth in § 326(a) of the Bankruptcy Code. The Trustee's fees exclude a fee calculation on the cash and prepaids.
- I. Trustee Legal & Professional Fees
Compensation for the Trustee's professionals during the chapter 7 case is estimated to be 10% of total liquidation proceeds, excluding cash and deposits. Included within the fees are estimates for legal and accounting/consulting/auctioneer professionals assisting the Trustee.

Claims:

- J. Class 1.a - Administrative Claims – Professional Fees
Professional legal, financial, advisory and consulting fees not covered by pre-filing retainers are estimated to be a total of \$33,000 through the estimated Conversion Date of July 1, 2018. The

analysis assumes that no interim fee applications are paid during the chapter 11 proceeding. The Liquidation Analysis projects a recovery rate of 100%.

- K. Class 1.b – Administrative Claims – Post-Petition Ordinary Course
Post-Petition Ordinary Course Claims represent estimates for post-petition accounts payable and accrued expenses at the Conversion Date. As the Chapter 11 Plan contemplates all trade payables to be paid in ordinary course. The Liquidation Analysis projects a recovery rate of 100% of the entire amount of ordinary course accounts payable existing at the Conversion date.
- L. Class 2 - Priority Tax & Wage Claims
Priority tax and wage claims include all post-petition taxes and wages estimated to be outstanding at the Conversion Date. All items in the class are anticipated to be paid timely.
- M. Class 3.a – Lienholder Claim – Bank of Kremlin
Bank of Kremlin filed three Proofs of Claim as follows: (1) Claim No. 12 asserting a Secured Claim of \$800,787.95, (2) Claim No. 13 asserting a Secured Claim of \$177,851.17, and (3) Claim No. 14 asserting a Secured Claim of \$191,780.45 (collectively, the “Bank of Kremlin Notes”). The Bank of Kremlin Notes are secured by properly perfected liens and security interests in all of the Debtor’s cash accounts, receivables, inventory, and other personal property including (without limitation) proceeds. Therefore, Bank of Kremlin holds a Secured Claim of \$1,170,419.57 to be included in Class 3.a. The Liquidation Analysis projects full recovery to Bank of Kremlin for Class 3.a Claims.
- N. Class 3.b – Lienholder Claim – Ally Financial
Ally Financial holds a Secured Claim in the amount of \$12,059.42. The property securing its claim is a truck held by the Debtor. The estimated liquidation value of the truck is \$22,000. Therefore, the Liquidation Analysis projects full recovery to Ally Financial.
- O. Class 3.c – Lienholder Claim – Internal Revenue Service
The Internal Revenue Service holds a Secured Claim in the amount of \$163,098.42. The property securing its claim is all of the Debtor’s cash accounts, receivables, inventory, and other personal property including (without limitation) proceeds. The Liquidation Analysis projects full recovery to the Internal Revenue Services’ Claims.
- P. Class 4 – General Unsecured Claims
General Unsecured Claims include prepetition accounts payable not paid pursuant to the First Day Orders. The Liquidation Analysis projects a low of 13.4% recovery and a high of 47.9% recovery to the unsecured claims.
- Q. Class 5 – Pre-Petition Equity Claims
Class 5 claims are projected to receive zero recovery.