

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF TEXAS  
SAN ANTONIO DIVISION**

**IN RE:** §  
§ **CASE NO. 15-52609**  
**ACME INVESTMENT CORPORATION** §  
§ **CHAPTER 11**  
§  
§  
§

**AMENDED DISCLOSURE STATEMENT OF ACME INVESTMENT CORPORATION**

**Notice:** THE DEBTOR IN POSSESSION, ACME INVESTMENT CORPORATION IS SEEKING APPROVAL OF THIS DISCLOSURE STATEMENT FROM THE BANKRUPTCY COURT. CREDITORS WILL RECEIVE NOTICE WHEN A HEARING IS SET. 11 U.S.C. §1125(b) PROHIBITS SOLICITATION OF ACCEPTANCE OR REJECTION OF A PLAN OF REORGANIZATION UNLESS A COPY OF THE PLAN OF REORGANIZATION OR A SUMMARY THEREOF IS ACCOMPANIED OR PRECEDED BY A COPY OF A DISCLOSURE STATEMENT APPROVED BY THE BANKRUPTCY COURT. THEREFORE, THIS DISCLOSURE STATEMENT IS NOT A SOLICITATION OF YOUR VOTE FOR THE DEBTOR'S PLAN OF REORGANIZATION. PRIOR TO ANY SUCH SOLICITATION THE BANKRUPTCY CLERK MUST APPROVE THIS DISCLOSURE STATEMENT AS HAVING ADEQUATE INFORMATION TO ENABLE THE CREDITORS TO MAKE AN INFORMED JUDGMENT ON THE PLAN. THIS DISCLOSURE STATEMENT IS BEING SERVED UPON PARTIES-IN-INTEREST WHO HAVE CLAIMS AGAINST THE ESTATE.

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ATTORNEY FOR DEBTOR

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**INTRODUCTION**

**A. General Information Concerning Disclosure Statement and Plan**

1. On October 29, 2015, Acme Investment Corporation filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §101 et seq. (“the Bankruptcy Code”) in the United States Bankruptcy Court for the Western District of Texas, San Antonio Division (“the Bankruptcy Court”).

2. The purpose of this Disclosure Statement is to provide the creditors and parties-in-interest adequate information to make an informed judgment about the Plan (a copy of the Plan is enclosed with this Disclosure Statement and is incorporated herein for all purposes ). Generally, this information includes, among other matters, a brief history of the Debtor, the Chapter 11 Case, a description of the assets and liabilities of the Debtor, an explanation of how the Plan will function, and an explanation of why the reorganization of the Debtor under the proposed Plan should result in a greater benefit to the creditors than if the Chapter 11 Case were converted to a Chapter 7 Case and a Chapter 7 Trustee appointed. To make an informed judgment about the Plan, you are urged to read the entire Disclosure Statement, including exhibits and the Plan.

**B. Disclaimers**

**THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.**

**NO REPRESENTATIONS OR OTHER STATEMENTS CONCERNING THE DEBTOR (PARTICULARLY AS TO ITS FUTURE BUSINESS OPERATIONS OR THE VALUE OF ITS ASSETS) ARE AUTHORIZED BY THE DEBTOR OTHER THAN THOSE EXPRESSLY SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE, WHICH ARE OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT, SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISIONS. ANY SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR IN POSSESSION MICHAEL J. O'CONNOR, 8118 DATAPOINT DRIVE, SAN ANTONIO 78229, WHO SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT WHICH MAY TAKE SUCH ACTION AS IT DEEMS APPROPRIATE.**

**THE INFORMATION CONTAINED HEREIN HAS NOT BEEN INDEPENDENTLY AUDITED EXCEPT AS SPECIFICALLY REFERENCED HEREIN.**

**UNLESS ANOTHER TIME IS SPECIFIED, THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF. THE RECORDS KEPT BY THE DEBTOR RELY FOR THEIR ACCURACY UPON BOOKKEEPING PERFORMED BOTH INTERNALLY AND BY OUTSIDE SERVICES. FOR THIS REASON, THE DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS CORRECT, ALTHOUGH EVERY REASONABLE EFFORT HAS BEEN MADE TO BE ACCURATE. THIS DISCLOSURE STATEMENT CONTAINS THE PLAN. EACH CREDITOR, INTEREST HOLDER, AND PARTY-IN-INTEREST IS URGED TO REVIEW THE PLAN IN FULL PRIOR TO VOTING ON THE PLAN TO INSURE A COMPLETE UNDERSTANDING OF THE PLAN AND THIS DISCLOSURE STATEMENT.**

**THIS DISCLOSURE STATEMENT IS INTENDED FOR THE SOLE USE OF CREDITORS,**

**INTEREST HOLDERS, AND PARTIES-IN-INTEREST TO MAKE AN INFORMED DECISION ABOUT THE PLAN.**

C. Explanation of Chapter 11

1. Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Under Chapter 11, an attempt is made to restructure a business debtor's finances so that the debtor may both continue to operate the enterprise and repay its creditors. Formulation of a plan of reorganization is the primary purpose of a reorganization proceeding under Chapter 11.

2. The Chapter 11 plan sets forth and governs the treatment and rights to be afforded to creditors and equity interest holders with respect to the claims against, and interests in, the debtor. According to Section 1125 of the Bankruptcy Code, acceptances of a Chapter 11 plan may be solicited by the debtor only after a written disclosure statement approved by the Bankruptcy Court as containing adequate information has been provided to each creditor or equity interest holder. This Disclosure Statement is presented to creditors and interest holders to satisfy the disclosure requirements contained in Section 1125 of the Bankruptcy Code.

D. Information In Plain English Which May Be Helpful To Creditors

The following describes the basis of a Chapter 11 process in plain, non-legal terms. If there is any inconsistency between the following descriptions and the Plan, the Plan controls.

1. The Debtor is Acme Investment Corporation.

2. This Chapter 11 case was filed on October 30, 2015.

3. The projections are based on future revenues and corresponding income amounts. The increases in these amounts will derive from a) decreasing secured debt service payments; b) expanded service area and service hours utilizing expansion of operating facility; c) expanded marketing. The revenue projections are reasonable based upon the existing sales, performance history and experience-based percentage increase projections from expanded hours and service area.

4. Normally, Chapter 11 is the part of the Bankruptcy Code which allows a business to reorganize by submitting a plan or proposal for the repayment of its debts. In this case the Debtor plans to make payments to its creditors from funds on hand and funds to be received from future operations, which will be used to make periodic payments to fund the Chapter 11 plan and pay the allowed creditor claims.

5. The Debtor is attempting to obtain court approval of this Plan. It can do this by getting the creditors to vote in favor of the Plan or, under certain circumstances, the Debtor can ask the Court to approve its proposed plan even if some creditors vote against the Plan.

If the Plan is rejected by one or more impaired Classes of Claims or Interests held by Debtors' Creditors, the Plan or a modification thereof may still be confirmed by the Court if the Court determines, among other federal requirements, that the Plan does not discriminate unfairly and is fair and equitable with respect to the rejecting Class or Classes of Claims or Interests impaired by the Plan. The Debtor, as the Plan proponent, has requested in the Plan that such a determination (commonly referred to as a "cramdown") be made if the Plan or modification thereof is not accepted by all of the impaired classes of Claims or Interests held by Creditors or investors.

6. The Plan sets out how the creditors of the Estate will be paid. Creditors can be either "impaired" or "unimpaired." If a creditor is unimpaired it means that the creditor will be paid in full or the legal, equitable or contractual rights of the creditor will not be changed by the Plan. If a creditor is impaired it means that the creditor may not be paid in full or that the legal, equitable or contractual rights of that creditor will be altered.

7. In its Chapter 11 Plan, the Debtor has listed each class as either impaired or unimpaired. If a class is listed as unimpaired, it does not ensure that the class or claimant is guaranteed to be paid in full. The Debtor cannot make any guarantee about the payment distribution to any class of claims.

8. A copy of the Debtor's Plan, identifying each class and giving estimates as to the projected pay-out to creditors, was filed simultaneously with this Disclosure Statement.

9. Creditors receive the Disclosure Statement because the Bankruptcy Code dictates that before anyone can ask a creditor for its vote, that entity must have a Disclosure Statement, which is approved by the Court. The Court must determine that the Disclosure Statement, which is being sent to creditors to ask them for their vote for the Plan, contains adequate information to allow the creditor to make an informed judgment about whether to vote for or against the Plan.

10. The Bankruptcy Court's approval of the Disclosure Statement is not an endorsement of the Plan or the Disclosure Statement. It simply means that the Disclosure Statement contains adequate information to allow creditors to make an informed decision on whether or not to accept the Plan.

11. The Debtor, as well as Debtor's counsel, have used the best information available to prepare the Disclosure Statement, and while they both believe it to be accurate, neither warrants its accuracy, nor that the projection made will be met, nor that there is no risk in accepting the Plan.

12. In order for the Debtor's Chapter 11 Plan to be implemented, it must be approved by the Court, *i.e.*, "*confirmed*." This is important because the Debtor cannot implement its proposal, or Plan, without it having been confirmed.

13. Each creditor is entitled to vote. A ballot has been sent along with this Disclosure Statement and Plan. If you lose it, you may request another from the Debtor. There is a deadline for voting. The instructions on filing out the ballot are on the ballot. You may vote by fax. Please send your ballot, either by telefax or otherwise, to the Debtor at the address or telefax number listed below.

14. In order to confirm the Plan, more than one-half ( $\frac{1}{2}$ ) of the creditors in number and more than two-thirds ( $\frac{2}{3}$ ) of the creditors in dollar amount of the creditors in each class who vote must vote in favor of the Plan. **Your vote is important**. Moreover, the Court must, among other things, find that the Plan meets certain other requirements of the Bankruptcy Code, such as that it is proposed in good faith and that each creditor will receive as much under the terms of the Plan as they would if the case were a case under Chapter 7 where the Estate's assets are liquidated and distributed. There are also other requirements for confirmation.

15. Your claim, which is the term the Bankruptcy Code uses for the amount of money the Debtor owes you, is treated by the Plan in one of the classes of claims which the Debtor owes. These classes are described in the Plan, which follows and you should look for the treatment of your type of claim, or debt, in the Plan.

16. The above information is set out in greater detail in the Chapter 11 Plan and you should read it as well as this general information.

17. Along with the Disclosure Statement you will receive a ballot and Notice of the deadline for returning the ballot with your vote on the Debtor's Plan attached hereto. Once you receive your ballot and you vote, the ballot must be returned to:

Michael J. O'Connor  
8118 Datapoint Drive  
San Antonio, TX 78229

You may fax your ballot to 210/614-6401 on or before the deadline to be set once the Disclosure Statement is approved by the Court. You may also email your ballot to [occonnorlaw@gmail.com](mailto:occonnorlaw@gmail.com).

## **Article I**

### **INFORMATION CONCERNING THE DEBTOR**

#### A. History of the Debtor and Events Leading to Bankruptcy

Acme Investment Corporation began operating in 1985. Ken Cobb is its President and owns 100% of Acme's stock. For over thirty years the Debtor has operated a bowling center known as Oak Hills Lanes. The bowling center is located near the corner of Fredricksburg and Callaghan Road in northwest San Antonio. The bowling center has 32 lanes plus a snack bar and bar which serves beer, wine and mixed drinks. The Debtor's operating revenue is generated by league play and by non-league "open" play. The business has been in operation for over thirty (30) years.

#### **Reason(s) for the Cash Crunch**

In 2012 Brunswick Bowling and Billiards advised Acme that its relatively outdated facility would generate increased sales if it was updated and expanded. Acme, in reliance on Brunswick's advice entered into a contract for improvements to its facility to expand and remodel the existing building. The plan was to expand its existing twenty four lane facility by adding an eight lane private party area with full bar, called the Oak Room. Brunswick's business affiliate, Timberlake Construction Management, an Oklahoma based general contracting company co-managed the project and hired subs and suppliers. The Acme project was delayed due to scheduling problems encountered by Timberlake and Brunswick involving a shift of resources to a concurrent Timberlake/Brunswick project at a bowling center in Los Angeles. Timberlake's time and management supervision level declined due to these over commitments resulting in significant delays in all aspects of the Acme project, including the sequence of work,

material supply scheduling conflicts and inspection issues.

The Acme project began two months after the July 2012 start date. This initial delay resulted from difficulties connecting the structure, utility connections and foundation grade of the existing facility with the planned pad for the 10,000 sq. ft. Oak Room addition to the property. It was to be an eight lane private party area with a full bar. The project was financed by Compass Bank which extended credit in the form of a two secured SBA loans which totaled a little over \$3.1 million. Before it began the project was \$200,000 over budget due to delayed planning and related complications. While this budget crisis deepened, the facility still needed refrigeration and ventilation equipment, as well as furniture and kitchen equipment for the Oak Room expansion. By the fourth quarter of 2012 the budget shortfall made it apparent that Compass' loan funds would not be sufficient to pay for equipment and furniture to finish out the project. Acme's only alternative was to enter into lease purchase agreements with third party financing entities to enable it to acquire the equipment and furniture to finish the Oak Room expansion with the hope that the project would be finished by the first quarter of 2013. The project was represented to have been completed by February 2013. It was not fully available for use until December 2014, 21 months later. It was \$500,000<sup>1</sup> over budget.

Beginning in the fourth quarter of 2012 Acme began to make payments on equipment leases for the unusable and unopened Oak Room. These payments ultimately resulted in debt service of at least \$15,000 per month. Acme was compelled to make these payments for at least eighteen months without adequate operating revenue to fund the payments owing to the delays. While Acme was paying for equipment and furniture it could not use in the incomplete and

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<sup>1</sup>Acme's total gross revenue for 2014 was approximately \$1.3-\$1.5 million.



substantially over budget Oak Room expansion, the budget crunch worsened. Anticipated revenues from the expansion led Acme to enter into defaults in funding its 941 and sales tax obligations. Finally, in December 2014, over thirty months after the expansion project began the Oak room finally became fully operational.

By mid 2015 the cash crunch dominoed as sales were not sufficient to pay existing debt service and pay past due accounts while funding its variable and fixed operating costs. By the third quarter of 2015 Acme had fallen behind in its payments to Compass Bank and owed the IRS over \$400,000 for unpaid 941 taxes. After Acme missed four payments Compass posted the property for foreclosure in November 2015. Acme filed Chapter 11 on October 29, 2015.

#### B. Events After Bankruptcy Filing

After the petition was filed the Debtor filed “first day” motions to hire counsel, keep its bank accounts (ensuring that credit card payments would be processed) and motions to use cash collateral. Acme also obtained cash collateral orders from Compass Bank and the IRS and final cash collateral orders were entered in mid 2016.

In November 2015 First Data/MCA on behalf of a creditor with a third lien on Acme’s assets attempted to seize Acme’s credit card receipts and trapped funds in the amount of at least \$37,000. Acme was required to file an expedited motion for turnover under 11 USC §542 and 543 to compel this unauthorized custodian to release the funds. The funds were eventually released.

In February 2016 Acme filed a motion to extend the exclusivity deadline. This deadline sets the time period during which a debtor may formulate and file a plan of reorganization. The motion to extend was filed to allow Acme additional time to gather information concerning its

post petition operations allowing it to formulate reliable projections for implementation of its plan. The motion was granted in March 2016 and the exclusivity deadline was extended to June 1, 2016. On July 25, 2016 the court held a hearing and approved the Disclosure Statement subject to certain amendments which are set forth in this Amended Disclosure Statement and the Amended Plan.

C. Results of Operations of the Estate

The Debtor's monthly operating reports filed in the Case for the period of November 2015 through March 2016 have been filed with Bankruptcy Clerk's office and are available for review at 615 E. Houston, Fifth Floor, San Antonio, Texas 78205. If any recipient of this disclosure statement would like a copy of these operating reports in electronic format (pdf), they may request a copy from the Debtor's counsel, Michael J. O'Connor 8118 Datapoint Drive, San Antonio, Texas 78229 via e-mail to [occonnorlaw@gmail.com](mailto:occonnorlaw@gmail.com).

D. Estimated Future Results of Operations

Exhibit A shows the projected revenues, expenses, and funds available for debt service for the projected payout term of the Plan. The payout structure is governed by the Plan, and the Plan must comply with Bankruptcy Code if it is to be confirmed.

E. Future Management of the Debtor; Absolute Priority Rule

Under the Plan, Acme will be discharged upon confirmation. Also, upon confirmation of the Plan, the Debtor's president and sole shareholder, Ken Cobb will continue to manage the Debtor's operations. Mr. Cobb will receive a 100% interest in The Revested Debtor when creditors in all senior classes are paid in full as required by the Absolute Priority Rule. This tenet of the Bankruptcy Code requires that equity (or interest) holders cannot be re-vested as

equity owners or shareholders until all of the allowed creditors' claims are paid.

F. Debtor's Relationship with Affiliates and Insiders

The Debtors sole officer and shareholder is Ken Cobb. Mr. Cobb is a guarantor on the Compass Bank debt and exposed to personal liability for the unpaid 941 taxes.

**Article II.**

**ANALYSIS AND VALUATION OF PROPERTY**

A. Description of Debtor's Assets

Real Property and Improvements

Acme's real property and improvements consist of a 32,000 square foot fully equipped 32 lane bowling center with a full bar, snack bar and private party room. The Bexar County Appraisal District values the real property and improvements at approximately \$1.3 million. This value may be understated. In fact, the fair market value of the real property cannot be quantified due to the unique nature of its business and the equally unique and specific modifications and improvements to the building required for it to operate as a bowling center.

Equipment

Acme values its equipment at approximately \$440,000 in its schedules. According to the taxing authority, the equipment is worth approximately \$335,000. **A copy of Bankruptcy Schedule B-29 is attached as Exhibit B.**

Kitchen and Bowling Operations Supplies

This inventory of supplies increases and decreases on a daily basis but has an average value of \$9,600.00.

Vehicle

Acme owns a bus which is worth \$4,000.00. It is unencumbered.

**B. Liquidation Analysis of Property**

If the case were to convert to Chapter 7 the liquidation value would consist of the the proceeds from the accelerated sale of the debtor’s physical assets by a Chapter 7 Trustee or foreclosure. Chapter 7 trustees are not charged with the duty to operate a Chapter 7 debtor, and in the event this case is converted to Chapter 7 the Debtor’s operations would cease and it could not be sold as going concern. Compass could then lift the automatic stay due to lack of adequate protection and foreclose on all of Acme’s assets, except for the bus. If the Trustee liquidated Acme its real and personal property assets would be sold subject to court approval and subject to Compass’ lien(s). Any proceeds would only partially satisfy the amount owed Compass. There would be no surplus from the liquidation to pay the IRS. Unsecured creditors and creditors holding subordinate liens would receive nothing.

Asset	Value per Schedules or per BCAD <sup>2</sup>	Liquidation Discount	Net Liquidation Value
Real Property + Improvements	BCAD Value: \$1, 301,935	0%	\$0 <sup>3</sup>
Personal Property Schedule B-29	BCAD: \$335,000 Schedules: \$400,475	0%	\$0 <sup>4</sup>
Kitchen & Bowling Supplies	\$9,600	50%	\$4,800

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<sup>2</sup>BCAD is an abbreviation for the Bexar County Appraisal District, the local entity which appraises real and personal property on behalf of the Bexar County Tax Assessor Collector.

<sup>3</sup>No value, Compass would foreclose by bidding in its note generating no surplus. It is doubtful that the real property and improvements value exceeds the outstanding amount of the debt owed to Compass.

<sup>4</sup>See Footnote 3 above.

Bus	\$4,000	50%	\$2,000
Total Liquidation Value			\$6,800

Total Proceeds from Liquidation \$6800

C. Source and Basis of Valuation Analysis

The basis for the valuation of the real property asset is the BCAD value fair market value. The personal property is valued at its fair market value as of the petition date, as set forth in Exhibit B (Schedule B-29).

D. Executory Contracts and Leases

The Debtor was a party to a copier lease with Marlin Financial. The monthly payment is \$131.59. Acme has been making the payments and there has been no pre- or post-petition default as to the Marlin Financial lease. Acme will make this monthly payment to keep the copier for as long as it is needed. Pawnee Equipment has filed a lease claim and Pawnee’s lease is rejected effective upon confirmation. Pawnee will be treated as Class 9 unsecured creditor to the extent of its allowed claim, if any.

E. Stock Ownership and/or Equity Interests

The following is a list of part(ies) or entit(ies) with stock ownership and/or an equity interest in the Acme as of the Petition Date:

Individual	Percentage Ownership
Ken Cobb	100%

F. Accounting Method and Source of Financial Information

The accounting method used by the Debtor for reporting purposes is the cash method.

**ARTICLE III**

**Division of Creditors Into Classes**

3.1 Class 1, which consists of the Allowed Administrative Claims for fees and expenses of the Debtor’s attorney(s), accountants, and other court appointed professionals incurred before confirmation entitled to priority pursuant to 11 USC §507 and all fees due the

United States Trustee.

3.2 Class 2, which consists of Allowed Priority wage claims payable to employees;

3.3 Class 3 which consists of the Allowed Priority tax claim payable to the Internal Revenue Service.

3.4 Class 4, which consists of the Allowed Ad Valorem Tax Claim of Bexar County

3.5 Class 5, which consists of Secured Claims of Compass Bank

3.6 Class 6, which consists of the claims of Terence and Patricia Ward

3.6 Class 7, which consists of the claims of Lease Sale Creditors

3.8 Class 8 which consists of the Disputed Construction Lien Claimants

3.9 Class 9 which consists of the Allowed Unsecured Claims

3.11 Class 10 which is claims and interests of the Debtor's equity holder, Ken Cobb.

#### **ARTICLE IV.**

##### **Treatment of Classes**

4.01. Unimpaired Classes: Creditors holding Class 1 Administrative Claims are unimpaired under this Plan, or they have agreed to the treatment proposed under the Plan, and the holders of such Claims are deemed to accept this Plan.

4.01.01. **Class 1 – Administrative Claims**: Each holder of an Allowed Administrative Claim shall be paid in full in cash upon the Distribution Date, except as may be otherwise agreed upon in writing between the Debtor and each respective Administrative Claimant. Such payment shall be distributed from the cash, operations or proceeds from assets liquidated in conjunction with implementation of the Debtor's confirmed Plan of reorganization. Class 1 claims are expected to total approximately \$35,000.00 and \$15,000.00 of this amount is held as a retainer in the trust account held by Debtor's counsel, this amount will be applied against the amount of the Allowed Administrative Claim of Debtor's counsel.

4.02.01 Impaired Classes The Creditors holding an Allowed Claim in Classes 2, 3, 4, 5, 6, 7, 8, 9, and 10 are impaired and will be entitled to vote to accept or reject their respective treatment under the Plan.

4.02.02. **Class 2: Priority Wage Claims** The priority wage creditor is Laurie Jo Scales, who has filed a priority proof of claim for \$12,475.00 for un-cashed paychecks arising

from work performed within 180 days of the date of Acme's Chapter 11 filing. This claim will be paid on a monthly basis at the rate of \$600.00 per month. It is anticipated that the priority wage claimant will accept the Plan. Under the terms of the confirmed Plan the Class 2 creditor will receive twenty (20) monthly payments in the amount of \$600.00 and one payment of \$475.00 from the proceeds of operations of the Debtor. The Class 2 creditor is impaired.

4.02.03. **Class 3: The Internal Revenue Service.** The IRS has filed a Priority Claim for accrued pre-petition tax liability payable to the IRS in the amount of \$417,374.03. The Class 3 creditor is impaired. The IRS has also filed a General Unsecured Claim in the amount of \$135,005.04.

Treatment: Pursuant to an agreement reached between the Debtor and the Internal Revenue Service, the IRS holds a priority claim in the amount of \$417,374.03 for past due 941 taxes. The debtor will pay the claim at a rate of 3% APR, in 60 monthly installment payments of \$7,499.67. The monthly payments will begin thirty days from the confirmation date. Nevertheless, should the debtor be unsuccessful in repaying the IRS priority claim in full, pursuant to this Agreement, or otherwise default under the terms of the Plan pursuant to the terms of the Plan the penalties will be added back to the IRS's priority claim and the Internal Revenue Service may accelerate its allowed claim(s), past and future, and declare the outstanding amount of such claim(s) to be immediately due and owing and pursue any and all available state and federal rights and remedies.

Treatment: The Unsecured General Claim totals \$135,004.05. The IRS will agree to waive the Unsecured General Claim as long as the total amount due for the Unsecured Priority Claim (\$417,374.03 at 3% APR) is paid in full without default. Nevertheless, should the debtor be unsuccessful in repaying the IRS Unsecured Priority Claim in full, pursuant to this Agreement, the general claim in the amount of \$135,004.05 will be added back to the IRS's claim and the Internal Revenue Service may accelerate its allowed claim(s), past and future, and declare the outstanding amount of such claim(s) to be immediately due and owing and pursue any and all available state and federal rights and remedies.

Payments must be mailed to:

Internal Revenue Service

ATTN: Keri Templeton

300 East 8th Street, Stop 5026AUS

Austin, Texas 78701

Agreement with the Internal Revenue Service:

(i) The debt owed by the Debtor to the Internal Revenue Service is a nondischargeable debt, except as otherwise provided for in the Bankruptcy Code, and that if the Debtor should default, the Internal Revenue Service is not subject to the provisions of the Bankruptcy Code so that the Internal Revenue Service can take whatever actions are necessary to collect said debt in the event of default;

(ii) A failure by the Reorganized Debtor to make a payment to the Internal Revenue Service pursuant to the terms of the Plan shall be an event of default, and as to the Internal Revenue Service, there is an event of default if payment is not received by the fifteenth (15th) day of each month. If there is a default, the Internal Revenue Service must send written demand for payment, and said payment must be received by the Internal Revenue Service within fifteen (15) days of the date of the demand letter. The Debtor can receive up to three (3) notices of default from the Internal Revenue Service; however, on the third (3rd) notice of default from the Internal Revenue Service, the third (3rd) notice of default cannot be cured, and the Internal Revenue Service may accelerate its allowed claim(s), past and future, and declare the outstanding amount of such claim(s) to be immediately due and owing and pursue any and all available state and federal rights and remedies. These default provisions pertain to the entire claim(s) of the Internal Revenue Service, unsecured priority, unsecured general.

(iii) The Internal Revenue Service is bound by the provisions of the confirmed Plan and is barred under Section 1141 of the Bankruptcy Code from taking any collection actions against the Reorganized Debtor for pre-petition claims during the duration of the Plan (provided there is no default as to the Internal Revenue Service). The period of limitations on collection remains suspended under 26 U.S.C. § 6503(h) for the tax periods being paid under the Plan and terminates on the earlier of (1) all required payments to the Internal Revenue Service have been made; or (2) thirty (30) days after the date of the demand letter (described above) for which the debtor failed to cure the default.

(iv) During the term of the Plan, the Debtor is required to stay current on all ongoing tax reporting/tax payments with the Internal Revenue Service. If the Debtor defaults to the Internal Revenue Service (in the timely filing of any future tax returns and/or the payment of any ongoing tax liability or any monthly plan payment) from the entry of an Order Confirming



the Plan, the Internal Revenue Service may assert the balance of the proof of claim still remaining which will include tax, interest and penalty to be due and owing and the entire balance (after crediting all payments made) may go out for collection. The Debtor's or Reorganized Debtor's failure to remain current on its ongoing tax obligations shall be an event of default under the terms of the Plan.

4.02.04 **Class 4: Bexar County Tax Assessor**

Class 4 consists of the secured claim of Bexar County (and for those taxing entities for which Bexar County collects ad valorem taxes) in the amount of \$44,717.80 pertaining to Account Nos. 124720020110, and 915010700000 for tax year 2015 ad valorem taxes incident to the real property and business personal property located at 7330 Callaghan Road, San Antonio, Texas. The Debtor will pay the Class 4 Allowed Secured Claim, if any, of the Bexar County Tax Assessor as follows. The Bexar County allowed claim will be paid in full in sixty (60) equal, consecutive monthly installments in the amount of \$995.00, with the first payment being made on the fifteenth (15th) day of the month following the Effective Date. Post-petition interest at the rate of twelve percent (12%) per annum shall accrue beginning from the Petition Date until the Confirmation Date. Thereafter, plan interest at the rate of twelve percent (12%) per annum shall accrue on the entire balance until the tax debt is paid in full. In the event the Debtor sells, conveys or transfers any property which is collateral of the Bexar County claim or post confirmation tax debt, the Debtor shall remit such sales proceeds first to Bexar County to be applied to the Bexar County tax debt incident to any such property/tax account sold, conveyed or transferred.

The Reorganized Debtor may pre-pay the pre-petition tax debt to Bexar County at any time. The Debtor shall have thirty (30) days from the Effective Date to object to the Bexar County claim; otherwise, such claim is deemed as an allowed secured claim in the amount of its Proof of Claim consistent with the treatment of each tax account under this Plan. Bexar County shall retain its statutory lien securing their pre-petition and post-petition tax debts until such time as the tax debts are paid in full. Debtor will pay all post-petition ad valorem tax liabilities (tax year 2016 and subsequent tax years) owing to Bexar County on all of its ad valorem tax accounts (real and personal) in the ordinary course of business as such tax debts come due and prior to said ad valorem taxes becoming delinquent without need of any ad valorem taxing entity filing

an administrative claim and request for payment. The payments for future Bexar County ad valorem tax debt is set forth in Exhibit A as a line item described as "Taxes-Property".

Should the Reorganized Debtor fail to make any payments as required in this Plan, Bexar County shall provide written notice of that default by sending written notice by certified mail and first class mail to Debtor's counsel and to Debtor at that address listed in the Plan advising of that default, and providing the Reorganized Debtor with a period of thirty (30) days to cure the default. In the event that the default is not cured within thirty (30) days, Bexar County may, without further order of this Court or notice to the Debtor, pursue all of their rights and remedies available to them under the Texas Property Tax Code to collect the full amount of all taxes, penalties and interest owed. Additionally, the failure to timely pay post-petition and/or post-confirmation taxes, shall be considered an event of default. The Reorganized Debtor shall be entitled to no more than one (1) Notice of Default. In the event of a second (2nd) default, Bexar County may pursue all rights and remedies available to it under the Texas Property Tax Code in state district court without further order of this court or further notice to the Debtor."

4.02.05. **Class 5. Compass Bank** Class 5 is composed of the claims of Compass Bank which consist of the following:

Claim No. 14, in the amount of \$1,102,155.96 with an arrearage claim of \$32,744.00

Claim No. 15 in the amount of \$2,061,157.97 with an arrearage claim of \$61,408.00.

Claim No. 16 in the amount of \$15,640.20 with an arrearage claim of \$308.67.

Claim Nos. 14, 15 and 16 are secured by a contractual first lien against the debtor's real property and improvements, personal property, receivables, general intangibles and the proceeds of this property. The current debt service for Claim Nos. 14 and 15 totals \$23,538.00 pursuant to the terms of the notes and deeds of trust attached to Claim Nos. 14 and 15. The Debtor will make monthly payments of \$23,538.00 pursuant to the terms of the notes and security instruments executed in connection with the respective claims. The debtor will have no further access to any prepetition extension of credit from Compass.

Compass' arrearage on the three claims totals \$94,460.67. Claim No. 16 totals \$15,640.20. The sum of these amounts, \$110,100.87 will be paid over a term of eighteen months. The amount of \$6,000.00 per month will be added to the existing post-petition monthly debt service amount (\$23,538) payable to Compass. Payments of \$29,538 will begin September 1,

2016 and will continue for the next eighteen (18) months for a total payment against arrearage of \$108,000, a final payment of \$2100.87.

The terms of Compass' notes and deeds of trust as set forth in the attachments to Claim Nos. 14, 15 and 16 shall remain in full force and effect as to any terms of the instruments, including but not limited to warranties, conditions of default, cure provisions, notice provisions, ad valorem tax and insurance payment requirements, if any. Upon full payment of Compass' allowed claims the Debtor will obtain releases of its liens as provided in the notes and deeds of trust. Beginning on the Effective Date of the Plan, copies of all proof of payment to the IRS and ad valorem taxing authorities will be provided to Compass.

4.02.06. **Class 6: Terence and Patricia Ward** The Class 6 creditors have filed two secured claims in the amounts of \$121,172.13 and \$87,669.94 which total of \$208,842.07. The Wards hold a lien secured by a deed of trust filed May 5, 2014. The Wards' lien is subordinate to the deeds of trust filed by Compass Bank. The original principal amounts of the Wards' notes are \$100,000.00 and \$74,900.00. After the Compass Bank arrearage is paid in full, beginning May 2017, the Wards will receive the \$208,842.07 in eighty four (84) monthly payments of \$2,951.00 at a rate of 5%.

The terms of the Wards' notes and deeds of trust as set forth in the attachments to Claims Nos. 6 and 7 shall remain in full force and effect as to any terms of the instruments, including but not limited to warranties, conditions of default, cure provisions, notice provisions, ad valorem tax and insurance payment requirements, if any. Upon full payment of the Wards' allowed claims the Debtor will obtain releases of its liens as provided in the notes and deeds of trust.

4.02.07. **Class 7 Lease Claimants** These creditors have filed claims based upon pre-petition installment sale agreements with the Debtor which they assert are secured claims collateralized by property of the Debtor.

**Class 7A Claim of Bank of California.** Bank of California has filed a proof of claim in the amount of \$14,074.88. This amount does not reflect credit for post-petition payments. To the extent Bank of California is found to have an allowed secured claim, the allowed amount of any such claim will be paid in twelve (12) equal monthly installments beginning thirty (30) days after the date of any final court order allowing the Class 7A creditor an allowed claim. Any attached or

perfected lien claimed or held by this creditor will be deemed released upon confirmation.

**Class 7B Claim of UniFi-Ervin Leasing.** The Class 7B creditor will receive the value of its collateral (\$10,000.00) as stipulated by its proof of claim subject to offset for post-petition pre-confirmation payments. To the extent the Class 7B creditor is found to have an allowed secured claim, the allowed amount of such claim will be paid in twelve (12) equal monthly installments beginning thirty (30) days after the entry of a final order allowing the Class 7B creditor a secured claim. Any attached or perfected lien claimed or held by this creditor will be deemed released upon confirmation.

**Class 7C Claim of Amtec/Financial Pacific** The Class 7C creditor will receive the value of its collateral which consists of a “Vector System” hardware and software operating system used for scoring games and managing sales. however this amount is subject to “dollar for dollar” offset credit for post-petition pre-confirmation payments. To the extent the Class 7B creditor is found to have an allowed secured claim, the allowed amount of such claim will be paid in twelve (12) equal monthly installments beginning thirty (30) days after the entry of a final order allowing the Class 7B creditor a secured claim. Any attached or perfected lien claimed or held by this creditor will be deemed released upon confirmation.

**Class 7D Claim of BSB** The Class 7D creditor will receive payments of \$677.00 per month until September 2016 for a 2011 lane machine. The remaining allowed claim, if any, of the Class 7D creditor will be treated as a Class 9 unsecured claim. Any attached or perfected lien claimed or held by this creditor will be deemed released upon confirmation.

**Class 7E Claim of KLC.** The Class 7E creditor will receive the allowed amount of its claim subject to offset for post-petition pre confirmation payments. Its collateral consists of bowling lanes and pinsetting equipment. KLC will be paid the stipulated amount of its allowed secured claim: \$54,000, at the rate of \$2,700 per month beginning thirty days (30) days after the Effective Date of the Plan for a term of twenty (20) months. This amount shall be paid in full satisfaction of any and all of KLC’s claims against the Debtor or Revested Debtor including claims for ad valorem taxes and satisfaction of any fair market value buyout clause. Any attached or perfected lien claimed or held by this creditor will be deemed released upon final payment in accordance with the plan terms set forth above.

**7F Claim of Brunswick.** The Class 7F creditor holds the first lien on a Brunswick Envoy lane maintenance machine and Acme has agreed to purchase the lane machine for \$29, 222.00 (\$26,995.00 plus tax). The Debtor will pay Brunswick the sum of \$1,000.00 per month for ten months (March 2016 to December 2016) and the amount of \$6407.00 per month in January, February and March of 2017. Upon final payment Brunswick's lien will be released and any and all claims it has or may have against the Reorganized Debtor will be discharged.

**Class 7 Other Claims.** Parties who hold or claim a security interest in property of the estate or who have filed a claim seeking to recover for unpaid lease/purchase or installment payments and who are not identified and designated for treatment in Classes 1 - 7A-7F, shall be treated as secured creditors to the extent of their allowed secured claim(s), if any. Any amounts of these claims will be subject to offset for postpetition preconfirmation payments. These claims will be subject to allowance and treatment under the Plan generally and Class 9 specifically.

4.02.08. **Class 8 Construction Lien Claimants** Class 8 is composed of claimants with liens filed of record with the Bexar County Clerk. The lien claimants are Alco Electrical Company, Ferguson Plumbing, KCM Cabinets, and T.L. Ramsey Heating and Air.

The Construction Lien Claimants will not be paid under the terms of the Plan, their claims will be discharged and their liens will be released as of the Effective Date of the Plan by operation of confirmation of the Plan. The Order Confirming Plan shall operate as the Release of Lien as to the secured claim(s) of any of the Class 8 Construction Lien Claimants and may be filed of record with the Bexar County Clerk as proof that the claims of the Class 8 creditor(s) are discharged and their liens are void and unenforceable as of the Petition Date.

4.02.09 **Class 9 Allowed Unsecured Claims** Class 9 is composed of the allowed unsecured claims which will be paid in semi annual payments of \$5000 which will begin after all priority claims are paid in full. The allowed secured claims will be paid pro rata. After a review of the proofs of claim that have been filed and the schedules it appears that the total allowed unsecured claims will total approximately \$48,000.00. At the projected rate of payment the unsecured claims will be paid in full in a little less than five (5) years.

4.02.10. **Class 10 Shareholder Interest** The Debtor's shareholder shall not receive any distributions on shareholder claims until all of the Class 1-9 Creditors' Allowed Claims are

paid in full. The Revested Debtor’s stock will be held as treasury stock in trust subject to distribution to Ken Cobb upon the Debtor’s performance of the payment obligations imposed on it pursuant to the confirmed Plan. The Debtor will issue 100% of the stock to Ken Cobb only in the event creditors in classes 1-9 are paid in full.

**ARTICLE V**

**Means for Execution of the Plan**

A. Implementation of the Plan:

The Debtor expects to continue generating income sufficient to fund the Plan payments over the term of the Plan. Reports of the Debtor’s operations may be obtained by contacting the Debtor’s counsel via e-mail at [oconorlaw@gmail.com](mailto:oconorlaw@gmail.com) and requesting copies of the Monthly Operating Reports (MORs) generated to date which will be supplied in pdf. Projections of the Debtor’s post confirmation performance are attached as Exhibit A to the Disclosure Statement and as Exhibit A to the Plan.

A summary of the payments due under the Plan terms is set forth below.

**Projected Plan Payments**

Class/Description	Payment Term	\$	Term
Class 2 Wages	Monthly	\$600	20 mos.
Class 3 IRS	Monthly	\$7500	60 mos.
Class 4 Bexar Co.	Monthly	\$995	60 mos.
Class 5 Compass Debt	Monthly	\$23,538	
Class 5 Compass Arrearage \$110,100 at 5%	Monthly	\$6000 for 18 months + \$2100.87 in month 19	
Class 6 Ward Lien Claim \$208,842	Monthly	\$2,951 84 mos. 5% beginning after Compass Arrearage is paid in full	
Class 7A-7C	unsecured	See Class 9	
Class 7D BSB	Monthly	\$677 per month until September 2016	
Class 7E KLC	Monthly	\$2,700 per month, 20 months	

Class 7F Brunswick	Monthly	\$1,000 per month for 10 mos, 3 payments of \$6,407 in 2017
Class 9 Allowed Unsecured Claims	quarterly pro rata	\$5000 semiannually beginning after the priority claims are paid in full

**1. Reorganization of the Revested Debtor**

The proceeds from operations will be distributed as shown above. Please be advised that the projections set forth below are estimates and are not intended to be binding representations of the Debtor or Revested Debtor, just as projections of future performance are not guarantees of future performance. The Debtor or Revested Debtor reserve the right to object to claims as set forth in the Disclosure Statement, Plan and applicable state and federal law.

**2. Managing Ongoing Operations of the Assets**

2.01 The Debtor’s ongoing improvements in sales, budgeting and management will add significant value and fund the revenue distributions necessary to pay for operations and to generate a net profit sufficient to fund the Plan payments.

**3. Pursuit of Litigation, Preference and Fraudulent Transfer Claims against Third Parties**

3.01 The Bankruptcy Code grants the Debtor the right to determine lien validity, avoid transfers and recover preference payments. Debtor’s Statement of Financial Affairs identifies claims against various parties which qualify as claims under §§544, 545, 547, 548, 549 and 550 of Title 11 (“the Chapter 5 Claims”). The bankruptcy estate also holds the right to prosecute claims under applicable Texas law (“the State Law Claims”). The Litigation Claims identified below are composed of Chapter 5 Claims and State Law Claims which are property of the estate and which the Debtor is entitled to prosecute pursuant to §1106 of the Bankruptcy Code. The Litigation Claims are described below.

Entity	Amount	Notes
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Can Capital	\$ unliquidated	Preference, Lien Validity Fraudulent Transfer, Usury
Yellowstone Capital	\$unliquidated	Preference, Lien Validity Fraudulent Transfer, Usury

The Debtor and ReVested Debtor expressly reserves and retains all right, title and interest to prosecute, settle or release the Litigation Claims described above. The Chapter 5 Claims may be prosecuted against any transferees, known and unknown whether identified in the schedules or not so identified, and the right to prosecute these claims is property of the estate to which the Revested Debtor will succeed upon confirmation of the Plan.

**Authority to Act to Execute and Implement Plan**

3.02 The Revested Debtor is hereby empowered to take such actions and execute such documents, as may be reasonable and necessary or appropriate to execute and implement the provisions of this Plan, subject to Court approval where required under the Plan.

**4. Revesting of the Assets in the Revested Debtor**

4.04.01 Upon the Effective Date, title to all assets and properties whatsoever of the Debtor sometimes referred to in this Plan as "Property of the Estate," shall be retained by and revert in the Debtor free and clear of all claims, liens, security interests (both attached and perfected) as well as any equitable interests, except as may be otherwise provided by, and subject to the distributions required under, this Plan. However, the revesting of title shall not extinguish the rights and powers of the Revested Debtor to prosecute and object to Claims after Confirmation. In the event of a post confirmation conversion of the Chapter 11 case to a Chapter 7 proceeding under Title 11 of the United States Code, all property of the Revested Debtor shall come into and become a part of the Chapter 7 Bankruptcy Estate for administration by a Chapter 7 Trustee. The Order Confirming the Plan shall be a judicial determination of the discharge of the liabilities of and Claims against the Debtor and shall operate to claim preclude and/or issue preclude further litigation of Claims, except as otherwise provided for in this Plan.

4.04.02. The Revested Debtor is hereby empowered to take such actions and execute such documents, as may be reasonable, necessary or appropriate to execute and implement the provisions of this Plan, subject to Court approval where required under the Plan.



C. Distributions Under the Plan, Payments and Cramdown

1. Distributions Under the Plan:

The Revested Debtor, pursuant to the terms of the Plan, will make those transfers and distributions required by this Plan upon the later to occur of (i) the Initial or subsequent Distribution Date, or (ii) as soon as practicable after a Final Order is entered allowing the holder's Claim, or (iii) as otherwise provided by other Final Orders or the Plan. No distribution or transfer shall be made, however, which would result in any Creditor receiving more than is specifically provided for in this Plan.

2. Manner of Payments:

Payments to be made by the Revested Debtor pursuant to the Plan shall be made by check drawn on a domestic bank from a domestic bank or via electronic transfer or ACH payment.

3. Cramdown:

The Court may confirm the Plan even though fewer than all Classes of Creditors have accepted the Plan. In the event that any impaired Class of Creditors fails to accept the Plan by adequate vote as described in Sections 1126 and 1129(a), the Debtor hereby requests that the Court confirm the Plan in accordance with § 1129(b) of the Bankruptcy Code. Furthermore, to the extent the Plan does not embody certain provisions setting forth the circumstances apprehended by § 1129(b), the Debtor will amend or modify the Plan to include such provisions should it become necessary to confirm the Plan under cramdown.

D. Operation of the Plan

1. Feasibility of the Plan

This Plan is feasible as a result of the fact that, since the Petition Date, the Revested Debtor projects that it will operate profitably after the Effective Date and the Debtor has and will have sufficient cash and/or revenues available to pay the Unsecured Creditors (Class 9) Claims on a semi-annual basis as provided in Article IV of the Plan.

2. Retention of Jurisdiction

The Court shall retain jurisdiction of this Case pursuant to the provisions of Chapter 11 of the Bankruptcy Code, until final allowance or disallowance of all Claims, or to resolve all controversies affected by the Plan in respect to the following matters:

- A. To enable the Debtor or Revested Debtor to consummate any and all

proceedings which it may bring prior to or subsequent to entry of the Order of Confirmation, to avoid or set aside the Order of Confirmation, or to avoid or set aside liens or encumbrances, to object to Claims or the allowance thereof, or to hear and determine pending litigation in the Court, or preference litigation, or to recover any transfers, assets or damages to which the Debtor may be entitled under the applicable provisions of the Bankruptcy Code or other federal, State or local law; and to hear and determine all related litigation, contested matters or adversary proceedings pending on Confirmation Date or properly and timely filed in the Court thereafter.

B. To Classify, allow or disallow Claims, and direct distributions of funds under the Plan by the Revested Debtor, and adjudicate all controversies concerning the Classification or allowance of any Claim or security interest against the Property of the Estate;

C. To enforce the payment and performance of the Plan against the Revested Debtor or against the Creditors (whether or not filing or holding Claims against the Debtor) or any Party In Interest;

D. To hear and determine all Claims arising from the rejection of Executory Contracts or leases, and to consummate the rejection and termination thereof or with respect to the Debtor's Executory Contract, or application for determination, rejection or termination thereof having been filed prior to the entry of the Order of Confirmation, or filed in compliance with the Plan thereafter;

E. To liquidate damages in connection with any disputed, contingent or otherwise unliquidated Claim as provided in the Plan or as provided in the Bankruptcy Code;

F. To adjudicate all Claims to a security or ownership interest in any Property of the Estate;

G. To adjudicate all Claims or controversies arising out of any purchases, sales, transactions or conveyances undertaken by the Debtor during the pendency of the proceedings or any Creditors after the Confirmation Date;

H. To recover all assets and properties comprising Property of the Estate or of the Debtor under this Plan, wherever located;

I. To hear and determine matters concerning State, local and federal taxes or Priority Tax Claims pursuant to §§ 505, 525 and 1146 of the Bankruptcy Code or otherwise;

J. To hear and determine matters or controversies relating to the Debtor or

any attorneys or professionals retained on behalf of the Debtor after the Confirmation Date;

K. To make, hear and determine such matters and enter such Orders as are necessary and appropriate to carry out the provisions of this Plan.

3. Modification of Plan

The Plan proponent may propose amendments or modifications to the Plan and Exhibits or the Exhibits incorporated in this Plan and attached to the Approved Disclosure Statement at any hearing on or before the Court's entry of the Order Confirming the Plan, with leave of the Court and upon notice to Creditors or parties as is deemed necessary by the Court. Either prior to or after the date of the Final Order approving the Approved Disclosure Statement, any modification is subject to Approval of the Court, and so long as the proposed modification to the Plan or Exhibits to the Plan or Approved Disclosure Statement do not materially or adversely affect any Class of Creditors, or is made to remedy any defects, omissions or reconcile any inconsistencies in the Plan or Order Confirming the Plan in such a manner as may be necessary to carry out the purpose and intent of this Plan or any Class of Creditor(s) affected by the modification consent in writing, the Court shall approve such Modification.

4. General Information about the Claims Procedure  
Procedures for Resolving Contested Claims

The Debtor, Revested Debtor or any Party in Interest may file with the Bankruptcy Court an objection to the Proof of Claim filed by any party or Claimant. Any objection must be in writing, must set out the name of the Creditor who filed the Claim (and any assignee), the dollar amount of the Claim and the character of the Claim. Each specific ground for objection or defense to the Claim shall be listed in a separate paragraph. Service of the objection shall be made upon the attorney of record for the Claimant (or the Creditor directly if not represented by an attorney), by serving a true and correct copy of the objection and shall be deemed complete upon mailing as set out in Bankruptcy Rule 9006(e). A certificate of service shall promptly be attached to each objection and shall comply with Local Bankruptcy Rule 9013(f).

If an Objection to a Claim is filed, the Creditor shall file a response to any such objection within twenty one (21) days from the mailing date set out in the certificate of service for the objection. Responses may take one of two forms namely, a consent to the objection, or a non-consenting response. A non-consenting response shall state specific reasons for objection to each

ground or defense, shall list the names and addresses of any and all witnesses to be called in support of the response, and shall include copies of all documents (including invoices, security documents and the like) relied upon by the non-consenting party to support allowance of the Claim or interest. Copies of such responses shall be served upon the Trustee, and the Debtor, and attorneys for the Revested Debtor. Failure to timely file a response shall result in a deemed consent to the objection, and upon the expiration of the 21-day period, the Court may enter an order without further notice of hearing. In the event a timely non-consenting response is filed, the Court shall set a hearing on not less than thirty (30) days' notice to the parties in accordance with Bankruptcy Rule 3007.

## V.

### **ALTERNATIVES TO CONFIRMATION OF THE PLAN**

Although this Disclosure Statement is intended to provide information to assist in the formation of the judgment as to whether to vote for or against the Plan a brief discussion of alternatives to confirmation of the Plan may be useful. These alternatives include continuation of the Chapter 11 case or re-conversion to Chapter 7 for liquidation. The Debtor, of course, believes the Plan to be in the best interest of Creditors and the Debtor. Thus, the Debtor does not favor these alternatives.

1. If this Chapter 11 proceeding continues without a confirmed Plan, there would be further delay in payments to Creditors.

2. The Debtor believes that a liquidation under Chapter 7 would not be in the best interests of all parties. Should the case be converted to Chapter 7, creditors would only receive the liquidation value of the Debtors' assets which are minimal.

3. If this case were dismissed, the rights of all creditors would be prejudiced. The Creditors who were able to obtain State Court remedies against Debtors first would have an advantage over other Creditors. The dismissal would also create a large amount of litigation.

## VI.

### **RISKS TO CREDITORS UNDER PLAN**

In the future, if the Revested Debtor cannot continue the operations and/or administer the assets described in the Plan, the Revested Debtor may have to convert this proceeding to a Chapter 7 proceeding, which may result in a relatively small dividend to Administrative, Priority

and Unsecured Creditors, if any, in the Case.

## VII.

### **CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN**

The implementation of the Plan will have significant federal income tax consequences with respect to the Creditors and the Debtors. The following discussion summarizes such federal income tax consequences based upon the Internal Revenue Code of 1986, as amended (the "Tax Code") and the Treasury Regulations promulgated thereunder.

The Plan and its related tax consequences are complex. Treasury Regulations have not yet been promulgated with respect to many of the substantive provisions of the Tax Code that have been amended by legislation in recent years. The Debtors have not requested a ruling from the Internal Revenue Service, nor has it obtained an opinion of counsel. Accordingly, no assurance can be given as to the interpretation that the Internal Revenue Service will adopt. Further, the federal income tax consequences to any particular Creditor, and the Debtors may be affected by matters not discussed below. There also may be state or local tax considerations applicable to each Creditor. THE DISCUSSION SET FORTH BELOW IS INCLUDED FOR GENERAL INFORMATION ONLY. BECAUSE THE TAX CONSEQUENCES OF THE PLAN MAY VARY DEPENDING UPON INDIVIDUAL CIRCUMSTANCES, EACH CREDITOR AND INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR AS TO THE CONSEQUENCES OF THE PLAN UNDER APPLICABLE FEDERAL, STATE, AND LOCAL TAX LAWS.

#### A. Federal Income Tax Consequences to Creditors

The federal income tax consequences of the implementation of the Plan to a Creditor will depend in part on whether, for federal income tax purposes, the obligation from which a Creditor's Claim arose constitutes a "security." The determination as to whether an obligation from which a Creditor's Claim arose constitutes a "security" for federal income tax purposes is complex. It depends on the facts and circumstances surrounding the origin and nature of the obligation. Generally, corporate debt obligations evidenced by written instruments with original maturities of ten years or more constitute "securities." Although it appears that most of the Creditors' Claims do not constitute "securities," the Debtor expresses no views with respect to whether the obligation from which a particular Creditor's Claim arose constitutes a "security" for

federal income tax purposes. Creditors are urged to consult their own tax advisors in this regard.

Exchanges by Creditors whose claims arise from obligations that do not constitute "securities," or whose claims are for wages or services, will be fully taxable exchanges for federal income tax purposes. Such Creditors who receive solely cash in discharge of their Claims, will recognize gain or loss, as the case may be, equal to the difference between (i) the amount realized by the Creditor in respect of its Claim (other than any Claim for accrued interest) and (ii) the Creditor's tax basis in its Claim (other than any Claim for accrued interest). For federal income tax purposes, the "amount realized" by a Creditor who receives solely cash in discharge of its Claim will be the amount of cash received by such Creditor.

Where gain or loss is recognized by a Creditor, the character of such gain or loss as a long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the Creditor, whether the obligation from which a claim arose has been held for more than six months, and whether and to what extent the Creditor has previously claimed a bad debt deduction. The capital gains deduction for individuals and the alternate tax for corporate net capital gain has been repealed and capital gain is currently taxed to individuals and corporations at their respective maximum tax rates. However, the definitions of long-term and short-term capital gain or loss have not been repealed.

To the extent any amount received (whether cash or other property) by a Creditor is received in discharge of interest accrued on its Claim during its holding period, such amount will be taxable to the Creditor as interest income (if not previously included in the Creditor's gross income). Conversely, a Creditor will recognize a deductible loss (or, possibly, a write-off against a reserve for bad debts) to the extent any interest accrued on its Claim was previously included in the Creditor's gross income and is not paid in full.

## VIII.

### CONCLUSION

The materials provided in this Disclosure Statement are intended to assist you in voting for the Plan of Reorganization in an informed manner. If the Plan is confirmed, you will be bound by its terms, you are urged to review this material and make such further inquiries as you may deem appropriate and then cast an informed vote on the Plan. The Debtor believes that a

reorganization of the Debtor pursuant to the Debtor's Plan will provide an opportunity for creditors to receive more than would be received by liquidation of assets under Chapter 7 of the Code.

Date: July 27, 2016

Signed:

/s/ Ken Cobb

Ken Cobb

Acme Investment Corporation

7330 Callaghan

San Antonio, TX 78229

**CERTIFICATE OF MAILING**

I certify that, a copy of the attached Plan and Disclosure Statement was mailed to the below named persons, by United States first class mail, postage prepaid, on July 29, 2016 except where otherwise indicated.

Acme Investment Corporation

7330 Callaghan

San Antonio, TX 78229

And all parties on the attached Service List

/s/ Michael J. O'Connor