

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
FORT LAUDERDALE DIVISION
www.flsb.uscourts.gov

IN RE:

CASE NO.: 15-12588-BKC-RBR

DAVID CASSIDY,

Chapter 11

Debtor.

FIRST DISCLOSURE STATEMENT

David Cassidy (hereinafter referred to as the "Debtor"), pursuant to 11 U.S.C. 1125 and Bankruptcy Rule 3016(c) hereby provides this First Disclosure Statement (the "Disclosure Statement") to all known creditors in order to disclose that information deemed by the Debtor to be material, important and necessary for his creditors to arrive at a reasonably informed decision in exercising their right to vote for acceptance, rejection, or abstention from voting on the Debtor's First Plan of Reorganization, (hereinafter referred to as the "Plan"). A copy of the Plan accompanies this Disclosure Statement.

I. INTRODUCTION

Debtor filed its Plan with the United States Bankruptcy Court for the Southern District of Florida and, in connection with the Plan, the Debtor hereby submits its Disclosure Statement to all holders of claims against or interests in the Debtor, pursuant to Section 1125 of the Bankruptcy Code (the "Code").

NO REPRESENTATIONS CONCERNING THE DEBTOR (PARTICULARLY AS TO ITS FUTURE BUSINESS OPERATIONS OR THE VALUE OF ITS ASSETS) ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS STATEMENT. FUTURE VALUES OF ASSETS ARE SUBJECT TO CHANGING MARKET CONDITIONS

AND MAY NOT BE PREDICTED WITH COMPLETE ACCURACY, EVEN WHERE QUALIFIED APPRAISALS MAY BE AVAILABLE.

ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE OR REJECTION OF THE PLAN WHICH ARE OTHER THAN AS CONTAINED IN THIS STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION TO ACCEPT OR REJECT THE PLAN.

EXCEPT WHERE OTHERWISE INDICATED, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN COMPILED BY MANAGEMENT OF THE DEBTORS AND HAS NOT BEEN SUBJECT TO CERTIFIED AUDIT.

THIS DISCLOSURE STATEMENT IS A LEGALLY BINDING DOCUMENT AND SHOULD BE READ IN ITS ENTIRETY, AS OPPOSED TO RELYING ON THE SUMMARY. YOU MAY WISH TO CONSULT WITH A LAWYER IN ORDER TO FULLY UNDERSTAND THE DISCLOSURE AND PLAN ATTACHED HERETO.

THE DEBTOR BELIEVES THAT THIS DISCLOSURE STATEMENT COMPLIES WITH THE REQUIREMENTS OF THE BANKRUPTCY CODE, AND REQUESTS THAT YOU CAREFULLY REVIEW THIS DISCLOSURE STATEMENT AND THE ACCOMPANYING PLAN, AND URGES THAT YOU ACCEPT THE PLAN BY PROMPTLY RETURNING YOUR COMPLETED BALLOT.

II. VOTING INSTRUCTIONS

After carefully reviewing the Plan, including all attachments thereto, and this Disclosure Statement and its exhibits, please indicate your vote on the enclosed ballot and return them in the

envelopes provided to the Clerk of the Bankruptcy Court. PLEASE VOTE EVERY BALLOT YOU RECEIVE. Completed ballots for holders of all Classes should be returned in the envelope provided herewith and MUST BE RECEIVED BY THE END OF BUSINESS on the ____ day of _____, 2017. If you have claims or interests in more than one class under the Plan, you will receive multiple ballots. IF A BALLOT IS DAMAGED OR LOST, OR IF YOU HAVE ANY QUESTIONS CONCERNING VOTING PROCEDURES, CALL 1-954-400-7474.

As a creditor of the Debtor, your vote on the Plan is most important. In order for the Plan to be accepted and thereafter confirmed by the Bankruptcy Court without resort to the "cram-down" provisions of the Code, votes representing at least two-thirds in amount and more than one-half in number of Claims allowed for voting purposes of each impaired class that are voted must be cast for the acceptance of the Plan.

III. HISTORY OF THE DEBTOR

Mr. Cassidy is a musical performance artist and a television celebrity, best known for his performance in the 1970s television show "The Partridge Family" and his original music. Mr. Cassidy is now age sixty five (65). Mr. Cassidy's royalties from his television performances and music have diminished over time as they are based on the number of times his shows, music and his likeness have been used by SONY. While he still loves performing for his fans, it is more difficult to travel and perform in various parts of the United States or worldwide due to his health.

Mr. Cassidy brought suit against SONY seeking to recover additional royalties exceeding a million dollars, related to "The Partridge Family", among other damages. After a three (3) year legal battle with SONY the arbitrator ruled in his favor, but for a modest award in the

amount of \$157,964.00. Although his counsel was working on a contingency fee basis, the costs incurred in bringing the action were in the amount of \$173,339.79. The forty percent (40%) legal fee was \$64,626.90.00. Accordingly, the cost of this litigation exceeded the recovery.

Mr. Cassidy's financial problems arose due to the (1) his inability to perform as often due to his age and health problems; and (2) an investment in two (2) undeveloped lots in the Bahamas (Lot 60 and 61). The Cassidy's invested \$775,000.00 to purchase the Lot 60 and 61 believing that the island upon which they are located would be developed by a trusted acquaintance. The properties are titled in the name of DBC Bahamian Properties LTD. Which was jointly owned with his spouse. Unfortunately the original developer has passed away and his heirs are not pursuing this project. In fact it is financially troubled. The LTD owed real estate taxes for 2012 -2016 in the amount of \$31,941.26 with respect to Lot 60. The LTD owed real estate taxes for 2014-2016 in the amount of \$18,293.63 with respect to Lot 61. His spouse agreed to assume the ownership of DBG Bahamian Properties LTD and the responsibility for the real estate taxes which are still accruing on Lot 60 and 61.

Ms. Cassidy filed a divorce action in February, 2014. She has not lived with Mr. Cassidy since the fall of 2013. Mr. and Ms. Cassidy tried to sell their Ft. Lauderdale residence since 2014 without success. During the pendency of this case Mr. and Ms. Cassidy believed their Ft Lauderdale residence would result in a sale price of no less than three million dollars (\$3,000,000.00). Their residence was encumbered by real estate taxes and mortgages exceeding \$1,700,000.00. The Cassidys' sold the residence in this proceeding for \$1,950,000.00, an amount sufficient to pay the mortgages and real estate taxes thereon.

The Cassidy's were able to negotiate a Marital Settlement Agreement which was incorporated into their Final Judgment of Dissolution. Ms. Cassidy took ownership of the troubled limited liability company which owns the Lot 60 and 61 and the liability for the unpaid real estate taxes. She also agreed to assume responsibility for the unsecured Wells Fargo indebtedness to the extent it is not paid in this proceeding.

The parties agreed to evenly divide the proceeds of sale from their Marital Homestead Property, and to equalize their respective IRA accounts. Mr. Cassidy has agreed to provide Ms. Cassidy with her Marital share of his SAG- AFTRA pension which will be determined pursuant to a Qualified Domestic Relations order which was entered in the dissolution proceedings. Each party selected a few items of personal property and the remainder was sold with the Homestead Property. Mr. Cassidy has substantially reduced his living expenses and lives a modest lifestyle.

Mr. Cassidy receives his social security benefits, and is qualified to apply for his SAG- AFTRA pension. He also qualified for Medicare upon turning sixty five (65) .

Mr. Cassidy performed on a regular basis in 2016. He is focused on providing quality entertainment to his devoted fan base, and will perform as long as he is healthy. He is proposing this plan of reorganization primarily to resolve pending litigation which arose during a very stressful and challenging period of his otherwise successful career.

IV. DEFINITIONS

The definitions contained in the Plan have the same meaning when used in the Disclosure Statement.

V. FINANCIAL DATA

The Debtor's Periodic Financial Reports are available for inspection and review at the Clerk of the Bankruptcy Court's office in Fort Lauderdale, Florida, or at the offices of the Debtor. These reports set forth all of the Debtor's income and expenses as of the Petition Date. Debtor is projecting that he will retire within in the next three (3) years. Debtor's current disposable income based upon 2015 is approximately \$1, 300.00 a month See I and J attached hereto as Exhibit A. However, upon retirement Debtor will rely on social security of \$2, 142.00 and his marital share of his SAG/AFTRA retirement benefit which is estimated to be approximately \$2,000.00. Accordingly Debtor is proposing to pay \$800.00 monthly in settlement of his Class 5 claims.

I. SUMMARY OF CLAIMS

Administrative Expenses are estimated to be as follows:

Susan D. Lasky, P.A \$70,000.00. Additional Fees may be due. All fees for professional compensation payable from Debtor's funds are subject to Court approval.

Priority Claims: None

Secured Claims - Ally Financial Claim 1 \$ 8,333.54 secured by lien on 2009 Corvette
And paid from sale proceeds

Wells Fargo N.A Claim 3 \$827,901.33 secured by mortgage on residence and paid
Wells Fargo NA Claim 7 \$ 857,531.65 secured by mortgage on residence and paid

General Unsecured Claims.

Wells Fargo NA	Claim 6	\$ 294,943.79
Jacob Binson	Claim 4	\$ 50,000.00
American Express	Claim 5	\$ 21,952.65
Saavedra Goodwin	Claim 8	\$ 20,613.25
Rodier & Rodier PA	Claim 10	\$ 122,501.90

Voidable transfers and/or Preferences None
Non-Bankruptcy Litigation. None
Tax Consequences Debtor's Reorganization. None.

Affiliates: **None**

VII. ADMINISTRATIVE EXPENSES AND PRIORITY CLAIMS

Administrative Expenses of the type specified in 11 U.S.C. §503, §506© and §507(a)(1) which are authorized and allowed by the Court will be paid in full at Confirmation or as otherwise agreed upon between the parties. Susan D. Lasky, PA will seek an award of compensation from the Court.

VII. PRIORITY CLAIMS

All fees required to be paid by 28 U.S.C. §1930(a)(6) (U.S. Trustee Fees) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Specifically, the Debtors will pay the U.S. Trustee the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6), through the date of confirmation of the Plan, within fourteen (14) business days of the entry of an order confirming the Plan. Furthermore, the Debtors (as reorganized) will file with the Court post-confirmation Quarterly Operating Reports and pay the U.S. Trustee the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6) for post-confirmation periods within the time period set forth in 28 U.S.C. § 1930(a)(6), based upon all post-confirmation disbursements, until the earlier of the closing of this case by the issuance of a Final Decree by the Bankruptcy Court, or upon the entry of an Order by the Bankruptcy Court dismissing this case or converting this case to another Chapter under the U.S. Bankruptcy Code.

Priority Tax Claims. None.

VIII. CLASSIFICATION AND TREATMENT OF CLAIMS

CLASS 1 will consist of Ally Financial (“Ally”) in the amount of \$8,333.54 (claim 1) which arises from a Note secured by a lien on a 2009 Chevy Corvette which was sold. Accordingly this claim was satisfied from sale proceeds and is paid in full.

CLASS 2 will consist of the claim of Wells Fargo which arises from a note secured by a First Mortgage on the Debtor’s Homestead (Claim 3) in the amount of \$827,901.33. This claim has been satisfied from the sale of Debtor’s homestead property and is paid in full.

CLASS 3 will consist of the claim of Wells Fargo which arises from a note secured by a Second Mortgage on the Debtor’s Homestead (Claim 7) in the amount of \$857,531.65. This claim has been satisfied from the sale of the Debtor’s homestead and is paid in full.

CLASS 4 will consist of the unsecured claim of Wells Fargo which arises from an unsecured credit line (Claim 6) in the amount of \$294,943.79. This claim is paid directly by Ms. Cassidy on its original terms and conditions. Ther former Mrs Cassidy is jointly responsible with the Debtor, and has agreed to be responsible for payment of this debt pursuant to the Marital Settlement Agreement.

CLASS 5 will consist of Allowed Unsecured Claims which are exclusively the responsibility of the Debtor as follows :

Jacob Binson (Claim 4)	\$ 50,000.00
AMEX	\$ 21,952.00
Saavedra Goodwin (Claim 8)	\$ 20,613.25
Rodier & Rodier	<u>\$122,501.90</u>
	\$215,067.15

Debtor will make equal sixty (60) monthly payments of \$500.00 each month to the Class 5 creditors commencing on the Effective Date. Monthly payments will be distributed on a pro rata basis to each creditor in this class.

CLASS 6 will consist of the individual Debtor who will not receive any distribution under the plan.

IX. SUMMARY OF THE PLAN AND MEANS FOR EXECUTION

A. SUMMARY OF THE PLAN

The Plan which accompanies this Disclosure Statement sets forth with particularity the manner in which all classes of creditors and interest holders will be paid or otherwise treated.

Payment to all creditors will be made from Debtor's wages.

Management and Compensation Not applicable, Individual case.

Ownership. Not Applicable, individual case .

Affiliates. None .

X. IMPAIRMENT OF CLASSES

Impaired Classes. A class of claims is impaired under the Plan when the Plan alters the legal, equitable and contractual rights to which this claim is entitled.

A. Impaired Classes. All classes are impaired and will be entitled to vote separately to accept or reject the Plan.

B. Acceptance by Class of Creditors. A class of claims will have accepted the Plan if the Plan is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of Allowed Claims of such Class that have accepted or rejected the Plan.

C. Cramdown. In the event that any impaired Class of creditors with claims against any of the Debtor's Estate will fail to accept the Plan in accordance with § 1129(a) of the Bankruptcy Code, the Debtor may request the Bankruptcy Court to confirm the Plan in accordance with §1129(b) of the Bankruptcy Code.

XI. EFFECT OF CONFIRMATION

Effect of Confirmation Pursuant to 1141(d) upon confirmation of the Plan, the Debtor will be discharged of all claims and liabilities arising prior to the filing of the Petition, whether or not a proof of claim is filed, the claim is allowed or the holder of a claim has accepted the plan, if the Debtor does not liquidate. Confirmation of the Plan will satisfy all claims or causes of action arising out of any claim settled and satisfied under the terms of the Plan. Confirmation of the plan will vest title to all of its assets in the reorganized Debtor.

Reservation of Rights Under Sections 1141(d)(5) and 350(a). The Debtors reserve the right, after confirmation, to seek the closing of this bankruptcy proceeding prior to the entry of an Order of Discharge, upon the payment of the initial payment under the Plan, payment of all outstanding quarterly United States Trustees Fees, and the filing of any outstanding federal income tax returns. Such a request may be granted only upon notice and hearing, with notice to all creditors and interested parties. If such request is granted, then upon the satisfaction of all payments required to be paid inside the Plan to Class 5 creditors, the Debtors may file a motion to reopen this bankruptcy proceeding, pursuant to 11 U.S.C. § 350(b), and the Court may then grant the Debtors a discharge, pursuant to 11 U.S.C. § 1141(d)(5). This paragraph only preserves the Debtors' right to seek the relief described above and does not conclusively grant such relief. Creditors' and interested parties' rights to object to such relief shall similarly be preserved until such time as it is requested by the Debtors after confirmation

XII. BEST INTEREST OF CREDITORS AND FEASIBILITY STANDARD

The Bankruptcy Code requires that the Plan be accepted by requisite votes of impaired classes of creditors, that the Plan be proposed in good faith, be feasible, and that confirmation of the Plan be in the best interest of all holders of claims and interests. To confirm the Plan, the Bankruptcy Court must find that all these requirements are met. Accordingly, even if the

creditors of the Debtor accept the Plan by the requisite votes, the Bankruptcy Court must make independent findings respecting the Plan feasibility and whether the Plan is in the best interest of creditors before the Court may confirm the Plan. The "best interests" test requires that the Bankruptcy Court find that the Plan provides to each member of each impaired class of claims and interests a recovery which has a present value at least equal to the present value of the distribution which each such person would receive from the Debtor if the Debtor liquidated its assets under Chapter 7 of the Bankruptcy Code. The Debtor feels that the Plan as proposed is in the best interests of the creditors in that it provides for an efficient, effective and orderly satisfaction of the Debtor's objections to claims.

XIII. CONFIRMATION WITHOUT ACCEPTANCE BY ALL IMPAIRED CLASSES

As a condition to confirmation, the Bankruptcy Code requires that each impaired class of claims or interests accept the Plan. The Bankruptcy Code, however, contains provisions for confirmation of a Plan even if the Plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. These "cramdown" provisions for confirmation of the Plan, despite the non-acceptance of one or more impaired classes of claims or interests, are set forth in 11 U.S.C. 1129(b) which requires the Bankruptcy Court to find that the Plan treatment of a nonaccepting impaired class is fair and equitable.

XIV. OBJECTIONS TO CLAIMS

14.1 Provisions for Treatment of Disputed Claims.

Debtor will not be disputing claims.

14.2 Provision for Rejection Claims. In the event the rejection of a contract gives rise to a Rejection Claim not otherwise provided for herein, the holder of such claim must file such claim within thirty (30) days following the rejection of said contract or the Confirmation Hearing

whichever occurs first. Such claim must, in addition to its filing with the Bankruptcy Court, be served upon the undersigned attorneys for the Debtor.

XV. EXECUTORY CONTRACTS

Executory Contracts and Unexpired Leases. Any executory contract or unexpired lease not specifically assumed will be deemed rejected.

XVI. LIQUIDATION ANALYSIS & ALTERNATIVES TO CONFIRMATION, INCLUDING RISK

In the event that the accompanying Plan, as such may be further modified or amended, is not accepted by the holders of Allowed Claims and Allowed Interests in the impaired classes or otherwise confirmed by the Court under the cramdown provisions of Section 1129(b) of the Bankruptcy Code, the Debtor believes that the Debtor case would be dismissed or converted to a case under Chapter 7, a Trustee would be appointed and the pre petition assets liquidated for distribution to creditors. Without a continuing operation, there is no revenue from which to pay claims. Accordingly, creditors would probably not realize payment on their claims in a liquidation.

LIQUIDATION ANALYSIS

NONEXEMPT ASSETS ¹

Money on Hand and in personal account	\$ 2,091.00
Money in corporate account	
Less corporate payables	Negative
2009 Corvette	\$25,000.00
Ally Financial	<u>8,333.54</u>
	\$16,666.46
TOTAL LIQUIDATION	\$8,757.46

¹ All other assets are owned joint with spouse of twenty nine years .

Accordingly, if a plan is not confirmed, the current unsecured creditors would receive a minimal distribution of approximately two percent (2%) (8,757/387,509) of their claims, which percentage would be reduced by payment of the chapter 7 trustee fees. Debtor believes the Trustee fees would be substantial. Debtor is proposing to pay general unsecured creditors thirteen percent of their allowed claims on the Effective Date. Debtor is retiring and believes this plan proposes to pay all disposable income to his unsecured creditors for the next five (5) years.

XVII. CONCLUSION AND RECOMMENDATIONS

The Debtor proposes its Plan and recommends its confirmation. All creditors will receive payment of their claims to the greatest extent allowable under the Bankruptcy Code, and the expense of administering an estate under Chapter 7 will be avoided. The Debtor affirms his belief that administration of this estate as provided herein will ultimately maximize payments to each creditor.

s/ David Cassidy

David Cassidy

I HEREBY CERTIFY that I am admitted to the Bar of the United States District Court for the Southern District of Florida and I am in compliance with the additional qualifications to practice in this court set forth in Local Rule 2090-1(A).

Dated: January 27, 2017

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