

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

**IN RE:**

**CALHOUN SATELLITE  
COMMUNICATIONS, INC.,**  
**Debtor-in-Possession,**

: **Case No. 17-23389**  
: **Related to Case 17-23388**  
:  
: **Chapter 11**  
: **Doc No.**  
:

**DISCLOSURE STATEMENT TO ACCOMPANY  
PROPOSED PLAN DATED JUNE 5, 2018**

The Debtor furnishes this disclosure statement to creditors in the above-captioned matter pursuant to Bankruptcy Code §1125 to assist them in evaluating debtor's proposed Chapter 11 plan, a copy of which is attached hereto. Creditors may vote for or against the plan of reorganization. Creditors who wish to vote must complete their ballots and return them to the following address before the deadline noted in the order approving the disclosure and fixing time. The Court will schedule a hearing on the plan pursuant to 11 U.S.C. §1129.

Address for return of ballots:

*Dennis J. Spyra, Esquire  
1711 Lincoln Way  
White Oak, PA 15131*

**I. Background**

1. Name of Debtor  
Calhoun Satellite Communications, Inc. (“Calhoun”)
2. Type of Debtor  
Corporation
3. Debtor's Business or Employment  
Transmission of satellite communications
4. Date of Chapter 11 Petition  
August 22, 2017
5. Debtor is a wholly owned subsidiary of Transmission Solutions Group, Inc. and is the related Chapter 11 case at Case No. 17-23388 filed on August 22, 2018.

6. Events that Caused the Filing:

Calhoun Satellite Communications, Inc. (hereinafter “Calhoun” or the “Debtor”) provides satellite communication services for televised sporting events, celebrations and other gatherings in all parts of the world. It is a very specialized type of operation, and specialized equipment and expertise are necessary to provide the services that it offers. Calhoun and its predecessor corporation were virtually pioneers in the world of satellite communications. However, over the last decade, larger companies have begun to offer similar satellite services. Many of these companies have an advantage over Calhoun, because they have more satellite equipment and trucks and as a result, they are able to bid larger projects at substantially lower costs.

Calhoun realized that, in order to compete successfully in the satellite communications business, it needed an insurgence of capital to purchase more satellite equipment and trucks. This would allow it to increase its accessibility, availability and ultimately, its profitability. The President of Calhoun, Mr. Kevin Husband, did everything that he could do to acquire new or additional financial backing, but Calhoun’s assets are so over-leveraged that infusing new capital into the company was not an enticing opportunity to most serious investors.

Continuing operating losses and a reduction of cash flow compelled Calhoun to file a petition under Chapter 11 of the Bankruptcy Code (11 U.S.C. Section 1101 et seq.), at Case # 17-23389-TPA on August 22, 2017. After the filing, Calhoun continued to market its assets as a going concern, because it was believed that a sale of this type would generate substantially more value for the Debtor and its creditors than a piecemeal liquidation in a Chapter 7 case would provide. Calhoun believed that, with the assistance of Bankruptcy Code provision that would allow it to limit secured claims to the value of creditors’ underlying collateral (11 U.S.C. Section 506 (a)(1)), it might actually be possible to market the company as a continuing enterprise and maximize the sale price that it could obtain for the benefit of its estate.

During the course of its Chapter 11 case, the Debtor has operated pursuant to an agreed Cash Collateral Order entered by the Court on August 29, 2017 (the CC Order”) with Newtek Business Credit, a D/B/A for CBS Services, Inc. (“CDS”). CDS serviced the accounts of the Debtor prior to the filing of its Chapter 11 petition, and has both a pre-petition and post-petition, first-priority lien on the Debtor’s accounts receivable, as well as a blanket lien on all of the Debtor’s other assets. The Debtor believes that its outstanding, collectible receivables are presently sufficient to pay the claim of CDS in full (if all proceeds from outstanding receivables are paid to CDS as set forth infra and in the proposed Plan attached hereto as “Exhibit A”).

7. Anticipated Future of the Company & Source of this Information and Opinion:

Despite the assistance of the Bankruptcy Code, the Debtor has been unable to obtain a feasible offer for its business as a going concern from any prospective purchaser. However, the Debtor was able to obtain an offer for the purchase of substantially all

of its assets from IMS Productions, Inc. (“IMS”), an Indiana corporation. The amount offered by IMS is sufficient to pay for the value of the collateral underlying all secured claims in the Debtor’s Chapter 11 case, and to provide for payment of administrative expenses. Additionally, this offer will allow for a minimum of 5% distribution to be paid on all allowed unsecured claims. This outcome is considerably better than most creditors would receive in a forced liquidation of the Debtor’s assets. Additionally, the Debtor has obtained the agreement of all of the undisputed, secured creditors to the foregoing distribution under the Plan.

Calhoun will continue to operate until the sale of substantially all of its assets (hereinafter, the “Sale”) to IMS or any qualified, higher bidder has been consummated. At the closing on the Sale, the secured claims of the Debtor’s creditors shall transfer to the sale proceeds received and vest therein immediately. Unless otherwise ordered by the Court, all agreed, allowed secured claims shall be paid from the dedicated proceeds of Sale at the time of the Sale closing, with the exception of CDS, which shall continue to receive payment pursuant to the terms of the CC Order until its claim is satisfied from outstanding accounts receivable at the time of the Sale. In the event that the secured claim of CDS has not been satisfied before the closing of the proposed sale, CDS shall receive 100% of the Debtor’s remaining accounts receivable until its secured claim is paid in full. Any additional proceeds garnered from the Debtor’s outstanding accounts receivable after CDS’s secured claim is paid in full, shall be placed into a fund for distribution to administrative claimants and unsecured creditors (hereinafter the “Fund”), in accordance with the terms of the proposed Chapter 11 Plan filed herewith (hereinafter, the “Plan”). All proceeds recovered from any potential litigation by the Debtor (as described, *infra*,) shall also be deposited into the Fund.

The operations of Calhoun shall cease upon the closing of the sale, or as soon thereafter as deemed appropriate.

**Summarize all Significant Features of the Plan Including When and How Each Class of Creditor Will Be Paid and What, If Any, Liens Will Be Retained by Secured Creditors or Granted to any Creditor Under the Plan:**

There are no priority claims to be paid under the Plan.

All agreed, allowed secured claims shall be paid from dedicated proceeds at the time of the Sale closing, unless otherwise directed by Order of the Court, with the exception of CDS, which shall continue to receive payment pursuant to the terms of the CC Order until its claim *is* satisfied from the collection of outstanding and future accounts receivable.

Administrative claimants and unsecured creditors will be paid from the Fund. The Fund shall consist of the proceeds from the Sale in excess of the amount necessary to satisfy secured claims as agreed, the collection of outstanding accounts receivable after CDS’s claim has been satisfied and any amounts realized from planned litigation as more fully set forth *infra*. The initial distribution from the Fund will occur on the first business day which occurs on or after the thirtieth (30th) day following the

entry of the Order confirming the Plan (the "Effective Date"). Any additional proceeds collected thereafter shall be deposited into the Fund upon receipt. Allowed, approved administrative claims may be paid no less than 7 (seven) business days after collection. Remaining proceeds shall be distributed to unsecured creditors annually, on the anniversary of the Effective Date, on a *pro rata* basis. Unsecured creditors shall receive at least a 5% distribution on their allowed claims.

Interest holders will not receive any distribution under the proposed Plan.

8. **Are All Monthly Operating Statements Current and on File With The Clerk of Court?**

Yes  No

If Not, Explain:

9. **Does the plan provide for releases of non-debtor parties? Specify which parties and terms of release.**

No.

10. **Identify all executory contracts that are to be assumed or assumed and assigned.**

None.

11. **Has a bar date been set?** Yes  No

(If not, a motion to set the bar date has been filed simultaneously with the filing of this disclosure statement.)

A. Has an election under 11 U.S.C. §1121(e) has been filed with the Court to be treated as a small business?

Yes  No

B. Specify property that will be transferred subject to 11 U.S.C. §1146 (c).

All assets transferred under the proposed sale of Debtor's assets as more fully described under the proposed Asset Purchase Agreement and Amendment will be subject to the provisions set forth under 11 U.S.C. § 1146.

**I. Creditors**

**A. Secured Claims**

Secured claims will be paid under the Plan or as otherwise directed by the Court.

Creditor	Total Amount Owed	Arrearages	Type of Collateral Priority of Lien (1, 2, 3)	Disputed(D) Liquidated(L) Unliquidated (U)	Will Liens be Retained Under the Plan (Y)or(N)
<b>See Schedule "A" "PLAN"</b>	\$589,265.00	N/A	Secured lien* in collateral that transfers to proceeds from the proposed sale of substantially all of Debtor's assets.		Y
CDS	\$110,000.00	N/A	(1) In accounts receivable		Y

\*Trucks, satellite transmission equipment, spare parts, FCC Licenses, office equipment, and general related equipment.

**B. Priority Claims**

**PRIORITY CLAIMS**

<b>None</b>			
<b>TOTAL</b>	-0-		-0-

\* Disputed (D), Liquidated (L), or Unliquidated (U)

**C. Unsecured Claims**

- |    |   |                |
|----|---|----------------|
| 1. | Amount Debtor Scheduled (Disputed and Undisputed)   | \$7,342,992.00 |
| 2. | Amount of Unscheduled Unsecured Claims <sup>1</sup> | \$0.00         |

<sup>1</sup>Includes a.) unsecured claims filed by unscheduled creditors; b.) that portion of any unsecured claim filed by a scheduled creditor that exceeds the amount debtor scheduled; and c.) any unsecured portion of any secured debt not previously scheduled.

- 3. Total Claims Scheduled or Filed \$7,342,992.00
- 4. Amount Debtor Disputes approximately \$850,000.00
- 5. Estimated Allowable Unsecured Claims \$640,680.00\*

\*Excluding negotiated unsecured deficiency claims of secured creditors subject to Motion to Sell Substantially All of Debtor’s Assets under the proposed Asset Purchase Agreement and Amendment.

D. Other Classes of Creditors

NONE

E. Other Classes of Interest Holders

NONE

**III. Assets**

ASSETS

Assets	Value	Basis for Value Priority of Lien	Name of Lien Holder (if any) (Fair Market Value/Book Value)	Amount of Debtor's Equity (Value Minus Liens)
<b>Proceeds to be Deposited in Fund from Sale of Assets</b>	\$900,000.00	Consent	See list of Secured Claims on Exhibit “B”	\$589,265.000
<b>Receivables from Calhoun’s Operations</b>	\$ 350,000.00 (est.)	1st lien on accts	CDS	\$110,000.00
Non-Compete Litigation	Unknown		None	Unknown
	\$1,250,000.00 TOTAL			\$550,735.000 TOTAL

1. Are any assets which appear on Schedule A or B of the bankruptcy petition not listed above?

Yes

2. Are any assets listed above claimed as exempt? If so attach a copy of Schedule C and any amendments.

No

**IV. SUMMARY OF PLAN**

1. Effective Date: 30 days after confirmation
2. Will cramdown be sought? \_\_\_ Yes  X  No  
If Yes, state bar date: \_\_\_\_\_
3. Treatment of Secured **Non-Tax** Claims

**SECURED NON-TAX CLAIMS**

Name of Creditor	Class	Amount Owed	Summary of Proposed Treatment
<b>See Exhibit "B"</b>	2	\$589,265.00	Paid in full at closing of Sale (directly from Sale proceeds), or as otherwise directed by Order of Court.
CDS		\$110,000.00	Payment from accounts receivable
<b>TO TAL</b>		<b>\$699,265.00</b>	

**DISPUTED, SECURED TAX CLAIMS**

Name of Creditor	Class	Amount Owed	Summary of Proposed Treatment
NONE			
<b>TOTAL</b>		N/A	

1. Treatment of Administrative **Non-Tax** Claims<sup>2</sup>

**ADMINISTRATIVE NON-TAX CLAIMS**

Name of Creditor *	Amount Owed	Type of Debt **	Summary of Proposed Treatment and Date of First Payment
Dennis J. Spyra, Esq.	\$100,000.00 (est)	P	Payment in full upon Court Order. (Excluding claims already approved by the Court)

<sup>2</sup>Include all §503(b) administrative claims.

Brad Messner M & J Tax Services	\$20,000.00	P	Payment in full upon Court Order.
Office of the United States Trustee	\$5,000.00		Payment in full upon affective date.
Total	\$125,000.00		

\* Identify and Use Separate Line for Each Professional and Estimated Amount of Payment

\*\* Type of Debt (P=Professional, TD=Trade, TX=TaxeS)

6. Treatment of Administrative Tax Claims

ADMINISTRATIVE TAX CLAIMS

Name of Creditor *	Amount Owed	Type of Debt **	Summary of Proposed Treatment and Date of First Payment
IRS	\$96,269.00	Payroll	Disputed

7. Treatment of Priority Non-Tax

PRIORITY NON-TAX CLAIMS

Name of Creditor	Class	Amount Owed	Date of Assessment	Summary of Proposed Treatment
None				
				-0-

8. Treatment of Priority Tax Claims<sup>3</sup>

PRIORITY TAX CLAIMS

Name of Creditor	Class	Amount Owed	Date of Assessment	Summary of Proposed Treatment
None				
				-0-

<sup>3</sup>Include dates when any §507(a)(7) taxes were assessed.



9. Treatment of General Unsecured Non-Tax Claims

GENERAL UNSECURED NON-TAX CLAIMS

Creditor	Class	Total Amount Owed	Percent of Dividend
<b>B B &amp; T Commercial Equipment Capital</b>		<b>\$7,026.24</b>	
<b>Beneficial Equipment Finance</b>		<b>\$1,000.00</b>	
<b>Creekridge Capital (Vender Service Group)</b>		<b>\$4,127.51</b>	
<b>B B &amp; T Commercial Equipment Capital</b>		<b>\$3,851.39</b>	
<b>Eastern Funding</b>		<b>\$500.00</b>	
<b>Great American Financial</b>		<b>\$2,650.00</b>	
<b>Key Equipment Finance</b>		<b>\$3,324.27</b>	
<b>M2 Leasing</b>		<b>\$3,994.34</b>	
<b>Newtek Small Business Finance, LLC</b>		<b>\$214,156.88</b>	
<b>Royal Bank America Leasing</b>		<b>\$4,016.00</b>	
<b>Utah Scientific</b>		<b>\$425.00</b>	
<b>Western Equipment Finance, Inc./Bank of the West</b>		<b>\$5,000.00</b>	
<b>Adtec</b>		<b>\$189.00</b>	
<b>Affinity Media</b>		<b>\$733.75</b>	
<b>American Express</b>		<b>\$27,830.95</b>	
<b>American Express (Plum Card)</b>		<b>\$5,465.78</b>	
<b>American Express Bank FSB</b>		<b>\$2,646.07</b>	
<b>AT &amp; T</b>		<b>\$1,150.30</b>	
<b>Averitt Express</b>		<b>\$500.00</b>	
<b>Bank of America</b>		<b>\$18,898.35</b>	
<b>Beam Center Communications, LLC</b>		<b>\$2,500.00</b>	
<b>Broward County</b>		<b>\$3,765.00</b>	
<b>Bureau of Commercial and Vehicle Driver (Fla.)</b>		<b>\$20,257.79</b>	
<b>Capital Advance Services</b>		<b>\$62,000.00</b>	
<b>Capital One Bank USA N.A.</b>		<b>\$499.36</b>	
<b>CBD Productions, Inc.</b>		<b>\$8,661.49</b>	
<b>Channel Partners Capital</b>		<b>\$81,643.33</b>	
<b>City of Dania Beach</b>		<b>\$132.25</b>	
<b>Comcast</b>		<b>\$12,866.90</b>	

<b>DSF Communications c/o David S. Fruitman</b>		<b>\$18,520.00</b>	
<b>Dell Business Credit</b>		<b>\$18,352.01</b>	
<b>Direct TV</b>		<b>\$1,210.49</b>	
<b>Dish</b>		<b>\$106.00</b>	
<b>Douglas Scott McCracken</b>		<b>\$4,140.30</b>	
<b>DPCS Louisiana State Police</b>		<b>\$175.00</b>	
<b>Dub Productions</b>		<b>\$4,700.00</b>	
<b>Eight Ball Production – Bob Graham</b>		<b>\$550.00</b>	
<b>Everlasting Capital</b>		<b>\$58,405.00</b>	
<b>FedEx</b>		<b>\$1,362.70</b>	
<b>Feldstein, Grinberg, Lang &amp; McKee</b>		<b>\$5,759.60</b>	
<b>Fletcher, Heald &amp; Hildreth, P.L.C.</b>		<b>\$4,827.44</b>	
<b>Florida Dept. of Revenue</b>		<b>\$142.67</b>	
<b>FPL</b>		<b>\$427.64</b>	
<b>Globalstar USA</b>		<b>\$696.72</b>	
<b>Gottesman Bomser &amp; Company</b>		<b>\$965.00</b>	
<b>Harris County Toll Road Authority</b>		<b>\$77.75</b>	
<b>Home Depot Credit Services</b>		<b>\$11,755.36</b>	
<b>KLS Auto Body</b>		<b>\$651.90</b>	
<b>Leaf</b>		<b>\$101, 591.17 (DISPUTED)</b>	
<b>M &amp; J Tax Service</b>		<b>\$1,200.00</b>	
<b>Mendelssohn Commerce</b>		<b>\$1,000.00</b>	
<b>NC Department of Transportation</b>		<b>\$110.46</b>	
<b>Peak Uplink</b>		<b>\$4,800.00</b>	
<b>Penske (claim filed)</b>		<b>\$13,811.83</b>	
<b>Pike Pass – OK Turnpike Authority</b>		<b>\$13.60</b>	
<b>Pitney Bowes – Purchase Power</b>		<b>\$1,167.64</b>	
<b>Positive Broadcast Support</b>		<b>\$8,400.00</b>	
<b>Prudential</b>		<b>\$2,383.68</b>	
<b>Republic Services</b>		<b>\$1,342.86</b>	
<b>Republic Services</b>		<b>\$916.06</b>	
<b>Ring Power Corporation (claim filed)</b>		<b>\$1,099.62</b>	
<b>RR Media Sat</b>		<b>\$76,531.83</b>	
<b>Satcom Scientific, Inc</b>		<b>\$1,488.00</b>	
<b>Southwest Airlines Cargo</b>		<b>\$2,012.59</b>	

<b>Sprint</b>		<b>\$3,045.25</b>	
<b>Sun Power Diesel &amp; Marine</b>		<b>\$1,405.80</b>	
<b>Sunbelt Rentals, Inc. (claim filed)</b>		<b>\$499.70</b>	
<b>Sunoco</b>		<b>\$2,333.46</b>	
<b>Telos</b>		<b>\$197.52</b>	
<b>Tigertail Industrial Park</b>		<b>\$15,000.00</b>	
<b>Uline</b>	<b>3</b>	<b>\$943.48</b>	
<b>Vector Security</b>	<b>3</b>	<b>\$ -0-</b>	
<b>VER</b>		<b>\$1,950.00</b>	
<b>Verizon Wireless</b>		<b>\$4,717,51</b>	
<b>TCF Equipment Finance</b>		<b>\$105,263.31 (DISPUTED)</b>	
<b>WEX Bank</b>		<b>\$27,603.49</b>	
<b>Averitt Express</b>	<b>3</b>	<b>\$500.00</b>	
<b>Kevin Husband</b>		<b>\$750,000.00 (No payment to insider)</b>	
<b>DSF c/o David Fruitman</b>		<b>\$619,052.09 (DISPUTED)</b>	
<b>Mark Cohen</b>		<b>\$154,763.02 (DISPUTED)</b>	
<b>TOTAL</b>		<b>\$640,068.00*</b>	

\*Secured creditor's unsecured deficiency claims may vary substantially from amounts set forth above.

10. Treatment of General Unsecured Tax Claims

GENERAL UNSECURED TAX CLAIMS

Creditor	Class	Total Amount Owed	Percent of Dividend
None			
<b>TOTAL</b>		<b>\$ 0</b>	

11. Will periodic payments be made to unsecured creditors?

Yes X No \_\_\_\_\_ First payment to begin on Effective Date

If so:

Amount of each payment (aggregate to all unsecured claimants/unknown)	
Estimated date of first payment:	09/30/18
Time period between payments:	1 year
Estimated date of last payment:	When litigation is completed in full.
Contingencies, if any:	NONE

State source of funds for planned payments, including funds necessary for capital replacement, repairs, or improvements:

Proceeds of Sale of substantially all of the Debtor’s assets or through successful litigation against Debtor’s creditors and former owners of the business.

Include any other information necessary to explain this plan: In the event that the closing of the Sale occurs prior the confirmation of this proposed Plan or any amended proposed plan the Debtor will seek prior authorization of this Court to pay secured claims directly upon receipt of Sale proceeds or as otherwise directed by the Court.

**V. Comparison of Plan with Chapter 7 Liquidation**

If debtor's proposed plan is not confirmed, the potential alternatives would include proposal of a different plan, dismissal of the case or conversion of the case to Chapter 7. If this case is converted to Chapter 7, a trustee will be appointed to liquidate the debtor's non-exempt assets. In this event, all secured claims and priority claims, including all expenses of administration, must be paid in full before any distribution is made to unsecured claimants.

Total value of Chapter 7 estate (without sale, as scheduled)	\$1,663,060.30
1. Less secured Section III) claims (See IV-2)	\$6,667,242.00
2. Less administrative expenses (See IV-3 and include approximate Chapter 7 expenses)	\$125,000.00
3. Less other priority claims (See IV-4)	\$-0-
 Total Amount Available for Distribution to Unsecured Creditors	 \$-0-

(See Section II C)

Percentage of Dividend to Unsecured Creditors:  
***There would be no distribution to unsecured creditors in a liquidation.***

Will the creditors fare better under the plan than they would in a Chapter 7 liquidation?

Yes X No \_\_\_\_\_

Explain:

The unsecured creditors will receive at least 5% of their allowed claims.

Estimated amount to be paid on Effective Date, including administrative expenses.

\$ 900,000.00 (proceeds from Asset Purchase Agreement and Amendment) and  
 \$350,000.00 (from collection of accounts receivable).

Show how this amount was calculated.

\$699,265.00	Secured Creditors
\$125,000.00	Administrative Class
\$0	Taxes (Priority Claims)
\$281,000.00	Unsecured Creditors
\$1,105,265.00	<b>TOTAL</b>
<b>\$144,735.00</b>	<b>Balance</b>

What assumptions are made to justify the increase in cash available for the funding of the plan?

Sale Closing will generate \$900,000.00; only approximately \$582,265.00 earmarked for secured claims.

Will funds be available in the full amount for administrative expenses on the effective date of the plan? From what source? If not available, why not and when will payments be made?

It is estimated that a sufficient amount will be available. If not, unpaid administrative expenses will be paid from proceeds received from recovery of unpaid receivables and litigation.

Cash on hand approximately \$10,000.00

Cash on hand (Estimated amount available on date of confirmation) \$ 900,000.00 from Asset Purchase Agreement and Amendment plus \$250,000 of accounts receivable.

If this amount is less than the amount necessary at confirmation, how will debtor make up the shortfall? From collection of outstanding, uncollected receivables and any proceeds recovered from anticipated litigation over breach of non-compete agreement against former owners.

**VII. Management Salaries**

The Debtor will cease operations at the time of Sale closing or as soon thereafter as deemed practicable and appropriate.

MANAGEMENT SALARIES

None.		
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**VIII. Identify the Effect on Plan Payments and Specify Each of the Following:**

Secured Creditors would be paid their agreed fair market value of their collateral and 5% of their unsecured deficiency claim under the Motion to Sell Substantially All of Debtor's Assets under the proposed Asset Purchase Agreement and Amendment.

**IX. Additional Information and Comments**

Debtor believes that the treatment of Creditor interests under the liquidation plan is in the estate's best interest.

**X. Certification**

The undersigned hereby certifies that the information herein is true and correct to the best of my knowledge and belief formed after reasonable inquiry.

If Debtor is a corporation, attach a copy of corporate resolution authorizing the filing of this Disclosure Statement and Plan. Attached hereto.

Dated: June 5, 2018

/s/KEVIN HUSBAND  
Signature of Debtor

/s/ Dennis J. Spyra  
Dennis J. Spyra, Esq.  
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