UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND

In re:	)	
	)	
CITY THEATER, LLC	)	Case No. 10-37196
	)	(Chapter 11)
	)	
Debtor	)	
	)	

CHAPTER 11 DISCLOSURE STATEMENT
IN SUPPORT OF MODIFIED CHAPTER 11 PLAN [DKT. 329]
FILED BY CITY THEATER, LLC
(AUGUST 31, 2017)

I. INTRODUCTION

CITY THEATER, LLC (the "Debtor" or "City Theater"), by undersigned counsel, John D. Burns, Esquire, and The Burns Law Firm, LLC, submits this amended Disclosure Statement (the "Disclosure Statement"), pursuant to § 1125 of the Bankruptcy Code of 2005, as amended (the "Bankruptcy Code"), to all holders of Claims[1] against or interests in the Debtor, as a prerequisite to soliciting acceptances to the Debtor's Modified Plan of Reorganization (the "Plan"), as amended, which has been filed with the Clerk of the United States Bankruptcy Court for the District of Maryland (the "Bankruptcy Court").

The purpose of this Disclosure Statement is to furnish adequate information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the Debtor and the condition of the Debtor's books and records, that would enable a hypothetical reasonable investor typical of the holders of Claims against or interests in the Debtor to make an informed judgment about the Plan. Therefore, as addressed more fully

[1] Unless otherwise defined herein, to the extent possible the capitalized terms used herein shall have the respective meaning assigned in the Plan and such definitions are incorporated herein in the Plan description section.

below, the information contained herein has not yet been approved by the Bankruptcy Court as "adequate information" within the meaning of the Bankruptcy Code.

Contemplated in respect of this Disclosure Statement are copies of: (a) the Plan, which is attached and incorporated herein as **Exhibit 1;** (b) the liquidation analysis of the Debtor (the "Liquidation Analysis" or "Balance Sheet") respective to the Plan as modified to be incorporated herein as **Exhibit 2;** (c) the Debtor's Motion to Approve Sale of 56 E. Washington Street, Hagerstown, Maryland Free and Clear of Liens, Claims, Encumbrances and Interests Pursuant to 11 U.S.C. § 363(f) (the "Motion to Sell Free and Clear") [Dkt. 311] to be incorporated herein as **Exhibit 3**; (d) a *pro forma* statement of anticipated distributions under the Plan after the sale of property, to be incorporated herein collectively as **Exhibit 4** ; and (e) a Ballot for acceptance or rejection of the Plan ("Ballot") to be incorporated herein as **Exhibit 5**.

After carefully reviewing the Plan, this Disclosure Statement and all the Exhibits annexed hereto, please indicate your vote on the enclosed. IF YOU ARE ELECTING TO BE TREATED AS AN ADMINISTRATIVE CONVENIENCE CLAIM, YOU MUST ACKNOWLEDGE SAME ON THE BALLOT WHERE SPECIFIED. Please vote and return your Ballot to the following address: John D. Burns, Esquire, The Burns LawFirm, LLC, 6303 Ivy Lane; Suite 102, Greenbelt, MD 20770. YOU MAY FAX THE BALLOT TO 301.441.9472 PROVIDED YOU PREFACE YOUR FACSIMILE WITH A COVER SHEET IDENTIFYING THE CASE NAME, NUMBER AND IDENTIFYING YOURSELF BY NAME AND COMPANY AFFILIATION, IF ANY.

NO REPRESENTATION CONCERNING THE DEBTOR, THE VALUE OF THEIR PROPERTY, OR THE PLAN, ARE AUTHORIZED BY THE DEBTOR UNLESS

SET FORTH IN THIS DISCLOSURE STATEMENT[2]. THE SOURCE OF THIS INFORMATION IS FROM THE DEBTOR ALONE. **ACCORDINGLY, NO REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OF THE PLAN, OTHER THAN THOSE CONTAINED IN THIS DISCLOSURE STATEMENT, SHOULD BE RELIED UPON IN EXERCISING THE RIGHT TO VOTE OR NOT TO VOTE ON THE ACCEPTANCE OF THE PLAN AND ANY SUCH REPRESENTATION OR INDUCEMENT SHOULD BE REPORTED IMMEDIATELY TO THE DEBTOR'S COUNSEL.** THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. NO REPRESENTATION IS MADE THAT FINANCIAL SYNOPSES ANNEXED HERETO OR RELIED UPON HEREIN ARE PREPARED IN ACCORDANCE WITH GAAP. THE RECORDS KEPT BY THE DEBTOR ARE NOT WARRANTED OR REPRESENTED TO BE WITHOUT INACCURACY, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE. THE DEBTOR BELIEVES THAT THE PLAN PROVIDES THE GREATEST AND EARLIEST POSSIBLE RECOVERY TO ITS CREDITORS. THE DEBTOR THEREFORE BELIEVES THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTEREST OF ALL CREDITORS. THE PLAN AND DISCLOSURE STATEMENT ARE COMPLEX INSOFAR AS THEY CONSTITUTE A LEGALLY BINDING COMMITMENT BETWEEN CREDITORS AND THE DEBTOR. ACCORDINGLY, CREDITORS AND PARTIES-IN-INTEREST ARE URGED TO SEEK LEGAL COUNSEL IF UNSURE OF THE EFFECT OF THE PLAN AND DISCLOSURE STATEMENT.

---

2 See, In re Metrocraft, 39 B.R. 567, 568 (Bankr. N.D. Ga. 1984) (Factor No. 4, 5, 15)

THE PLAN PROVIDES CERTAIN ADDITIONAL RISKS TO CREDITORS IN THAT WHILE PROJECTIONS AND ASSUMPTIONS HAVE BEEN PREPARED WITH GREAT CARE, THE PAYMENT ON ALLOWED CLAIMS IN THIS CASE IS CONTINGENT UPON APPROVAL OF THE DEBTOR'S PLAN. MOREOVER, THIS DISCLOSURE STATEMENT IS NOT A STATEMENT OF COURT APPROVED REPRESENTATIONS. The description of the Plan in this Disclosure Statement is a summary only, and creditors and other parties in interest are urged to review this entire Disclosure Statement and its Exhibits, the detailed description of the Plan contained herein, and the Plan itself which is annexed hereto for a full understanding of the Plan's provisions.

II. STANDARD AT LAW:

1. Basis for Adequate Information:

A disclosure statement must contain "adequate information" as is defined and set forth in Section 1125(a) of the Code: This means "information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor's books and records, including a discussion of the potential material Federal tax consequences of the plan to the debtor, any successor to the debtor, and a hypothetical investor typical of the holders of claims or interests in the case, that would enable such a hypothetical investor of the relevant class to make an informed judgment about the plan."

Moreover, recognizing the practicalities of Chapter 11, the drafters of Title 11 reserved that "adequate information need not include such information about any other possible or proposed plan and in determining whether a disclosure statement provides adequate information, the court shall consider the complexity of the case, the benefit of

additional information to creditors and other parties in interest, and the cost of providing additional information." 11 U.S.C. § 1125(a) (2011). As such, the Code presents inherent flexibility as to the contents of a disclosure statement as they pertain to the unique facets of the debtor in question, such as size of business, complexity of operations and of course, nature of the reorganization at hand.

A long standing "benchmark" for determining the adequacy of information presented within a Disclosure Statement is found at Judge Drake's seminal opinion, in Metrocraft, wherein the Bankruptcy Court drew from substantial sources to produce a nineteen (19) factor list:

> Relevant factors for evaluating the adequacy of a disclosure statement may include: (1) the events which led to the filing of a bankruptcy petition; (2) a description of the available assets and their value; (3) the anticipated future of the company; (4) the source of information stated in the disclosure statement; (5) a disclaimer; (6) the present condition of the debtor while in Chapter 11; (7) the scheduled claims; (8) the estimated return to creditors under a Chapter 7 liquidation; (9) the accounting method utilized to produce financial information and the name of the accountants responsible for such information; (10) the future management of the debtor; (11) the Chapter 11 plan or a summary thereof; (12) the estimated administrative expenses, including attorneys' and accountants' fees; (13) the collectibility of accounts receivable; (14) financial information, data, valuations or projections relevant to the creditors' decision to accept or reject the Chapter 11 plan; (15) information relevant to the risks posed to creditors under the plan; (16) the actual or projected realizable value from recovery of preferential or otherwise voidable transfers; (17) litigation likely to arise in a nonbankruptcy context; (18) tax attributes of the debtor; and (19) the relationship of the debtor with affiliates.

See, In re Metrocraft, 39 B.R. 567, 568 (Bankr. N.D. Ga. 1984).

Each of these as may be applicable is addressed herein, and appropriately referenced by footnote so that the reader may track each reference:

III. HISTORY AND BACKGROUND:

1. *Basis for Filing and Factual Predicates3:*

On or about December 1, 2010 (the "Petition Date"), a voluntary Chapter 11 case under the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (the "Code"), was filed by the Debtor in the United States Bankruptcy Court for the District of Maryland (the "Bankruptcy Court"). The petition was filed to preserve the value of certain assets of the Debtor, to promote a reasonable reorganization of the Debtor's affairs, and to prevent against a potential forced sale and to ensure that creditors holding allowed claims could receive statutorily provided treatment required by Title 11 of the United States Code.

The Debtor runs a theater facility for the use of various dramatic performance companies and a catering company that supplies food for local events. On the Petition Date, It housed a tenant on the first floor; namely, Potomac Playmakers, Inc., and a series of temporary performances from interim groups that require its services. The Debtor also provides food through a second floor tenant which acts as a catering company to compliment the operations of the theater companies that perform on site; namely, 3 Will Boys, LLC.

The Debtor was formed on December 14, 2006. Its genesis arose from an abandoned building in the economically challenged center of Hagerstown, MD. Milton Stamper, the Managing Member of the Debtor undertook to obtain contracts for construction and funding of converting the premises into a theater and associated community center for the development of the arts in Washington County, MD. Milton Stamper had a desire to improve the community and in so doing wanted to provide a source for the arts to the community. Stamper Construction Corp., an entity owned by Milton Stamper, undertook to provide general contractor services on the project. Although both the State of Maryland and the City

3 See, In re Metrocraft, 39 B.R. 567, 568 (Bankr. N.D. Ga. 1984) (Factor No. 1)

of Hagerstown made generous loans to the process, as did M&T Bank as a first priority lender, the construction of the facility was complicated by the lack of clear and definite initial engineering designs. This caused substantial cost overruns and ultimately delayed construction, thereby creating more debt against the Real Property than was anticipated, particularly as the facility emerged into a challenged economic environment. By way of example, prior to the Petition Date, Milton Stamper was obligated to infuse $315,000.00 of his own money into the Debtor's construction which will not be reimbursed to him under the reorganization. Moreover, through Stamper Construction Corp., Milton Stamper incurred a further $118,000.00 invoice which is not likely to be repaid. The United States Trustee has requested that the Debtor amend its Disclosure Statement to note that Milton Stamper is the individual who was hired to construct the facility, and in the eyes of the United States Trustee reaped some financial benefit from cost overruns. This is not correct: Mr. Stamper as the general contractor not only suffered the delays of an inadequate engineering design, but also laid out of his company $118,500.00 in cost overruns he had to pay for as well as $315,000.00. There was no financial benefit of any untoward nature for Mr. Stamper, but rather a financial consequence of debt accumulation on a personal level.

Mr. Stamper was unable to collect his $500.00 per week salary prior to the Petition Date, and holds a claim for $10,000.00 as a priority wage claim under 11 U.S.C. § 507(a)(4). Mr. Stamper has also been unable to collect his $500.00 per week salary since the Petition Date, and consequently has an accrued balance of approximately $52,000.00 to the projected Confirmation Date of December, 2012.

Notwithstanding these debt issues, the Debtor was completed in 2008. The management of the Debtor was formed by Milton Stamper and Michael Guessford, the latter

of whom is the principal of the 3 Will Boys, LLC. Although Mr. Guessford has diminished his involvement with the Debtor up to the Petition Date, he remained an owner as of the commencement of the case. For informational purposes, 3 Will Boys, LLC is the same entity known in trade name as "Always Ron's Catering" and the two should be regarded as synonyms for the purposes of this Chapter 11 Case. In the Fall of 2008 the Debtor entered into a lease agreement with Potomac Playmakers, Inc. at $2,000.00 per month and a lease with 3 Wills Boys, LLC for catering at $5,000.00 per month. Unfortunately, the lease with Potomac Playmakers, Inc. was not a triple net lease and the Debtor resultantly was obligated to pay taxes, insurance and utilities. However, the use of the space by Potomac Playmakers, Inc. was not a full occupancy and the space was subject to use by others when the prime tenant was not engaged in rehearsals or performances. Upon the expiration of the lease with 3 Wills Boys, LLC in August, 2009, the tenant continued month to month on an oral agreement at $2,000.00 per month. 3 Wills Boys, LLC also pays utilities and cleaning services on the second floor space. The Debtor also attempted to garner part time tenants who would operate in the first floor theater part time, such as Children's Theater and various local schools, in an attempt to create further income which would supplement the two anchor tenants. However, the net decrease in the Debtor's revenues was impactful on the operations of the business over time.

Despite these revenues and optimistic prospects envisioned as the Debtor emerged from construction, the Debtor found itself in difficult straights as to making debt service on its secured obligations as and when due. Milton Stamper, who had made $315,000.00 in prior loans/capital contributions to the Debtor continued to extend his own capital to shore up the differences in operations. However, this was to no avail as the Fall of

2010 approached. The Debtor commenced a voluntary Chapter 11 proceeding in December, 2010.

2. *Post-Petition Operations (12/10-12/11[4]):*

Following the Petition Date, the Debtor's operations continued to operate on marginal revenues. The Debtor experienced losses in many reporting months. A great deal of tension arose from the interplay of the Debtor's need to maximize the leasable use of the first floor and the needs of Potomac Playmakers, Inc. to have more expansive use of the space than the Debtor anticipated for rehearsals, set constructions and disassembly, and performances. Further disputes arose with 3 Will Boys, LLC, that was declining to pay rent for a period of time and resisted calls for increased rent or otherwise addressing prospective increases. Disputes also existed with the State of Maryland/Bogman, Inc. which are addressed below.

a. Lease With Potomac Playmakers, Inc.:

Disputes gelled early over the inability of Potomac Playmakers, Inc. to secure their equipment so that other licensees could use the space, coupled with the use of Potomac Playmakers, Inc.'s equipment by those licensees. These disputes created dislocation over sporadic tenants and licensees. This problem devolved in the Spring and Summer of 2011 into disputes over the timing of rehearsals and visits by Potomac Playmakers, Inc., and in the Fall of 2011 it erupted into litigation over whether Potomac Playmakers, Inc. would remain a tenant, whether they had claims of constructive eviction, whether the Debtor had claims for loss of opportunity and frustration of purpose, and whether there was any way to restore the relationship that had existed in 2009 and 2010.

---

[4] See, In re Metrocraft, 39 B.R. 567, 568 (Bankr. N.D. Ga. 1984) (Factor No. 6)

Despite these disputes with Potomac Playmakers, Inc., the existence of a long term tenant with an established base of operations locally made the decision to assume or reject the lease a decision which the business judgment rule supported assumption. Although the parties ultimately agreed to a consensual rejection without damages for either party, the basis for these decisions and events is described more fully below.

The lease with Potomac Playmakers, Inc. provided for a five (5) year term. The first two (2) years were to be paid at $2,000.00 per month, and thereafter the rent is to be increased pursuant to a formula determined under the consumer price index (CPI). Lease at §§ 2 and 3. Potomac Playmakers, Inc. was permitted to use the rental area (first floor) for both rehearsal and presentation of theatrical productions, and any other use reasonably requested use that is agreed upon. Lease at § 5. There was a onetime right of renewal for the tenant for a second five (5) year term. Lease at § 23.

In Section Five of the Lease, the Debtor and Tenant attempted a balance of usage, such that the tenant had certain time intervals available to it, and such that the Debtor had use of the rental area when the tenant was not in possession of it. For example, each play would be presented over two (2) weekends, and would require rehearsals of six (6) weeks prior to the performance. The rehearsals would require use of the rental area approximately three (3) times per week. Construction of any sets would require additional time which is difficult to estimate. These were estimates and not intended to be conclusively binding. Finally, no later than thirty (30) days prior to the date of a play or production, the tenant was required to transmit a schedule specifying: (i) the time and dates of the play or production; (ii) the time and dates for the rehearsals of the play or production; (iii) the time and dates for the construction of sets. Lease at § 5.

The tenant was to have exclusive possession of the rental area during the time and dates outlined in section five of the lease agreement, which gave rise to the problems described herein. This was because during the time not specified for use by tenant, the Debtor could use the rental area or lease it to third parties in a manner which does not interfere with the tenant's use as to times other than those specified for use by the tenant. The lease further provided that the Debtor was responsible for restoring the use of the rental area to the same condition as it was found prior to the use by Debtor or third parties. The tenant's equipment and other personal property was not to be used by Debtor or third party without express written agreement exists. Lease at § 5. Obviously, this presents a problem on its face if the tenant is not willing to put away its equipment between use sessions, and the Debtor as landlord is going to rent the premises to other users for theatrical or other purposes while the tenant's equipment is situated on the floor and all over the premises.

Most importantly, the Debtor and Potomac Playmakers, Inc. agreed to cooperate with one another in adjusting the schedule, giving due regard to each party's needs and commitments. Lease at § 5.

One factor that became an obvious economic disadvantage to the Debtor was that the lease with Potomac Playmakers, Inc. was not a triple-net lease. Contrary to most commercial leases, which utilize a "triple net" formula, this lease required that the Debtor to pay all utility bills, including water, gas, sewer, electricity. The Landlord in turn must also pay real estate taxes. Lease at § 8. The Debtor also pays insurance on the Property; however, the tenant is required to obtain insurance on its personal property. Lease at § 14. To put this in perspective, average bills for utilities ($359.00), taxes ($717.04) and insurance ($129.50) approximate $1,172.00 per month. Also, when viewed in contrast to 3 Will Boys,

LLC who pay their own utilities, this aspect of the Potomac Playmakers, Inc. lease was a clear deficit to the estate.

Accordingly, the Debtor was faced with a direct dilemma; namely, whether it should or even could assume the unexpired lease or whether the negative aspects compelled rejection. On one hand, Potomac Playmakers, Inc. was current on rent. It was an "anchor" tenant which permitted intermittent licensing and leasing of the rental area so as to conceptually enable maximum use and profitability of the space at issue. The Tenant is a well recognized theater company with a need to maintain a stable and permanent home and location for its operations. This drew potential customers for other tenants of the Property, such as catering or at least creates positive exposure for the property. The Tenant pays rent when due.

On the other hand, there were significant drawbacks to the Lease which bring into question its merit and benefit to the estate. The strongest reason against assumption is the fact that the lease provided for fairly minimal rent of $2,000.00 with CPI adjustments for a renewable period up to ten (10) years in total. The Debtor believed that stronger candidates for the Rental Area exist that would pay a higher rent. However, some of these candidates might be fleeting or impermanent entities which would draw against a business rationale for rejection of the lease at hand. The lease with Potomac Playmakers, Inc. did not provide for CAM (common area maintenance) reimbursement, or utilities, taxes and insurance. Finally, the business judgment test was impacted by the ongoing "personality disputes" between the Debtor and tenant, which although not matters of substance under the Lease itself, did tend to limit the freedom of the Debtor to use the rental area when the Tenant was not using the space. For example, by failing to secure and put away its equipment when the rental area is

not in use by the tenant, the Debtor was deprived as a practical matter of the use of the rental area to generate income from other entities.

The Debtor made the decision on October 19, 2011 and filed a Motion to Assume the Unexpired Lease or Executory Contract, which was opposed by Potomac Playmakers, Inc. on November 10, 2011. Although the Debtor, in its judgment, made great efforts to accommodate the tenant, the parties conferred (with the graciously appreciated assistance of the United States Trustee), and a mutual decision was reached on or about December 7, 2011 to reject the lease and for both parties to release one another from any claimed damages arising out of the Potomac Playmakers, Inc. lease agreement.

b. Disputes with 3 Will Boys, LLC:

The Debtor has had a difficult but ultimately beneficial economic relationship with 3 Will Boys, LLC. This entity is the tenant on the second floor and provides catering services generally and refreshments respective to theater performances for the tenant on the first floor. Originally, when the economy was better, this tenant entered into a one (1) year lease of the premises from September 1, 2008 to August 31, 2009 at $5,000.00 per month. When the lease expired, the tenant declined to renew and elected instead to enter into a $2,000.00 rental on a month to month basis based on an oral license.

3 Will Boys, LLC, run by a co-owner of the Debtor, Michael Guessford, has always paid its rent, although it has been late from time to time due to the economy in late 2011. Although the Debtor continues to seek a higher paying tenant for the upstairs space, 3 Will Boys, LLC presently on a month to month arrangement (that is being reduced to a written lease) is the best present option that exists in the judgment of the Debtor, and consequently this entity may continue to function month to month throughout the Plan term

unless a better candidate appears. Of great importance to the Debtor, this tenant does pay its own utilities, thus making the $2,000.00 rent of greater value to the Debtor than was the rent from Potomac Playmakers, Inc. without any utilities coverage.

c. State of Maryland/Bogman, Inc.:

Additional disputes arose with the State of Maryland/Bogman, Inc., a second priority lienor on the Real Property. There was overlapping litigation involving Milton Stamper individually who was unable to resolve his personal guaranty disputes with the State of Maryland which led to a confessed judgment against him and ambiguities as to how to resolve those disputes. On May 26, 2011, the Department of Housing and Community Development[5] (an agency of the State of Maryland) moved to dismiss the case. The Debtor has subsequently done all it can in the absence of a resolution between Milton Stamper and the State of Maryland

These disputes have relevance to this Chapter 11 case. For example, in order for Milton Stamper to function and operate his construction business, it is necessary that he have State of Maryland certifications and other benefits provided by the State of Maryland. If Milton Stamper is going to resolve his disputes with the State of Maryland consensually, then not only is Milton Stamper able to function economically, and fund his new value contributions to this Chapter 11 case, but the Debtor is therefore also able to reorganize to the benefit of all, including the State of Maryland. Thus far, although Milton Stamper has reportedly provided the State of Maryland with all documentation requested, and an offer of personal settlement, no response has been issued by the State of Maryland[6]. Accordingly, this

---

5 One of the difficulties which exists in this particular dispute is that the State of Maryland is acting through multiple agencies, some of which have conflicting agendas. Thus, there is no single voice from the State of Maryland which is controlling here.

6 Mr. Stamper is individually represented by Jim Vidmar, Esquire

remains an open material contingency to this Plan and the reorganization at large. If the State of Maryland does not reach consensus with Milton Stamper, then it severely impacts the viability of the reorganization because the income that is needed from Mr. Stamper to fund a new value contribution becomes challenged.

3. Post-Petition Operations: (12/11-01/12):

Following November, 2011, the Debtor's problems began to subside, and resolutions arrived with Potomac Playmakers, Inc., 3 Will Boys, LLC. Specifically, the dispute with Potomac Playmakers, Inc. reached its zenith and was resolved by a mutual decision between the Debtor and this tenant that Potomac Playmakers, Inc. would vacate the premises. The dispute with 3 Will Boys, LLC was resolved by the tenant's commitment to pay its rent and remain in a documented lease, albeit on a month to month basis pending a better offer from any other prospective tenant to the Debtor. This provides the Debtor with both needed cash flow and the flexibility to rent the space anew should a better tenant surface. 3 Will Boys, LLC has provided a month to month addendum to the original lease arrangement it had with the Debtor, and has confirmed subsequent to the addendum that it will increase payments by 3% annually as projected in the pro forma. However, because this is a month to month lease, parties in interest should note that this is a projection based upon an assumption that 3 Will Boys, LLC wishes to remain in the premises on a longer term than for one year, after which the 3% increase would kick in.

The Debtor has entered into a new lease subject to Bankruptcy Court approval with Walker Performing Arts, LLC ("WPA"), as the new tenant for the first floor theater space. This lease provides the estate with $2,500.00 per month in rent (as opposed to $2,000.00 for Potomac Playmakers, Inc.) and WPA will be funding its own utilities, which as

noted above average $359.00 per month. The lease is for two years and has a commencement date of March 1, 2012. The lease contains guarantors, Jerry Walker and Terri Walker, the principals of the tenant. The lease carries a security deposit of $2,500.00. WPA is committed to the space 100% of the time, thus unlike the prior lease with Potomac Playmakers, Inc. which provided for periods of non-usage so that the Debtor could attempt to generate funds through licensing the space to other groups, this lease will not provide those problems. WPA is prohibited from subleasing or assigning their rights under the lease without Debtor's consent, which gives some comfort to the Debtor that they are committed to this space. The lease is being submitted to the Bankruptcy Court for approval herewith.

Finally, the difficulties with the State of Maryland have neither progressed to a resolution nor have they presented any new impediments. It is the position of the Debtor that this Plan can be confirmed as a standalone document from the negotiations between Milton Stamper and the State of Maryland; however, to the extent those extrinsic negotiations fail, the Plan will be materially impacted for the reasons set forth above. This Plan provides for a new value contribution by Milton Stamper of $1,250.00 per month, and the Debtor recognizes the totality of Milton Stamper's contribution or financial infusion to the State of Maryland is a separate matter, but is also one which has overlap into the projections accompanying this Plan. The Debtor believes that what it has proposed in this Plan is feasible and achievable, irrespective of any other agreements which may be reached by the State of Maryland and Milton Stamper.

The Debtor is current on its monthly reports and for December, 2011, has recorded income of $5,060.00 and expenses of $4,421.86, with net income of $638.14. The Debtor believes the Plan is feasible because the Debtor can fund this Plan with a minimal

contribution from Mr. Stamper every month.

The Debtor has reached an agreement with M&T Bank whereby its treatment is set forth at Class 1, but moreover M&T has agreed to waive from the Debtor the sum of $14,000.00 in post-petition attorneys' fees and $620.88 in post-petition late fees, inasmuch as those fees and costs are not recoverable in an under secured claim. M&T of course retains whatever rights it may have against any third party guarantors.

3. Post-Confirmation Operations: (05/13 – 09/17):

The Debtor has confirmed and directly administered the Plan without a disbursement agent and has tendered payments since the Effective Date. Currently, the tenants of the Property who produce revenues for operations are 3 Will Boys and The First United Pentecostal Church of Hagerstown, Inc. (the "Church" or "Buyer"). The Church wishes to purchase the Property and has submitted a contract for same, which is ratified. A copy of the Contract is attached to the Motion to Sell Free and Clear. This transaction was submitted to the Court in the Spring, 2017 and denied because the Court desired to see a modified Plan prior to approving a sale of the Property which is not in the original confirmed Plan. The complications of addressing a modification of this Chapter 11 Plan which had innumerable moving parts when originally confirmed was not easy or straightforward. However, this Plan has been modified, filed and now this Disclosure Statement is filed in furtherance of adequate information as is required pursuant to 11 U.S.C. § 1127 upon modification proceedings.

The reasons for the proposed sale of the Property under a confirmed Plan are straightforward. With respect to the M&T Bank claim, treatment was provided at Class 1 of the Plan [Dkt. 186], which was approved by Confirmation Order [Dkt 219] as previously

noted on or about May 15, 2013. M&T Bank was to be treated under the Plan as to a short term debt repayment and the debt was to be refinanced in two years. Per the Terms of the confirmed Plan, M&T Bank was to receive $2,805.00 per month with a balloon of $331,690.77 on June 22, 2014. The confirmed Plan provides for an additional amount of $15,500.00 for post-petition interest which was to be paid on June 22, 2014 or otherwise by agreement.

The Debtor reportedly has performed on all of these obligations other than on the refinancing duties for the balloon payment to M&T Bank. Despite multiple attempts to refinance, and two consensual one year extensions provided by M&T Bank for such refinancing, Debtor has been unable to refinance. There are no more extensions from M&T Bank pending; however, the parties have deferred on other remedies while the present sale was negotiated. It is the Debtor's business judgment that a sale is appropriate to enable repayment to M&T Bank and to consummate the remainder of the Plan duties as modified. Additionally, as noted the confirmed Plan will need to be modified in accordance with the sale by separate motion. The Debtor's principal understands that he will need to provide an alternative source of funding from his own funds and construction projects to fund the modified plan after the sale.

Claims by the City of Hagerstown and Washington County were resolved in May 2013 as required by the Confirmation Order, and the Debtor advises he complied with these duties. The Debtor is advised that some further taxes have come due by the City of Hagerstown and that will need be resolved in the sale process because the undersigned has been unable to substantiate that these taxes are on account of this Debtor, and not Stamper Construction Corp.

Although no proof of claim was filed by Bogman, Inc., the claim of Bogman, Inc. was treated as Class 2 in the confirmed Plan. The Confirmation Order approved the stripdown/stripoff and treatment prescribed for Class 2 in the Plan. The result is that the Class 2 claim was to be treated as an allowed secured claim in the amount of $23,499.20, with an anticipated deficiency claim of $532,607.97. Further, the confirmed Plan provides for payment of the $23,499.20 secured claim, assuming a 5.25% interest rate, at $342.40 per month for 84 months from the Effective Date of the Plan.

The Debtor had submitted the Motion to Sell Free and Clear anew with this Plan and Disclosure Statement so as to modify the plan that was confirmed and move on to the remaining term of events post-sale of the Property.

IV. PLAN OF REORGANIZATION

The following is a brief summary of the Plan of Reorganization of the Debtor filed with the Clerk of the United States Bankruptcy Court for the District of Maryland contemporaneous herewith. All statements made below are general in nature and are qualified in their entirety by reference to the complete terms of the Plan attached hereto and incorporated herein as **Exhibit 1.** Creditors, parties-in-interest and Equity Interest Holders are encouraged to read the entire Plan and consult with their respective counsel, accountants, business advisors and each other in order to fully understand the Plan.

For purposes of the Plan[7], definitions are set forth, Claims and Interests are classified as follows:

"Class 1 Claim" shall consist of the Allowed Secured Claim of M&T Bank in the Real Property in the amount of $345,000.00.

7 Although the Plan of Reorganization is set forth as an Exhibit to the Disclosure Statement, and as is standard in any Disclosure Statement definitions are incorporated from the Plan, they are separately set forth herein for those desiring a summary.

"Class 2 Claim" shall consist of the Avoided Secured Claim of Bogman, Inc. or any alleged successor in interest, State of Maryland Department of Housing and Community Development in the Real Property in the remaining amount of approximately $23,499.20, which shall survive as a secured claim and be attached and perfected to all assets of Stamper Builders (a sole proprietorship) and Stamper Properties, LLC.

"Class 3 Claim" shall consist of the Allowed Secured Claim of the City of Hagerstown, MD in the Real Property, Revolving Loan in the amount of zero having been previously satisfied.

"Class 4 Claim" shall consist of the Allowed Secured Claim of the Taxing Authority of Washington County, MD in the Real Property in the amount of zero having been previously satisfied.

"Class 5 Claim" shall consist of the Allowed Secured Claim of the Taxing Authority of the City of Hagerstown, MD in the Real Property in the amount of zero having been previously satisfied.

"Class 6 Claims" shall consist of the Deficiency Claims, which for the purposes of this Plan are consolidated with Class 7 Claims (except for Class 2), disclosure statement approval already having occurred in 2013.

"Class 7 Claims" shall consist of the Allowed Unsecured Claims against the Debtor. Class 7 shall contain all Allowed Deficiency Claims.

"Class 8 Claims" shall consist of any Disputed Claims against the Debtor, which is now moot under this Plan given that all such Disputed Claims have been either Allowed or Disallowed.

"Class 9 Claims" shall consist of any Insider Claims against the Debtors,

which may not be joined with Class 7 Claims because of 11 U.S.C. § 1129(a)(10).

"Class 10 Interests" shall consist of the Equity Interests in the Debtor.

"Class 10A Claim" shall mean the 507(a)(4) Claim of Milton Stamper which is no longer germane for this Plan.

"Class 11 Claims" shall consist of all Administrative Convenience Claims against the Debtor. Absent the existence of 20 or more such Administrative Convenience Claims electing treatment pursuant to this Class by voting ballot, there will be no Class 11 as it is administratively unnecessary.

The Debtor has not designated any Class of Claims under §§ 507(a)(2), or 507(a)(8) pursuant to § 1123(a)(1) of the Bankruptcy Code. The Plan contemplates that all Allowed Administrative Expense Claims shall be accorded treatment and payment as provided for by the Bankruptcy Code and as otherwise addressed by this Plan, including accrued fees to counsel for the Debtor pre-confirmation, by court Order on Fee Application in the amount of $89,885.58, and post-confirmation has accrued fees and costs $49,123.00. Further, any Allowed Priority Claims shall be treated as required by the Bankruptcy Code and this Plan. Finally, any unpaid quarterly fees due and owing to the Office of the United States Trustee shall be satisfied in full on the Effective Date, and any prospective quarterly fees to the Office of the United States Trustee shall be paid as and when due.

Class 1 Claim is Impaired (M&T Bank). In full and complete satisfaction of the Class 1 Claim, the Debtor shall provide $345,000.00 to the Allowed Amount of the Class 1 Claim from the Sale of the Real Property after carve out for administrative expenses pursuant to 11 U.S.C. § 506(c) . This treatment supersedes and modifies the prior treatment in the earlier version of this Plan which was confirmed in 2013.

Treatment of the Class 1 Claim as provided in this Plan shall entitle the Class 1 Claim to receive on account of its Allowed Secured Claim money or money's worth equivalent to the present value amount of its Allowed Secured Claim, of a value, as of the Confirmation Date, of at least the value of Class 1 Claimholder's interest in the collateral securing its Allowed Secured Claim, and for the realization by the Class 1 Claimholder of the indubitable equivalent of its Allowed Secured Claim. Should the Class 1 Claim as a Secured Creditor elect treatment under Section 1111(b)(2) of the Code, treatment shall be provided in accordance with the requirements thereof. Finally, treatment of the Class 1 Claim may be based upon Cash Distributions arrived at by agreement. Upon payment in full of the Class 1 Claim through and in accordance herewith, the lien of the Class 1 Claimholder against the collateral, or any other property of the Debtor, shall be released.

Class 2 Claim is Impaired (Bogman, Inc.). In full and complete satisfaction of the Class 2 Claim, the Debtor shall tender Cash Distributions from Cash Flow equivalent to the present value of the collateral securing the Allowed Amount of the Class 2 Claim.

For the purposes of the Plan the Allowed Amount of the Class 2 Claim in the Real Property shall be ***$23,499.20***. This Allowed Deficiency Claim shall be treated as a Secured Claim against the assets of Stamper Builders (a sole proprietorship) and Stamper Properties, LLC. ***Accordingly, assuming a 5.25% interest rate, Class 2 will be paid $1,034.00 per month for 24 months from the Effective Date***. ***The anticipated Unsecured Deficiency Claim of the Class 2 Claim is $532,607.97.***

Subject to the use of any necessary Revenues, Cash Distributions from Cash Flow shall be in the priority of payments required by Title 11 and as demonstrated in greater detail by the pro forma(s) which adjoin the Amended Disclosure Statement to the Plan to be

dedicated to this Class of Claims. Accordingly, Class 2 Claim is not receiving all Cash Distributions from Cash Flow, but rather only those Cash Distributions which are more fully set forth in the pro forma(s). Any adequate protection payments received by the Class 2 Claim as of the date of this Plan will be debited against Cash Distributions. To the extent the Debtor's use of Revenues to fund any unanticipated, necessary and ordinary operating expenses causes the Debtor to pay the Class 2 Claim in arrears of the projected return set forth in the pro forma(s) as discussed in the definition of Reserves above, the Debtor will need become current with the Cash Distributions contemplated within the pro forma(s) to the Class 2 Claim within two (2) months from the shortage, or a default may be appropriate under the Plan..

Treatment of the Class 2 Claim as provided in this Plan shall entitle the Class 2 Claim to receive on account of its Allowed Secured Claim money or money's worth equivalent to the present value amount of its Allowed Secured Claim, of a value, as of the Confirmation Date, of at least the value of Class 2 Claimholder's interest in the collateral securing its Allowed Secured Claim, and for the realization by the Class 2 Claimholder of the indubitable equivalent of its Allowed Secured Claim. To the extent the Class 2 Claim has elected treatment under Section 1111(b)(2) of the Code, treatment shall be provided in accordance with the requirements thereof. Finally, treatment of the Class 2 Claim may be based upon Cash Distributions arrived at by agreement. Upon payment in full of the Class 2 Claim through and in accordance herewith, the lien of the Class 2 Claimholder against the collateral, or any other property of the Debtor, shall be released.

Class 3 Claim is Impaired (City of Hagerstown-Revolving Loan). In full and complete satisfaction of the Class 3 Claim, the Debtor has already satisfied this Secured

Claim.

The anticipated Unsecured Deficiency Claim of the Class 3 Claim is ***$97,674.01***.

Subject to the use of any necessary Revenues, Cash Distributions from Cash Flow shall be in the priority of payments required by Title 11 and as demonstrated in greater detail by the pro forma(s) which adjoin the Amended Disclosure Statement to the Plan to be dedicated to this Class of Claims. Accordingly, Class 3 Claim is not receiving all Cash Distributions from Cash Flow, but rather only those Cash Distributions which are more fully set forth in the pro forma(s) referenced. To the extent the Debtor's use of Revenues to fund any unanticipated, necessary and ordinary operating expenses causes the Debtor to pay the Class 3 Claim in arrears of the projected return set forth in the pro forma(s) as discussed in the definition of Reserves above, the Debtor will need become current with the Cash Distributions contemplated within the pro forma(s) to the Class 3 Claim within two (2) months from the shortage, or a default may be appropriate under the Plan.

Treatment of the Class 3 Claim as provided in this Plan shall entitle the Class 3 Claim to receive on account of its Allowed Secured Claim money or money's worth equivalent to the present value amount of its Allowed Secured Claim, of a value, as of the Confirmation Date, of at least the value of Class 3 Claimholder's interest in the collateral securing its Allowed Secured Claim, and for the realization by the Class 3 Claimholder of the indubitable equivalent of its Allowed Secured Claim. Should the Class 3 Claim as a Secured Creditor elect treatment under Section 1111(b)(2) of the Code, treatment shall be provided in accordance with the requirements thereof. Finally, treatment of the Class 3 Claim may be based upon Cash Distributions arrived at by agreement. Upon payment in full of the Class 3

Claim through and in accordance herewith, the lien of the Class 3 Claimholder against the collateral, or any other property of the Debtor, shall be released.

Class 4 Claim is Impaired (Taxing Authority, Washington Cty). In full and complete satisfaction of the Class 4 Claim, the Debtor has already satisfied this Secured Claim.

Subject to the use of any necessary Revenues, Cash Distributions from Cash Flow shall be in the priority of payments required by Title 11 and as demonstrated in greater detail by the pro forma(s) which adjoin the Amended Disclosure Statement to the Plan to be dedicated to this Class of Claims. Accordingly, Class 4 Claim is not receiving all Cash Distributions from Cash Flow, but rather only those Cash Distributions which are more fully set forth in the pro forma(s) referenced.

To the extent the Debtor's use of Revenues to fund any unanticipated, necessary and ordinary operating expenses causes the Debtor to pay the Class 4 Claim in arrears of the projected return set forth in the pro forma(s) as discussed in the definition of Reserves above, the Debtor will need become current with the Cash Distributions contemplated within the pro forma(s) to the Class 4 Claim within two (2) months from the shortage, or a default may be appropriate under the Plan.

Treatment of the Class 4 Claim as provided in this Plan shall entitle the Class 4 Claim to receive on account of its Allowed Secured Claim money or money's worth equivalent to the present value amount of its Allowed Secured Claim, of a value, as of the Confirmation Date, of at least the value of Class 4 Claimholder's interest in the collateral securing its Allowed Secured Claim, and for the realization by the Class 4 Claimholder of the indubitable equivalent of its Allowed Secured Claim. The Class 4 Claim has elected

treatment under Section 1111(b)(2) of the Code, and treatment is provided in accordance with the requirements thereof. Finally, treatment of the Class 4 Claim may be based upon Cash Distributions arrived at by agreement. Upon payment in full of the Class 4 Claim through and in accordance herewith, the lien of the Class 4 Claimholder against the collateral, or any other property of the Debtor, shall be released.

Class 5 Claim is Impaired (Taxing Authority of the City of Hagerstown, MD). In full and complete satisfaction of the Class 5 Claim, the Debtor has already paid this Claim.

Subject to the use of any necessary Revenues, Cash Distributions from Cash Flow shall be in the priority of payments required by Title 11 and as demonstrated in greater detail by the pro forma(s) which adjoin the Amended Disclosure Statement to the Plan to be dedicated to this Class of Claims. Accordingly, Class 5 Claim is not receiving all Cash Distributions from Cash Flow, but rather only those Cash Distributions which are more fully set forth in the pro forma(s) referenced. To the extent the Debtor's use of Revenues to fund any unanticipated, necessary and ordinary operating expenses causes the Debtor to pay the Class 5 Claim in arrears of the projected return set forth in the pro forma(s) as discussed in the definition of Reserves above, the Debtor will need become current with the Cash Distributions contemplated within the pro forma(s) to the Class 5 Claim within two (2) months from the shortage, or a default may be appropriate under the Plan.

Treatment of the Class 5 Claim as provided in this Plan shall entitle the Class 5 Claim to receive on account of its Allowed Secured Claim money or money's worth equivalent to the present value amount of its Allowed Secured Claim, of a value, as of the Confirmation Date, of at least the value of Class 5 Claimholder's interest in the collateral securing its Allowed Secured Claim, and for the realization by the Class 5 Claimholder of the

indubitable equivalent of its Allowed Secured Claim. Should the Class 5 Claim as a Secured Creditor elect treatment under Section 1111(b)(2) of the Code, treatment shall be provided in accordance with the requirements thereof. Finally, treatment of the Class 5 Claim may be based upon Cash Distributions arrived at by agreement. Upon payment in full of the Class 5 Claim through and in accordance herewith, the lien of the Class 5 Claimholder against the collateral, or any other property of the Debtor, shall be released.

Class 6 Claims are Impaired (Deficiency Claims). With the exception of Class 2, there are no Allowed Deficiency Claims to be treated separately. All Allowed Deficiency Claims are Unsecured Claims.

Class 7 Claims is Impaired (Allowed Unsecured Claims). In full and complete satisfaction, discharge and release of the Class 7 Claims, the Allowed Unsecured Claims shall receive Cash Distributions from Cash Flow commencing on the earlier of the Effective Date, or the availability of funds necessary to fund the Claims Distribution Fund, in Pro Rata distribution on their Allowed Amount over 24 months in adjustable monthly installments. ***The Class 7 Claims shall receive Cash Distributions of $727.28 per month for 24 months accruing $9,447.42 per year.*** The Class 7 Claims represent those Allowed Unsecured Claims evidenced by the Debtor's Schedules (to the extent not disputed, contingent or unliquidated), and the Claims docket herein, coupled with any anticipated Deficiency Claims arising from Class 6 (Excluding Class 2).

Subject to the use of any necessary Revenues, Cash Distributions from Cash Flow shall be in the priority of payments required by Title 11 and as demonstrated in greater detail by the pro forma(s) which adjoin the Amended Disclosure Statement to the Plan.

Class 8 Claims are Impaired (Disputed Claims). The Class 8 is moot as there

are no disputed Claims confirmation previously having occurred and resolving whether Claims were allowed or disallowed.

Class 9 Claims are Impaired (Insider Claims). In full and complete satisfaction, discharge and release of the Class 9 Claims, the Insider Claims ***shall receive no ($00.00) Cash Distributions from Cash Flow.*** 3.10. The Class 10 Interests are Impaired (Equity Interests). The Equity Interests extinguished upon the earlier confirmation of the earlier plan and remain as such at this Confirmation Date. No Equity Interest holder shall receive or retain any interest in property of the estates on account of any pre-petition interest. However, the Equity Interests shall receive new interests in the reorganized Debtor in consideration of new value and money and money's worth contributed in accordance with the treatment to be afforded to Class 10 Claims.

The Class 10A Claims are Impaired. This provision is moot as there was a prior confirmation date and such terms are no longer germane for this Plan.

The Class 11 Claims are Impaired (Administrative Convenience Claims). This provision is moot as there were no Administrative Convenience Claims.

The Administrative Expense Claims. In full and complete satisfaction, discharge and release of the Administrative Expense Claims, The Debtors shall satisfy the Allowed Amount of all Administrative Expense Claims – pre-confirmation per the Fee Application Order and for post-confirmation in the ordinary course in full on the Effective Date in the amounts set forth at Article II, less installments received to the Effective Date. Further attorneys fees and costs shall be paid as incurred by the Debtor in the ordinary course of business, there being no estate.

The Debtors' schedules and statement of financial affairs represent prima facie

evidence as to the Claims which have been scheduled, except to the extent amended or in the event an objection to Claim is filed, irrespective of its description in the schedules and/or statement of financial affairs. To the extent any proof of claim filed by an Allowed Claim Holder alters or amends the Claim of such entity or person, the Debtor may file an Objection to Claim which shall place such Disputed Claim into litigation, producing a potentially Disallowed Amount, irrespective of the schedules and statement of financial affairs.

This Plan is a sale followed by a reorganizing plan under §§ 1129(a) and (b), 1127 of the Bankruptcy Code and is materially premised upon Cash Distributions from the Claims Distribution Fund to Classes of Claims in accordance with the priorities and terms identified in Articles III and IV of the Plan to be derived from (i) the sale of the Real Property and cancellation of all leases and executory contracts; ; and (ii) the Revenues to be derived from the Debtor's subsidies received from Stamper Properties, LLC and Stamper Builders to satisfy the remainder of the Plan obligations as now modified.

Upon confirmation of the prior reorganization plan, title to all remaining property of the Debtor's Chapter 11 estate, including, but not limited to, monies contained in the Claims Distribution Fund has vested in the Debtor in accordance with §§ 1141(a), (b) and (c) of the Bankruptcy Code, free and clear of all liens, claims or other interests in such property, and the Debtor shall serve as the disbursing agent. Upon entry of a Confirmation Order, a discharge shall not be entered in favor of the Debtor pursuant to §§ 524 and 1141 of the Bankruptcy Code inasmuch as the Debtor is not an individual.

Unless otherwise ordered by the Bankruptcy Court, all Cash Distributions contemplated by the Plan shall only occur on or subsequent to the Effective Date. All Cash Distributions under the Plan shall be paid in the manner generally set forth in Article III of the

Plan. Upon the Effective Date, as noted the Debtor shall act as disbursing agent in respect of all Cash Distributions required under the Plan.

Notwithstanding anything to the contrary in the Plan, pursuant to the defined Disputed Claims Procedure, all Cash Distributions necessary to satisfy the Allowed Claim of any Disputed Claim will be held by the Debtor to the extent of available Cash Distributions pending resolution of the Disputed Claim by the Court. Should a Disputed Claim become an Allowed Claim in whole or in part, then as soon as practicable in the Debtor's judgment following entry of an Order of the Bankruptcy Court adjudicating the previously Disputed Claim or by agreement with the holder of the Disputed Claim, the Debtor shall release to the Allowed Claim such Cash Distributions as would be required on its Allowed Amount pro rata to the other Allowed Claims within its appropriate Class of Claims.

V. LIQUIDATION ANALYSIS:[8]

In order for the Court to confirm the Plan, it must make a finding that each Class of Creditors will receive at least as much under the Plan as they would if this case were to be converted to a case under Chapter 7 of the Bankruptcy Code and the assets were liquidated by a Chapter 7 Trustee. By hypothetical comparison, under Chapter 7 of the Bankruptcy Code, creditors will receive less than they would receive under the present Plan. This is because of the Trustee's statutory commission (11 U.S.C. § 326), the additional administrative expenses a Trustee would incur (attorneys fees, costs and delay expenditures), and because the Trustee would have no basis to understand how to implement successfully a revenue stream from the Debtor's operations, nor is a Chapter 7 Trustee anticipated to have authority to operate a business long term.

8 See, In re Metrocraft, 39 B.R. 567, 568 (Bankr. N.D. Ga. 1984) (Factor No. 8, 9)

The Debtor sustained its burden on the liquidation test during the prior plan confirmation process. However, here the sale is a liquidation of the Property and the principal asset of the business. The Debtor will continue to honor the reorganization by repaying voluntarily by and through Mr. Stamper those claims which are set forth in the Article II and III treatment sections. However, the functional business of the theater and its operations and leases will cease at the closing on the sale of the Property.

VI. CRAMDOWN/NEW VALUE:

Under § 1129(b) of the Bankruptcy Code, if one or more classes of impaired claims or interests do not accept the Plan, the Bankruptcy Court may confirm the Plan only if the Bankruptcy Court finds that the Plan was accepted by at least one non-insider impaired class and does not discriminate unfairly against, and is fair and equitable as to, all non-accepting impaired classes. This is referred to as a cramdown. The second criteria requires the Bankruptcy Court to find that, with respect to classes of secured claims, the holders of the secured claims retain their liens, such that each holder of such a claim receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the Effective Date of the Plan, of at least the value of such holder's interest in the estate's interest in such property, and that each holder of such a claim realize the indubitable equivalent of such claim. Accordingly, pursuant to 11 U.S.C. § 1129(b)(2)(A), any Allowed Secured Claims must receive such treatment in order for the Debtor to achieve cramdown. The absolute priority rule and new value exceptions as they have been termed are not within the elements of 11 U.S.C. § 1129(b)(2)(A) required to show fair and equitable treatment and that the Plan does not unfairly discriminate are defined and delimited terms as pertain to Allowed Secured Claims only.

With respect to classes of Unsecured Claims, unless all members of a non-accepting, impaired class receive payment in full of their Allowed Claims, no class that is junior in priority to the non-accepting Impaired Class shall receive anything under the Plan. This is known as the absolute priority rule. Accordingly, pursuant to 11 U.S.C. § 1129(b)(2)(B), the absolute priority rule is within the elements of fair and equitable treatment and that the Plan does not unfair discriminate are defined and delimited terms as pertain to Allowed Unsecured Claims only. The third criteria is that all requirements of § 1129(a) of the Bankruptcy Code be met other than § 1129(a)(8) of the Bankruptcy Code. IF ANY CLASS OF ALLOWED CLAIMS REJECTS THE PLAN, THE DEBTOR WILL SEEK TO CONFIRM THE PLAN PURSUANT TO THE CRAMDOWN METHOD PROVIDED BY SECTION 1129(b) OF THE BANKRUPTCY CODE. THE TREATMENT AFFORDED CREDITORS IN EACH CLASS IN THE EVENT OF A "CRAMDOWN" WILL BE AS INDICATED HEREIN. Any effort by the Debtor to confirm the Plan pursuant to the cramdown method likely will involve complex litigation which, regardless of the outcome, may impose substantial administrative expenses on the property of the estate, requiring a longer term of repayment for Creditors holding Allowed Claims than presently contemplated.

The Debtor's Plan contemplates that the Insiders will attempt to use a combination of Section 507(a)(4) Priority Claims arising from wages, and wages accrued and owed to Milton Stamper following the Petition Date, as well as actual cash contributions of Mr. Stamper as new value.

VII. VOTING ON THE PLAN AND CONFIRMATION

Prior to approval of this Disclosure Statement by the Bankruptcy Court, by prior Court Order, a copy must have been mailed to all creditors, all parties-in-interest entitled

to vote pursuant to § 1126 of the Bankruptcy Code, and within the manner specified by Court Order exempting the Debtor from Bankruptcy Rule 3017(d), accompanied by a ballot. Pursuant to § 1126(a) of the Bankruptcy Code, any holder of an Allowed Claim or an Allowed interest may accept or reject the Plan. However, approval or rejection of the Plan is measured by Classes of Claims and interests rather than by each Claim holder or interest holder. A Class of Claims or interests which is not impaired by the Plan conclusively is presumed to have accepted the Plan. Accordingly, no Class of Claims which is unimpaired by the Plan need submit a ballot for voting.

Pursuant to §1128 of the Code and Bankruptcy Rule 2002(b), the Court shall conduct a hearing to consider confirmation of the Plan on twenty eight (28) days notice to creditors and parties in interest, unless shortened by order of the Bankruptcy Court. A party-in-interest may object to the confirmation of the Plan. The date by which objections must be filed to the confirmation of the Plan and by which votes must be submitted shall be established at a date and in a manner as determined by the Bankruptcy Court, and circulated by a form of Order either concurrent herewith or separately.

VIII. FEDERAL INCOME TAX CONSEQUENCES:[9]

THE DISCUSSION OF FEDERAL INCOME TAX CONSEQUENCES SET FORTH BELOW IS LIMITED TO THE GENERAL TAX CONSEQUENCES AFFECTING CREDITORS AS A RESULT OF THE DISCHARGE OF INDEBTEDNESS WITHOUT PAYMENT UNDER THE PLAN. EACH CREDITOR OR EQUITY SECURITY HOLDER SHOULD CONSULT THEIR OWN TAX ADVISOR TO DETERMINE THE TREATMENT AFFORDED THEIR RESPECTIVE

9 See, In re Metrocraft, 39 B.R. 567, 568 (Bankr. N.D. Ga. 1984) (Factor No. 18)

CLAIMS OR INTERESTS BY THE PLAN UNDER FEDERAL TAX LAW, THE TAX LAW OF THE VARIOUS STATES AND LOCAL JURISDICTIONS OF THE UNITED STATES AND THE LAWS OF FOREIGN JURISDICTIONS.

BECAUSE OF CONTINUAL CHANGES BY THE CONGRESS, THE TREASURY DEPARTMENT AND THE COURTS WITH RESPECT TO THE ADMINISTRATION AND INTERPRETATION OF THE TAX LAWS, NO ASSURANCE CAN BE GIVEN THAT FOLLOWING INTERPRETATIONS WILL NOT BE CHALLENGED BY THE INTERNAL REVENUE SERVICE, OR, IF CHALLENGED, THAT SUCH INTERPRETATIONS WILL BE SUSTAINED.

NO STATEMENT IN THIS DISCLOSURE STATEMENT SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE. THE DEBTOR AND ITS COUNSEL DO NOT ASSUME ANY RESPONSIBILITY OR LIABILITY FOR THE TAX CONSEQUENCES A CREDITOR OR EQUITY SECURITY HOLDER MAY INCUR AS A RESULT OF THE TREATMENT AFFORDED THEIR CLAIM OR INTEREST UNDER THE PLAN.

The principal income tax consequences for a creditor of the Debtor relates to the ability to deduct a portion of its claim against the Debtor in the event the creditor does not receive full payment of the Allowed Amount of its Claim as contemplated under the Plan. Section 166 of the Internal Revenue Code of 1986, as amended, ("IRC") (relating to the deductibility of bad debts) generally provides as follows:

1. totally worthless business bad debt is deductible only in the tax year in which it becomes worthless;

2. partially worthless business bad debt is deductible in an amount not in excess of

the part charged off on the taxpayer's books within the taxable year; and

3. in the case of a taxpayer other than a corporation, a nonbusiness bad debt which becomes completely worthless during the taxable year is deductible as a short-term capital loss and is subject to the limitations imposed on the deductibility of such losses.

For purposes of IRC §166, a "non-business debt" means a debt other than (i) one created or acquired in connection with the taxpayer-creditor's trade or business or (ii) the loss from the worthlessness of which was incurred during the operation of the taxpayer-creditor's trade or business.

Pursuant to Treas. Reg. §1.166-2(c), as a general rule, bankruptcy is generally an indication of the worthlessness of at least a part of an unsecured and unpreferred debt. In bankruptcy cases, a debt may become worthless before settlement in some instances; and in others, only when a settlement in bankruptcy has been reached. In either case, the mere fact that bankruptcy proceedings instigated against the debtor are terminated in a later year, thereby confirming the conclusion that the debt is worthless, shall not authorize the shifting of the deduction under IRC §166 to such year. Pursuant to Treas. Reg. §1.166-1(d) (2) (ii), only the difference between the amount received in distribution of assets of a bankrupt and the amount of the claim may be deducted under IRC §166 as a bad debt.

Generally, taxpayers are entitled to a bad debt deduction with respect to accounts receivable only if the taxpayer has recognized as income the accounts receivable in the year in which the bad debt deduction is claimed or a prior taxable year. Thus, bad debt deductions for worthless or partially worthless accounts receivable are normally available only to accrual method taxpayers. Likewise, worthless debts arising from unpaid wages, salaries, fees, rents and similar items of taxable income are not allowed as a deduction as a bad debt unless the

income such items represent has been included in the return of income for the year for which the deduction as a bad debt is claimed or for a prior taxable year.

Further, the availability of the bad debt deduction under IRC §166 is not available for losses governed by IRC §165, including, without limitation, losses incurred on a bond, debenture, note or certificate or other evidence of indebtedness, issued by a corporation or by a government or political subdivision thereof, with interest coupons or in registered form. The deductibility of losses for debts evidenced by a "security", as defined in IRC §165(g), is governed by IRC §165.

Business bad debts deductible under IRC §166 may generally be deducted using either the specific charge-off method or, if certain requirements are met, the nonaccrual-experience method. Under the specific charge-off method, specific business bad debts that become either partially or totally worthless during the tax year may be deducted in the manner permitted by IRC §166.

If a deduction is taken for a bad debt which is recovered in whole or part in a later tax year, the taxpayer may have to include in gross income the amount recovered, except, under limited circumstances, the amount of the deduction that did not reduce taxes in the year deducted.

IX. AVOIDABLE TRANSFERS/OBJECTIONS TO CLAIMS:[10]

The Debtor is investigating the existence of any avoidable transfers pursuant to §§ 544, 547, 548 and 549 of the Bankruptcy Code and may commence them within the statutory period for recovery if a determination is made that such actions provide a justifiable economic return to the estate.

10 See, In re Metrocraft, 39 B.R. 567, 568 (Bankr. N.D. Ga. 1984) (Factor No. 16)

X. DISPUTED CLAIMS PROCEDURE:

The Debtor has designated a Disputed Claims Procedure, which is found in Article I of the Plan. This procedure is designed to facilitate the reservation of Cash Distributions which are suspended due to the temporary disallowance of Claims to the extent there is a dispute by objection to the Claim. Should the objection to the Claim be overruled in whole or in part such that there is an Allowed Amount of the Claim, then the Claim shall be treated and paid those Cash Distributions from Revenues as described in Article I of the Plan within the Class of Claims that is substantially similar to. If the Claim is disallowed, or there is a Disallowed Amount, after objection, then the Claim will receive no treatment from Cash Distributions to the extent there is a Disallowed Amount. The Debtor has attempted to highlight the Claims in its *pro formas* as to which there is a likelihood of objection, labeling them Disputed Unsecured Claims. Treatment of Disputed Claims is addressed earlier in this Disclosure Statement.

XI. MISCELLANEOUS

All holders of Claims shall retain, and the Plan shall in no way limit, any recourse rights to the extent they may pursue recovery for all or part of their Claims against persons liable with the Debtor.

Respectfully Submitted,
----/s/ John D. Burns-------

John D. Burns, Esquire (#22777)
The Burns LawFirm, LLC
6303 Ivy Lane; Suite 102
Greenbelt, Maryland 20770
(301) 441-8780
Counsel for the Debtor

September 28, 2017