

Official Form 25B (12/08)

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF TEXAS  
SAN ANTONIO DIVISION

In re

Wayside Productions Inc.

Case No. 16-50198-rbk

Debtor

**DEBTOR'S AMENDED DISCLOSURE STATEMENT, DATED 12/14/16**

**I. INTRODUCTION**

This is the disclosure statement (the "Disclosure Statement") in the chapter 11 case of Wayside Productions Inc. (the "Debtor"). This Disclosure Statement contains information about the Debtor and describes the Debtor's Amended Plan of Reorganization (the "Plan") filed by the Debtor on December 14, 2016. A full copy of the Plan is attached to this Disclosure Statement as Exhibit A. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

The proposed distributions under the Plan are discussed at pages 4-7 of this Disclosure Statement. General unsecured creditors are classified in Class 4 and will receive a distribution of 100 percent of their allowed claims, to be distributed as follows: Each general unsecured creditor will receive its allowed claim amount in equal monthly installments over a 60 month period.

**A. Purpose of This Document**

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims or equity interests of the type you hold (i.e., what you will receive on your claim or equity interest if the plan is confirmed),
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan,
- Why the Debtor believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

**B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing**

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. *Time and Place of the Hearing to Finally Approve This Disclosure Statement and Confirm the Plan*

The hearing at which the Court will determine whether to *finally approve this Disclosure Statement* and confirm the Plan will take place on \_\_\_\_\_ at \_\_\_\_\_, in Courtroom No. 1, at the United States Federal Building and Courthouse, 615 E. Houston St. San Antonio, Texas 78205.

2. *Deadline For Voting to Accept or Reject the Plan*

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to Villa & White LLP, 1100 NW Loop 410 #700, San Antonio, Texas 78213. See section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by \_\_\_\_\_ or it will not be counted.

3. *Deadline For Objecting to the Adequacy of Disclosure and Confirmation of the Plan*

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon Morris E. "Trey" White III, Villa & White LLP, 1100 NW Loop 410 #700 San Antonio, Texas 78213 by \_\_\_\_\_.

4. *Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact:

Morris E. "Trey" White III  
Villa & White LLP  
1100 NW Loop 410 #700  
San Antonio, Texas 78213  
(210) 225-4500.

C. **Disclaimer**

***The Court has approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. The Court's approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan. Objections to the adequacy of this Disclosure Statement may be filed until \_\_\_\_\_.***

II. **BACKGROUND**

A. **Description and History of the Debtor's Business**

The Debtor is a privately held minority-owned and woman-owned Texas Corporation that conducts business in Bexar County. The Debtor is in the business of event production. More specifically, Debtor provides audio/video services, custom stage setting, stage lighting, furniture and décor for large events such as conventions and exhibitions. In order to provide these services, it is necessary for the Debtor to trucks, audio equipment, video equipment, lighting equipment, generators, tables, linens and other décor items. Debtor also often requires the services of specialized professionals, such as electricians.

B. **Insiders of the Debtor:** Paul Zamarripa, Shirley Zamarripa

C. **Management of the Debtor Before and During the Bankruptcy**

During the two years prior to the date on which the bankruptcy petition was filed, the officers, directors, managers or other persons in control of the Debtor (collectively the "Managers") were:

Paul Zamarripa, President  
Shirley Zamarripa, Vice-President

The Managers of the Debtor during the Debtor's chapter 11 case have been:

Paul Zamarripa, President  
Shirley Zamarripa, Vice-President

After the effective date of the order confirming the Plan, the directors, officers, and voting trustees of the Debtor, any affiliate of the Debtor participating in a joint Plan with the Debtor, or successor of the Debtor under the Plan (collectively the "Post Confirmation Managers"), will be:

Paul Zamarripa, President  
Shirley Zamarripa, Vice-President

The responsibilities and compensation of these Post Confirmation Managers are described in section III(D)(2) on page 7 of this Disclosure Statement.

**D. Events Leading to Chapter 11 Filing**

In October of 2014, Debtor preformed services for Alamo City Comic Con. This was a large project for the Debtor and consumed much of Debtor's resources. Unfortunately, Debtor was not and has not been paid for those services rendered to Alamo City Comic Con. This generated an account receivable of over \$350,000.00. It also left Debtor in the awkward position of not being able to pay its suppliers and other creditors including the Internal Revenue Service and the Texas Comptroller. Accordingly, the Texas Comptroller issued several levys, freezing bank accounts, resulting further cash flow problems for the Debtor.

Although Debtor initiated a lawsuit in state court against Alamo City Comic Con (*Wayside Productions Inc. d/b/a Total Media Solutions v. Alfredo De La Fuente, individually and d/b/a Alamo City Comic Con, and Alamo City Comic Con LLC*, Cause No. 2015-CI-05504, pending the 288<sup>th</sup> Judicial District Court for Bexar County, Texas. (the "Litigation")) the matter has not yet been tried and is still pending. Debtor elected to file a voluntary petition under chapter 11 of the Bankruptcy Code.

**E. Significant Events During the Bankruptcy Case**

No significant events have occurred during the bankruptcy case.

**F. Projected Recovery of Avoidable Transfers**

**[Option 1 -- If the Debtor does not intend to pursue avoidance actions]**

Other than the Litigation, Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions.

**G. Claims Objections**

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The

procedures for resolving disputed claims are set forth in Article X of the Plan.

#### H. **Current and Historical Financial Conditions**

The identity and fair market value of the estate's assets are listed in Exhibit B. These fair market values are based on the Debtor's estimation.

The Debtor's most recent tax return issued before bankruptcy, which was filed with the Court, are set forth in Exhibit C.

The most recent post-petition operating report filed since the commencement of the Debtor's bankruptcy case are set forth in Exhibit D.

### III. **SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS**

#### A. **What is the Purpose of the Plan of Reorganization?**

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

#### B. **Unclassified Claims**

Certain type of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has *not* placed the following claims in any class:

##### 1. *Administrative Expenses*

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor's estimated administrative expenses, and their proposed treatment under the Plan:

<b>Type</b>	<b><u>Estimated Amount Owed</u></b>	<b><u>Proposed Treatment</u></b>
Debtor's Attorney's Fees	\$10,000.00	To be paid in cash on the effective date of the Plan
U.S. Trustee Fees	\$1,500.00	
TOTAL	\$10,500.00	

##### 2. *Priority Tax Claims*

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the

order of relief.

The following chart lists the Debtor's estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan:

Description (name and type of tax)	Estimated Amount Owed	Date of Assessment	Treatment
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None.

### C. Classes of Claims and Equity Interests

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

#### 1. Classes of Secured Claims

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim.

The following chart lists all classes containing Debtor's secured prepetition claims and their proposed treatment under the Plan:

<u>Class #</u>	<u>Description</u>	<u>Insider? (Yes or No)</u>	<u>Impairment</u>	<u>Treatment</u>
1	Secured claim of: Name = Bexar County  Collateral Description = personal property  Allowed Secured Amount = \$21,027.22	No	Impaired	Monthly Pmt = \$1,868.24 Pmts Begin = April 2017 Pmts End = March 2018  Treatment of Lien = Creditor shall retain its lien interest
2	Secured claim of: Name = Internal Revenue Service  Collateral Description = all assets  Allowed Secured Amount = \$325,332.19	No	Impaired	Monthly Pmt = \$3,0000 Pmts Begin = April 2017 Pmts End = May 2022 Interest rate % = 4 Balloon payment due May 2022 Treatment of Lien = Creditor shall retain its lien interest.
2	Secured claim of: Name = Texas Comptroller  Collateral Description = all	No	Impaired	Monthly Pmt = \$1,500.00 Pmts Begin = April 2017 Pmts End = May 2022

	assets  Allowed Secured Amount = \$172,096.18  Priority of Lien = 2			Interest rate % = 9%  Balloon payment due May 2022  Treatment of Lien = Creditor will maintain its lien interest
2	<i>Secured claim of:</i> Name = Texas Workforce  Collateral Description = all assets  Allowed Secured Amount = \$6420.95	No	Impaired	Monthly Pmt = \$100.00 Pmts Begin = April 2017 Pmts End = May 2022 Interest rate % = 9%  Balloon payment due May 2022  Treatment of Lien = Creditor will maintain its lien interest
3	<i>Secured claim of:</i> Name = BMO Harris Bank N.A.  Collateral Description = vehicle  Allowed Secured Amount = \$88,863.33	No	Impaired	Monthly Pmt = Contact Amount  Interest rate % = Contract Interest rate  Note will be extended by 60 days to pay pre-petition arrears  Treatment of Lien = Creditor will maintain its lien interest
3	<i>Secured claim of:</i> Name = BMO Harris Bank N.A.  Collateral Description = vehicle  Allowed Secured Amount = \$88,958.57	No	Impaired	Monthly Pmt = Contact Amount  Interest rate % = Contract Interest rate  Note will be extended by 60 days to pay pre-petition arrears  Treatment of Lien = Creditor will maintain its lien interest

## 2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are

required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept a different treatment.

The following chart lists all classes containing claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code and their proposed treatment under the Plan:

Class #	Description	Impairment	Treatment
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3. *Class[es] of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code.

The following chart identifies the Plan's proposed treatment of Class, which contain general unsecured claims against the Debtor:

Class #	Description	Impairment	Treatment
4	General Unsecured Class	Impaired	Monthly Pmt = \$1,951.73 Pmts Begin = April 2017 Pmts End = March 2022 = Estimated percent of claim paid = 100%

4. *Class[es] of Equity Interest Holders*

Equity interest holders are parties who hold an ownership interest (i.e., equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company ("LLC"), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

The following chart sets forth the Plan's proposed treatment of the class[es] of equity interest holders: [There may be more than one class of equity interests in, for example, a partnership case, or a case where the prepetition debtor had issued multiple classes of stock.

Class #	Description	Impairment	Treatment
5	Equity Interest Holders	Unimpaired	Not applicable

D. **Means of Implementing the Plan**

1. *Source of Payments*

Payments and distributions under the Plan will be funded by the following:

Future income and cash flow of Debtor from operations. Additionally, all proceeds collected by Debtor as a result of the Litigation will be contributed to the plan and will be used to extinguish the claims. Such proceeds shall first be allocated to Class 2 then to Class 4.

2. *Post-confirmation Management*

The Post-Confirmation Managers of the Debtor, and their compensation, shall be as follows:

Name	Affiliations	Insider (yes or no)?	Position	Compensation
Paul Zamarripa	Shareholder	Yes	President	Annual Salary of \$75,000
Shirley Zamarripa	Shareholder	Yes	Vice-President	Annual Salary of: \$50,000

#### E. Risk Factors

The proposed Plan has the following risks:

As the Plan is funded by future operations of the Debtor, Debtor's loss of customers or increased competition in the Debtor's service area are two risk factors that would affect Debtor's ability to make payment and/or distributions required under the Plan. Additionally, as the Plan relies heavily on the outcome of the Litigation, there is a risk that Debtor will not be successful in the Litigation. Finally, even if Debtor prevails in the Litigation, there is a risk that any judgment awarded may not be collectible.

#### F. Executory Contracts and Unexpired Leases

The Plan lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

All executory contracts and unexpired leases that are not listed in Article X will be rejected under the Plan. Consult your advisor or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

#### G. Tax Consequences of Plan

***Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors.***

The following are the anticipated tax consequences of the Plan: Debtor does not believe there will be any tax consequences of the Plan.

#### IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired



class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

**A. Who May Vote or Object**

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that all classes are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that no class is unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

**1. What Is an Allowed Claim or an Allowed Equity Interest?**

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

***The deadline for filing a proof of claim in this case was 5/23/2016.***

**2. What Is an Impaired Claim or Impaired Equity Interest?**

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

**3. Who is *Not* Entitled to Vote**

The holders of the following five types of claims and equity interests are *not* entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes.
- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and

- holders of claims or equity interest in classes that do not receive or retain any value under the Plan;
- administrative expenses.

***Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.***

4. *Who Can Vote in More Than One Class*

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

B. **Votes Necessary to Confirm the Plan**

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on non-accepting classes, as discussed later in Section [B.2].

1. *Votes Necessary for a Class to Accept the Plan*

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. *Treatment of Non-accepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds non-accepting classes is commonly referred to as a "cram down" plan. The Code allows the Plan to bind non-accepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not "discriminate unfairly," and is "fair and equitable" toward each impaired class that has not voted to accept the Plan.

***You should consult your own attorney if a "cramdown" confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.***

C. **Liquidation Analysis**

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. As Debtor does not have any non-encumbered assets, it is unlikely that any dividend would be received by the creditors in a chapter 7. A liquidation analysis is attached hereto as Exhibit E.

D. **Feasibility**

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such

liquidation or reorganization is proposed in the Plan.

1. *Ability to Initially Fund Plan*

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date.

2. *Ability to Make Future Plan Payments and Operate Without Further Reorganization*

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments.

The Plan Proponent's financial projections attached as Exhibit "F" show that the Debtor will have an aggregate annual cash flow, after paying operating expenses and post-confirmation taxes. The financial projections are based on Debtor's last two years of financial performance. The final Plan payment is expected to be paid on May 2022.

***You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.***

V. **EFFECT OF CONFIRMATION OF PLAN**

A. **DISCHARGE OF DEBTOR**

Discharge. Confirmation of the Plan discharges the Debtor from any debt that arose before the date of confirmation and any debt of a kind specified in section 502(g), 502(h), or 502(i) of this title, whether or not—

- (i) a proof of the claim based on such debt is filed or deemed filed under section 501 of this title;
- (ii) such claim is allowed under section 502 of this title; or
- (iii) the holder of such claim has accepted the plan.

B. **Modification of Plan**

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or re-voting on the Plan.

Upon request of the Debtor, the United States trustee, or the holder of an allowed unsecured claim, the Plan may be modified at any time after confirmation of the Plan but before completion of payments under the Plan, to (1) increase or reduce the amount of payments under the Plan on claims of a particular class, (2) extend or reduce the time period for such payments, or (3) alter the amount of distribution to a creditor whose claim is provided for by the Plan to the extent necessary to take account of any payment of the claim made other than under the Plan.

C. **Final Decree**

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case.

VI. **OTHER PLAN PROVISIONS: None**

Villa & White LLP  
1100 NW Loop 410 #700  
San Antonio, Texas 78213  
(210) 225-4500 Telephone  
(210) 212-4649 Facsimile

BY: /s/ Morris E. "Trey" White III  
Morris E. "Trey" White III  
Texas Bar No. 24003162  
Attorney for Debtor