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9 UNITED STATES BANKRUPTCY COURT

10 DISTRICT OF NEVADA

11 —ooOoo—

12 In Re:
13 YELLOW CAB OF RENO, INC.,

Case No. BK-15-51384-BTB
Chapter 11

14
15 Debtor. _____/

Hearing Date: August 10, 2016
Hearing Time: 2:00 p.m.

16
17 **DEBTOR'S FIRST AMENDED**
18 **DISCLOSURE STATEMENT**
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1 **1. INTRODUCTION**

2 This First Amended Disclosure Statement (hereinafter the “Disclosure Statement”)
3 is provided to creditors by the connection with the solicitation of acceptances of the
4 Debtor’s First Amended Plan of Reorganization (the “Plan”¹), filed on **June 1, 2016**, or
5 any subsequent amended plan of reorganization. The Debtor’s reorganization case is
6 under Chapter 11 of the United States Code, and was initiated on **October 7, 2015**, in the
7 United States Bankruptcy Court for the District of Nevada, as **Case No. BK-15-51384-**
8 **BTB**. The Plan provides for the treatment of claims of creditors and interest of the equity
9 security holders².

10 The objective of a Chapter 11 bankruptcy case is to obtain Bankruptcy Court
11 approval of a plan of reorganization. This process is referred to as confirmation of a
12 plan. A plan describes in detail (and in language appropriate for a legal contract) the
13 means for satisfying the claims against, and equity interests in, a Debtor. After a plan has
14 been filed, the holders of such claims and equity securities that are “impaired” (a term
15 defined in Bankruptcy Code Section 1124 and discussed in detail below) are permitted to
16 vote to accept or reject the plan. Before a Debtor or other plan proponent can solicit
17 acceptances of a plan, Bankruptcy Code Section 1125 requires the Debtor or other plan
18 proponent(s) to prepare a disclosure statement containing adequate information of a kind,
19 and in sufficient detail, to enable those parties entitled to vote on the plan to make an
20 informed judgment about the plan and whether they should accept or reject the plan.

21 **1.1 Purpose of the Disclosure Statement**

22 The purpose of this Disclosure Statement is to ensure that claimants have adequate
23

24 ¹ Capitalized terms not otherwise defined herein will have the same meaning as are
25 ascribed to such terms in the Plan which is filed contemporaneously herewith.

26 ² An equity security of the Debtor as the term is defined in Section 101(16) of the
27 Bankruptcy Code includes any ownership interest in the Debtor, including membership
28 interests.

1 information to enable each class to make an informed judgment about the Plan. The
2 assets and liabilities of the Debtor are summarized herein. To the extent the information
3 contained in this Disclosure Statement may be inconsistent with the Debtor's Statement
4 of Financial Affairs and Schedule of Assets and Liabilities filed on October 7, 2015 and
5 amended on October 22, 2015; November 13, 2015; and January 21, 2016, or subsequent
6 amendments thereto, this Disclosure Statement shall supersede such Statements and
7 Schedules (as may have been amended).

8 This Disclosure Statement describes the business background and operating history
9 of the Debtor before the filing of the case. It also summarizes certain significant events
10 that have taken place during the case and describes the terms of the Plan, which divides
11 creditor claims and the interests of shareholders into classes and provides for the
12 satisfaction of allowed claims and interests.

13 The Court will set a time and date as the last day to file acceptances or rejections
14 of the Plan. Thereafter, a hearing on confirmation of the Plan will be held in the United
15 States Bankruptcy Court for the District of Nevada, located at the 300 Booth Street, Reno,
16 Nevada, 89509. Creditors may vote on the Plan by filling out and mailing a special form
17 of ballot. The form of ballot and special instructions for voting will be forthcoming upon
18 approval of the Disclosure Statement by the Court. Creditors are urged to carefully read
19 the contents of this Disclosure Statement before making a decision to accept or reject the
20 Plan.

21 **1.2 Acceptance and Confirmation**

22 In order for the Debtor's Plan to be confirmed, each impaired class of claims or
23 interests must accept the Plan, except as set forth below. In order for the Plan to be
24 deemed accepted, a majority in number and two-thirds in dollar amount of the claims of
25 each class of creditors impaired under the Plan of those that actually vote, must vote for
26 acceptance of the Plan. Holders of claims who fail to vote are not counted as either
27 accepting or rejecting the Plan.

28 Classes of claims that are not "impaired" under a Plan are deemed to have

1 accepted the Plan. Acceptances of the Plan are being solicited only from those persons
2 who hold claims or interests in impaired classes. A class is “impaired” if the legal,
3 equitable or contractual rights attaching to the claims or interests of that class are
4 modified, other than by curing defaults and reinstating maturities, or by payment in full in
5 cash.

6 **1.3 Confirmation Without Acceptance By All Impaired Classes**

7 The Bankruptcy Code contains provisions for confirmation of a Plan even if the
8 Plan is not accepted by all impaired classes, as long as at least one impaired class of
9 claims has accepted the Plan. These “cram-down” provisions for confirmation of a Plan,
10 despite the non-acceptance of one or more impaired classes of claims or interest, are set
11 forth in § 1129(b) of the Bankruptcy Code.

12 If a class of unsecured claims rejects the Plan, it may still be confirmed so long as
13 the Plan provides that (i) each holder of a claim included in the rejecting class receive or
14 retain on account of that claim property which has a value, as of the Effective Date, equal
15 to the allowed amount of such claim; or that (ii) the holder of any claim or interest that is
16 junior to the claims of such class will not receive or retain on account of such junior claim
17 or interest any property at all.

18 If a class of secured claims rejects the Plan, it may still be confirmed so long as the
19 Plan provides (i) the holders of such claims retain the lien securing such claim; (ii) the
20 holders of such claims receive on account of such claims deferred cash payments totaling
21 at least the allowed amount of such claims, of a value, as of the Effective Date of the
22 Plan, of at least the value of such claimant’s interest in the estate’s interest in such
23 property; (iii) for the sale of the property in accordance with § 1129(b)(2)(A)(ii); or (iv)
24 for the realization by such claimants of the indubitable equivalent of the claim.

25 **1.4 Disclaimer**

26 No representations concerning the Debtor is authorized by the Debtor except as set
27 forth in this Disclosure Statement. Any representations or inducements made to secure
28 your acceptance or rejection of the Plan other than as contained herein have not been

1 authorized and should not be relied upon by you in making your decision, and such
2 additional representations and inducements should be reported to counsel for the Debtor,
3 who in turn should deliver such information to the Court for such action as may be
4 deemed appropriate. The information contained herein has not been subjected to a
5 certified audit. The records kept by the Debtor and other information relied on herein are
6 dependent upon investigations and accounting performed by the Debtor and others
7 employed by the Debtor. The Debtor is unable to warrant that the information contained
8 herein is without inaccuracy, although a great effort has been made to be accurate, and the
9 Debtor believes that the information contained herein is, in fact, accurate.

10 **2. INFORMATION REGARDING THE CHAPTER 11 ESTATE**

11 **2.1 History of the Debtor and Events Leading to the Filing of the Chapter**
12 **11 Case**

13 Yellow Cab Of Reno, Inc. (“Yellow Cab”) is in the business of providing taxi
14 transportation. Yellow Cab owns various vehicles and equipment associated with its
15 business as described in section 4.2 below. The primary source of income for Yellow Cab
16 is income generated by leasing the vehicles to drivers.

17 Due to several accidents and lawsuits, as well as a requirement by the Nevada
18 Department of Transportation to retire a number of vehicles from service, the Debtor’s
19 business suffered, forcing significant cutbacks. However, at this point the business is
20 slowly improving.

21 **2.2 Ownership of Debtor and Its Management.**

22 The Debtor is owned 100% by Roy L. Street. The Debtor’s address is 475 Gentry
23 Way, Reno, Nevada, 89502.

24 **2.3 Co-Debtors**

25 There are no Co-Debtors.

26 **3. DEVELOPMENTS DURING THE COURSE OF THIS CHAPTER 11 CASE**

27 **3.1 Meeting of Creditors**

28 The United States Trustee conducted a meeting of creditors pursuant to 11 U.S.C.

1 § 341 on November 9, 2015. The Debtor appeared through its President, Robin Street.

2 **3.2 Schedules and Statement of Affairs**

3 The Debtor filed its schedule of assets and liabilities and statement of financial
4 affairs on October 7, 2015 and amended schedules thereafter. Those schedules and
5 statements may be viewed online at www.nvb.uscourts.gov or may be obtained from the
6 Bankruptcy Clerk for a fee.

7 **3.3 Monthly Operating Reports**

8 Monthly operating reports reflecting the Debtor's ongoing financial status are filed
9 with the United States Bankruptcy Court and can be viewed online at
10 www.nvb.uscourts.gov.

11 **3.4 Employment of General Counsel**

12 The Debtor requested employment of Alan R. Smith, Esq., on November 4, 2015,
13 by filing its Application To Employ Attorney For Debtor [DE 19] in this Chapter 11 case.
14 No objection to Mr. Smith's application was filed with the Court. An Order Approving
15 Application To Employ Attorney For Debtor [DE 20] was entered on November 5, 2015.

16 **3.5 Creditors Committee**

17 There has been no appointment in this case of a creditor's committee pursuant to
18 11 U.S.C. § 1102.

19 **3.6 Use of Cash Collateral**

20 There are no cash collateral issues in this case.

21 **3.7 Settlement With Douds**

22 Pursuant to a settlement conference conducted on April 5, 2016, with the
23 Honorable Valerie P. Cooke. As a result the parties concluded that James Doud and
24 Melodie Doud would have an allowed claim against the Debtor in the amount of
25 \$175,000.00 (an additional \$75,000.00 to be paid by Roy Street, a principal of the Debtor,
26 individually. The terms and conditions of the settlement are set forth in the Motion For
27 Order Approving Compromise And Settlement Agreement [DE 81].

28 ///

1 **4. DESCRIPTION OF ASSETS**

2 **4.1 Description of Real Property**

3 There is no real property owned by the Debtor.

4 **4.2 Description of Personal Property**

Description/Type	Estimated Value By Debtor
Nevada State Bank Payroll Account	\$ 150.00
Nevada State Bank General Account	\$ 55,104.91
Nevada State Bank Credit Card Account	\$ 76,075.18
Accounts Receivable	\$ 4,732.00
DDS System; Radios; Telephone System; Alignment Machine; Surveillance Equipment	\$ 12,500.00
44 Cabs	\$ 230,300.00
DEBTOR'S ESTIMATES	\$ 378,862.09

15
16 **5. DESCRIPTION OF DEBTS**

17 **5.1 Administrative Claims**

18 (A) Attorneys' Fees/Law Offices of Alan R. Smith. The Debtor will be
19 obligated to pay attorneys' fees and costs owed to the Law Offices of Alan R. Smith,
20 subject to Court approval. The Debtor estimates that attorneys' fees will be incurred prior
21 to Plan confirmation, but is unable to project the final balance owed at this time.

22 (B) U.S. Trustee Fees. All fees required to be paid to the United States
23 Trustee will be paid in full upon the Effective Date of the Debtor's Plan. U.S. Trustee
24 fees due in this case have been paid.

25 **5.2 Priority Claims**

26 There are no priority claims.

27 **5.3 Secured Claims**

28 The Debtor has scheduled against it the following secured claims:

Creditor	Nature of Lien	Est. Amount of Secured Claim
Donald P. Clark Family Trust	2 Cabs	\$ 25,000.00 plus interest
TOTAL SECURED CLAIMS		\$ 25,000.00 plus interest

5.4 Unsecured Claims

The Debtor has scheduled against it the following unsecured claims.

Creditor	Basis of Claim	Scheduled Amount of Claim	Proof of Claim Amount
AT&T Mobility	Goods/Services	\$34.00	
Autozone	Goods/Services	\$1,573.00	
Cameo Houston	Accident	\$200,000.00 ³	\$2,000,000.00
Charter Communications	Goods/Services	\$80.00	\$425.52
Digital Dispatch Systems, Inc.	Goods/Services	\$2,387.00	
Dolan Toyota Scion	Goods/Services	\$245.32	
Flyers Energy, LLC	Goods/Services	\$773.00	
James and Melodie Doud	Judgment	\$156,395.00 ⁴	\$623,895.06
Jose Rodriguez	Accident	\$100,000.00 ³	\$2,000,000.00
Joseph Chamoun	Goods/Services	\$167.00	
Karen Nokley	Accident	\$50,000.00 ³	POC filed, but no amount claimed
Kathleen Leighton	Accident	\$12,000.00 ³	
Keystone Automotive Ind., Inc.	Goods/Services	\$1,216.00	

³Claim is disputed.

⁴Pursuant to agreement claim is allowed in amount of \$175,000.00.

Creditor	Basis of Claim	Scheduled Amount of Claim	Proof of Claim Amount
LKQ Auto Parts of Nor-Cal	Goods/Services	\$1,211.91	
Low Price Auto Glass #21	Goods/Services	\$155.00	
O'Reilly Automotive, Inc.	Goods/Services	\$246.00	
Stetson-Beemer Insurance	Goods/Services	\$3,000.00	
TOTAL UNSECURED CLAIMS:		\$529,483.23	\$4,624,320.58

5.5 Claims Deadline

In accordance with the Bankruptcy Court's Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors, & Deadlines filed on October 7, 2015 the deadline for filing a proof of claim for all creditors in this action was November 9, 2015, and is May 9, 2016 for governmental agencies.

6. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

The Debtor is a party to a executory contract with ICW Group for workman's compensation insurance in the amount of \$14,036.32. Debtor is also a party to a executory contract with Paratransit, Inc., for which premiums are currently due in the amount of \$17,389.00 per quarter. Debtor is a party to a lease contract with Roy Street Properties for rent in the amount of \$8,200.00 per month. The Debtor also has a management agreement with Roy Street Properties requiring a payment of \$5,000.00 per month.

7. DESCRIPTION OF PENDING AND COMPLETED LITIGATION

There is the following litigation is pending against Yellow Cab.

James Doud and Melodie Doud v. Yellow Cab of Reno, Inc., Case No. 13-664 in the United States District Court, District of Nevada. Judgment entered in the amount of \$156,395.06 for violation of the American Disabilities Act ("ADA"). Also, there is another pending action for retaliatory firing of employee, and other potential actions for violations of the ADA.

1 Kathleen Leighton v. Yellow Cab of Reno, Inc., et al., Case No. CV15-01188 in
2 the Second Judicial District Court of the State of Nevada, in and for the County of
3 Washoe. Personal injury case which is pending.

4 Karen Nokley v. Yellow Cab of Reno, Inc., et al., Case No. CV15-00960 in the
5 Second Judicial District Court of the State of Nevada, in and for the County of Washoe.
6 Personal injury case which is pending.

7 Karen Nokley v. Yellow Cab of Reno, Inc., et al., Case No. A-14-705760-C in the
8 District Court, Clark County, Nevada. Personal injury case which is pending.

9 **8. SUMMARY OF PLAN OF REORGANIZATION**

10 **THE FOLLOWING IS A BRIEF SUMMARY OF THE PLAN OF**
11 **REORGANIZATION WHICH IS FILED CONCURRENTLY HEREWITH (the**
12 **“Plan”), AND SHOULD NOT BE RELIED UPON FOR VOTING PURPOSES.**
13 **THE SUMMARY IS NOT COMPLETE, AND CREDITORS ARE URGED TO**
14 **READ THE PLAN IN FULL. A COPY OF THE PLAN OF REORGANIZATION**
15 **WILL BE PROVIDED TO ALL CREDITORS. TO THE EXTENT THE**
16 **FOLLOWING SUMMARY INCLUDES DEFINED TERMS, THOSE**
17 **DEFINITIONS ARE INCLUDED IN THE PLAN FILED CONCURRENTLY**
18 **HEREWITH. ALL CAPITALIZED TERMS HEREINAFTER HAVE THE**
19 **MEANINGS SET FORTH IN THE PLAN.**

20 **8.1 Classification and Treatment of Claims**

21 The Plan designates four (4) classes of claims. Those classes take into account the
22 differing nature and priority of the various classified claims under the Bankruptcy Code.
23 The following table briefly summarizes the classification and treatment of all Claims
24 under the Plan and the consideration distributable on account of such Claims under the
25 Plan. The information set forth in the following table is for convenience of reference
26 only, and each holder of a Claim should refer to the Plan for a full understanding of the
27 classification and treatment of Claims provided for under the Plan. Claims will receive
28 designated treatment within a Class only to the extent allowed within that class. The

1 Claim allowance procedure is an ongoing process and the actual amount of the Allowed
 2 Claims may vary from the estimates. For a complete description of the risks associated
 3 with the recoveries provided under the Plan, see Section 11 of the Plan, entitled "Certain
 4 Risk Factors To Be Considered."

5 CLASS	CLAIMS	SUMMARY OF TREATMENT
6 Nonclassified	Administrative Expenses	Paid in full on the latest of (a) on or before the Effective Date; (b) when due or such 7 later date as approved by the claimant; or 8 (c) when allowed by Final Order
9 Class 1	Secured Claim of Donald P. Clark Family Trust	See Section 8.2.1 below
10 Class 2	Unsecured Claim of James Doud and Melodie Doud	See Section 8.2.2 below
11 Class 3	Unsecured Claims	See Section 8.2.3 below
12 Class 4	Membership Interest	Receives no distribution until Class 1 through 3 are paid in full. See Section 13 8.2.4 below 14

15 8.2 Treatment of Claims and Interests

16 Each creditor class shall be treated as follows:

17 8.2.1 Class 1 (Donald P. Clark Family Trust Secured Claim):

18 The Donald P. Clark family Trust Secured Claim shall be treated under the Plan as
 19 follows:
 20

21 (A) Amount of the Donald P. Clark Family Trust Secured 22 Claim

23 The amount of the Donald P. Clark Family Trust Secured Claim shall be the
 24 amount of \$25,000.00 plus accrued interest to the Effective Date, as reflected in the
 25 promissory note and the underlying security agreement.

26 (B) Retention of Security Interest in Property

27 Donald P. Clark Family Trust shall retain its security interest in the vehicles
 28

1 held as collateral.

2 **(C) Payment of the Donald P. Clark Family Trust**

3 The Class 1 creditor shall retain its security interest in the vehicles which it
4 currently holds as collateral. The obligation shall bear interest at the rate of 6% per
5 annum, and shall be paid in 12 equal monthly payments due on the first day of each and
6 every month, commencing on the first of the month following the Plan Confirmation
7 Date, and continuing on a like day of each and every month thereafter for a period of
8 twelve months, at which time the entire balance and principal and interest shall be due
9 and payable.

10 **(D) Loan Documents Remain In Effect**

11 The Donald P. Clark Family Trust promissory note and the underlying
12 security agreement (the "Loan Documents") shall remain in full force and effect, except
13 as modified by or otherwise inconsistent with this Plan, in which event the terms of this
14 Plan shall supersede.

15 **(E) Plan Default**

16 In the event of a default by the Debtor in payments to Donald P. Clark
17 Family Trust under the Plan, and in the event Debtor fails to cure such default within
18 fifteen (15) business days after delivery of notice to the Debtor and to Debtor's counsel,
19 Donald P. Clark Family Trust shall be entitled to enforce all of the terms of the Donald P.
20 Clark Family Trust promissory note and the underlying security agreement, except as
21 modified herein, in addition to all rights available under Nevada law.

22 **8.2.2 Class 2 (Douds' Claim)**

23 The Douds' Claim against the Debtor shall be an Allowed Claim in the
24 amount of \$175,000.00. In addition to the portion of the allowed claim against the
25 Debtor, the Douds shall be paid the sum of \$75,000.00 from Roy Street on the Effective
26 Date of the Plan. The balance of the Allowed Claim in the amount of \$175,000.00
27 (following the payment from Roy Street) shall be paid at the rate of \$5,000.00 per month
28 commencing on the Effective Date, and continuing on a like day of each and every month

1 thereafter for a total of 35 months, at which time the Allowed Claim of the Douds shall be
2 paid in full. The terms and conditions of the Settlement Agreement between the Debtor,
3 the Douds, and Roy Street, as the same is approved by the Bankruptcy Court, are hereby
4 incorporated herein by reference. Any default in payments to the Douds under this
5 provision shall be a default under the Plan with remedies as specified in section 11.4
6 below. Any allocation of the payments set forth herein will be made directly by the
7 Douds to the Reorganized Debtor.

8 **8.2.3 Class 3 (Unsecured Creditors)**

9 The Class 3 unsecured creditors shall bear interest at the rate allowed for
10 judgments obtained in federal court, and shall receive quarterly pro rata disbursements
11 from the Plan Fund as described in section 11.1 below until such claims are paid in full
12 with interest.

13 **8.2.4 Class 4 (Membership Interests):**

14 The Members shall retain their interests following Plan confirmation.

15 **9. TREATMENT OF UNCLASSIFIED CLAIMS**

16 **9.1 Administrative Claims**

17 Claims arising during the administration of the Debtor's Chapter 11 case and
18 entitled to priority under Section 507(a)(1) of the Bankruptcy Code are not classified
19 under the Plan. Holders of such claims shall be paid in full on the latter of the Effective
20 Date, or fifteen (15) days after entry of an order creating an Allowed Administrative
21 Claim, unless holders of an Allowed Administrative Claim agree to alternative treatment.
22 Allowed Administrative Claims may be paid by the members of the Debtor.

23 **9.2 Fees to the United States Trustee**

24 All fees required to be paid to the United States Trustee will be paid in full upon
25 the Effective Date of the Debtor's Plan, and shall remain current until the case is fully
26 administered, closed, converted or dismissed, whichever occurs first. Such fees may be
27 paid by the Debtor or by cash contributions by the members of the Debtor.

28 ///

1 **9.3 Priority Claims**

2 Allowed Priority Claims shall be paid in full with interest as allowed by applicable
3 statute on the Effective Date.

4 **9.4 Disputed Claims**

5 All payments hereunder to creditors whose claims are not liquidated or are
6 disputed shall be paid into a segregated trust account until such claims are an Allowed
7 Claim, in which case the proceeds shall be disbursed, or such claim shall be disallowed,
8 in which case the proceeds shall be distributed to the Reorganized Debtor.

9 **10. EXECUTORY CONTRACTS**

10 Upon Plan Confirmation, all executory contracts and lease agreements entered into
11 with the Debtor shall be assumed.

12 **11. MEANS OF IMPLEMENTING AND FUNDING THE PLAN**

13 **11.1 Plan Funding**

14 The Plan will be funded by the Debtor's income from the ongoing operation of its
15 business. Payments to Class 2 Allowed Claims shall be made monthly in the amount of
16 \$5,000.00 per month commencing on the Effective Date and each and every month
17 thereafter until paid in full as set forth in Section 8.2.2 above. Class 2 Allowed Claims
18 will not share proportionally in the payment to Class 3 Creditors set forth above, who in
19 turn will not share in the payment to Class 2 Creditors.

20 In addition to the above, commencing on the Effective Date the Debtor will
21 contribute \$1,000.00 per month to fund the Plan (the "Plan Fund"). Contributions to the
22 Plan Fund shall increase to \$4,000.00 per month commencing 36 months following the
23 Effective Date. Distributions from the Plan Fund shall commence on the Effective Date,
24 shall be made no less often than quarterly, and shall be distributed as follows, in order of
25 priority:

- 26 1. To repay any loans made pursuant to Section 11.3 below until repaid in full.
27 2. To pay for attorneys' fees incurred in defending the allowance of any
28 unsecured claims either in Bankruptcy Court or in the appropriate State Court until all

1 disputed claims are finally resolved.

2 3. Pro rata to all Allowed Class 2 unsecured claims until paid in full without
3 interest.

4 **11.2 Revesting of Assets in the Debtor**

5 Upon confirmation of the Plan, all property of the estate of the Debtor shall vest in
6 the Reorganized Debtor free and clear of all claims and interests of the creditors, except
7 as set forth in the Plan.

8 **11.3 Loans to the Debtor**

9 Any principal or any other party may make post-confirmation loans to the Debtor
10 if reasonably necessary to fund litigation to resolve disputed claims. Such loans shall
11 bear no interest, and shall be repaid from the Plan Fund as set forth in Section 11.1 above.

12 **11.4 Disbursing Agent**

13 The Debtor will serve as disbursing agent and shall make all payments required
14 under the Plan. The disbursing agent may employ or contract with other entities to assist
15 in or to perform the distribution of the property and shall serve without bond.

16 **11.5 Post-Confirmation Management of the Debtor**

17 Robin Street, one of the Debtor's members, will continue to manage the Debtor's
18 business and property post-confirmation.

19 **11.6 Post-Confirmation Litigation**

20 Debtor does not anticipate any post-confirmation litigation.

21 **11.7 Post-Confirmation Default**

22 In the event the Debtor becomes delinquent in any payment or obligation under the
23 Plan, the affected creditor or creditors may provide written notice of such default to the
24 Debtor and its counsel at the following addresses:

25 Alan R. Smith, Esq.	YELLOW CAB OF RENO, INC.
26 505 Ridge Street	ATTN: Robin Street
27 Reno, Nevada 89501	475 Gentry Way
	Reno, Nevada 89502

28 The Debtor shall thereafter have ten (10) business days from receipt of said notice in

1 which to cure the default. In the event such default remains uncured, the affected creditor
2 or creditors may bring the matter before the Bankruptcy Court. At any hearing, the
3 Bankruptcy Court may consider the reason for the default and the ability of the Debtor to
4 bring the payment(s) current in a reasonable period of time. The Bankruptcy Court may
5 also consider conversion of the case to a Chapter 7 of the Code or dismissal if the same is
6 in the best interests of creditors.

7 **12. POST-CONFIRMATION FINANCIAL CONDITION OF THE DEBTOR**

8 Following Plan confirmation, the Debtor believes that its post-confirmation
9 financial condition shall be as set forth in the Post-Petition Balance Sheet attached hereto
10 as "A." In the event the Debtor were forced to liquidate, Debtor has provided its
11 Liquidation Analysis in Exhibit "B" attached hereto.

12 **13. POST-CONFIRMATION MANAGEMENT AND COMPENSATION OF**
13 **MEMBERS**

14 Post-confirmation the Debtor will be managed by Reno Cab Company, Inc., and
15 shall pay a management fee of \$5,000.00 per month. Reno Cab Company, Inc., is owned
16 by Roy Street.

17 **14. ALTERNATIVES TO THE PLAN**

18 The Debtor believes that the Plan provides its creditors with the earliest and
19 greatest possible value that can be realized on their claims.

20 Under § 1121 of the Bankruptcy Code, the Debtor has the exclusive right to file a
21 plan of reorganization during the first 120 days after commencement of its Chapter 11
22 case, or as otherwise extended by the Court. The Plan was filed within such 120 day
23 period. In addition, if the Plan is not accepted, other parties in interest may have an
24 opportunity to file an alternative plan of reorganization.

25 Alternatively, a liquidation of the Debtor's assets could be conducted as described
26 in Section 12 of this Disclosure Statement. For the reasons described in that section,
27 Debtor believes that the distribution to each impaired class under the Plan will be greater
28 and earlier than distributions that might be received in a Chapter 7 liquidation of the

1 Debtor's assets.

2 **15. CERTAIN RISKS TO BE CONSIDERED**

3 HOLDERS OF CLAIMS AGAINST THE DEBTOR SHOULD READ AND
4 CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE
5 OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND
6 THE DOCUMENTS ATTACHED OR DELIVERED HERewith AND/OR
7 INCORPORATED HEREIN BY REFERENCE), IN DETERMINING WHETHER OR
8 NOT TO ACCEPT OR REJECT THE DEBTOR'S PLAN. THESE RISK FACTORS
9 SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY
10 RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS
11 IMPLEMENTATION.

12 **15.1 Risk of Non-Confirmation of the Plan**

13 Because the Plan provides for the reorganization of the Debtor as a going concern,
14 many of the common risk factors found in typical reorganizations apply with respect to
15 the Plan. These include the possibility that operations will not meet projections. Debtor
16 is unaware of any regulatory contingencies or risks in connection with the Plan.

17 **15.2 Non-Consensual Confirmation**

18 In the event one or more impaired Classes of Claims does not accept the Plan, the
19 Bankruptcy Court may nevertheless confirm the Plan at the Debtor's request, if all other
20 conditions for confirmation have been met and at least one impaired Class has accepted
21 the Plan (such acceptance being determined without including the vote of any "insider" in
22 such Class) and, as to each impaired Class that has not accepted the Plan "does not
23 discriminate unfairly" and is "fair and equitable" with respect to the rejecting impaired
24 classes. The Debtor believes that the Plan satisfies those requirements.

25 **15.3 Tax Consequences of the Plan**

26 The Debtor believes that there are no federal income tax consequences peculiar to
27 its Plan. EACH HOLDER OF A CLAIM IS STRONGLY URGED TO CONSULT
28 WITH HIS/HER TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL

1 AND FOREIGN TAX CONSEQUENCES TO HIM/HER OF THE PLAN.

2 **16. CONFIRMATION OF THE PLAN**

3 **16.1 Confirmation of the Plan**

4 Pursuant to Section 1128(a) of the Bankruptcy Code, the Bankruptcy Court will
5 conduct a hearing regarding confirmation of the Plan at the United States Bankruptcy
6 Court, 300 Booth Street, Reno, Nevada, 89509, pursuant to separate notice provided to
7 creditors and interested parties.

8 **16.2 Objections to Confirmation of the Plan.**

9 Section 1128(b) provides that any party-in-interest may object to confirmation of a
10 plan. Any objections to confirmation of the Plan must be in writing, must state with
11 specificity the grounds for any such objections and must be filed with the Bankruptcy
12 Court and served upon the following parties so as to be received on or before the time
13 fixed by the Bankruptcy Court:

14 Alan R. Smith, Esq.
15 505 Ridge Street
16 Reno, Nevada 89501
17 Telephone: 775/786-4579
18 Facsimile: 775/786-3066
19 Email: mail@asmithlaw.com

20 For the Plan to be confirmed, the Plan must satisfy the requirements stated in Section
21 1129 of the Bankruptcy Code.

22 DATED this 1st day of June, 2016.

23 LAW OFFICES OF ALAN R. SMITH

24 By: /s/ Alan R. Smith
25 ALAN R. SMITH, ESQ.
26 Attorney for Debtor
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EXHIBIT "A"

POST-PETITION BALANCE SHEET

ASSETS:

Cash	\$	100,000.00
Accounts Receivable		5,000.00
Taxi Cabs		230,000.00

TOTAL ASSETS: \$ 335,000.00

LIABILITIES:

Administrative Claims (Est. Atty. Fees)	\$	20,000.00
Secured Claims		27,000.00
Unsecured Claims		350,000.00 ⁴

TOTAL LIABILITIES \$ 397,000.00

NET ASSETS OVER LIABILITIES \$ <62,000.00>

⁴Assumes: Cameo Houston disallowed as a claim against the Debtor; Doud claim allowed at \$175,000.00; and Rodriguez claim limited to insurance deductible of \$100,000.00.

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EXHIBIT "B"

LIQUIDATION ANALYSIS

ASSETS:

Cash	\$	100,000.00
Accounts Receivable		5,000.00
Taxi Cabs		160,000.00 ⁵

TOTAL ASSETS: \$ 265,000.00

LIABILITIES:

Chapter 11 Administrative Claims (Est. Atty. Fees)	\$	
20,000.00		
Chapter 7 Administrative Claims		30,000.00 ⁶
Secured Claims		27,000.00
Unsecured Claims		350,000.00 ⁷

TOTAL LIABILITIES \$ 427,000.00

NET ASSETS OVER LIABILITIES <\$162,000.00>

Estimated Recovery for Unsecured Creditors

⁵Reduced 30% for liquidation value.

⁶Assumes trustee's fee and estimated fees for attorney for Chapter 7 trustee.

⁷Assumes: Cameo Houston disallowed as a claim against the Debtor; Doud claim estimated at \$200,000.00; and Rodriguez claim limited to insurance deductible of \$100,000.00. However, in Chapter 7 it may not be possible to limit Rodriguez claim to \$100,000.00 which would potentially increase unsecured claims by \$1,900,000.00.