

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:

RHINOCEROS VISUAL EFFECTS
AND DESIGN LLC

Debtor.

Chapter 11

Case No.

DEBTOR'S AFFIDAVIT PURSUANT TO LOCAL RULE 1007-2

Zviah Eldar, certifies the following:

1. I am the chief executive officer of the debtor and debtor-in-possession, Rhinoceros Visual Effects & Design LLC (the "Debtor"). I respectfully submit this affidavit pursuant to Rule 1007-2 of the Rules of the United States Bankruptcy Court for the Southern District of New York.

A. The Nature of the Debtor's Business and a Concise Statement of the Circumstances Leading to the Debtor's Filing under Chapter 11

2. The Debtor is a provider of computer-generated imagery animation and digital visual effects. The Debtor's core business is servicing the advertising companies of major corporations by locating production assistance and actors who can create animation and digital visual effects.

3. The Debtor's business is fundamentally strong. In past several months, the Debtor has secured several profitable contracts from influential clients in the automotive and sports industries amongst others.

4. Aside from its operating expenses, the Debtor's liabilities include two bank loans. One loan is to Bank Hapoalim B.M. ("BM"), which provides a working capital revolving line of credit. The Debtor also has liabilities on a loan from Israel Discount Bank of New York. The

two banks have an inter-creditor agreement between them. Although it is believed that the loan obligations are in default, the banks continue to work with the Debtor.

5. The Debtor's most immediate problem stems from its office space lease. The Debtor operates out of approximately 13,000 square feet of located on the third floor and a number of rooms on the fourth floor at 315 Madison Ave. in New York, New York (the "Premises") pursuant to a six-year and six-month lease (the "Lease") with Fifty East Forty Second Company LLC ("Landlord") expiring on December 31, 2014.

6. Over the past few years, the Debtor's business reduced its staff to reduce its overall expenses and the Debtor no longer has a need for the space on the fourth floor. In Spring 2013, the Landlord and the Debtor negotiated an agreement whereby 1) the Debtor would surrender the entire fourth (4th) floor of the Premises to the Landlord; 2) the Landlord would lower the rent; and 3) Landlord would apply the Debtor's security deposit (or a portion thereof) to the alleged arrears.

7. Despite this agreement, on April 23, 2013, Landlord served the Debtor with a "Three Day Notice to Tenant" alleging that the Tenant owed \$138,056.40 in arrears, and refused to honor the deal it had orally negotiated

8. On May 2, 2013, the Landlord commenced case No. 65658/2013 in the Civil Court of New York City ("L&T Proceeding"). On August 19, 2013 that court entered an order awarding Landlord \$138,056, and directing that a warrant issue. The Debtor understands that unless it were to pay this amount, it would be evicted from the premises.

9. On September 13, 2013, the landlord served an additional rent demand for \$327,305.15.

10. As the Debtor is not in a position to pay the amounts demanded by the landlord at this time, and will face imminent eviction (and corresponding business interruption) without bankruptcy relief, the Debtor filed this case.

B. Previous Trustee/Creditors Committee

11. This case was not commenced as a Chapter 7 or 13. No creditors committee has been organized.

C. The 20 Unsecured Claims.

12. A list of the Debtor's largest twenty creditors is being filed with this certification as Exhibit A.

D. Top 5 Secured Creditors

13. As indicated above, the Debtor has two secured creditors.

(i) B.M., 1177 Avenue of the Americas, New York, New York 10036.

Total debt: Approximately \$1.1 million.

(1) B.M. has filed a UCC-1 claiming a security interest in all personal and fixture property of every kind including all goods (inventory, equipment and accessions), promissory notes, documents (tangible or electronic), accounts, chattel paper, deposit accounts, letter-of-credit rights, commercial tort claims, securities and other investment property, supporting obligations and contract rights, rights to payment, insurance claims and proceeds and general intangibles.

(2) The Debtor estimates that the liquidation value of this collateral is approximately \$258,000.

(3) B.M.'s claim and lien is not disputed at this time. Debtor's counsel is unable to evaluate whether the claim or lien could be subject to a bona fide dispute and is not in possession of all relevant documents necessary for such an evaluation.

(ii) Israel Discount Bank of New York,("IDB") 511 Fifth Avenue, New York, New York 10017. Total Debt: Approximately \$ 583,000

(iii) IDB has filed a UCC-1 financing claiming a security interest in the following collateral: "All Assets"

(1) The Debtor estimates that the liquidation value of this collateral is approximately \$258,000.

(2) IDB's claim and lien has not been disputed. At this time, Debtor's counsel is unable to evaluate whether or not the claim or lien could be subject to a bona fide dispute and is not in possession of all relevant documents necessary for such an evaluation. Some or all of IDB's claim may arise from an inter-corporate guarantee,

14. The Debtor also has a \$350,000 cash security deposit with its landlord, Abramson Brother, Inc., 50 Fifth Avenue, New York, New York 10017. The landlord claims it is owed \$465,381 plus attorney's fees. The Debtor disputes the landlord's claim

E. Summary of Debtor's Assets and Liabilities.

The Debtor's assets and liabilities as of June 30, 2013 were:

Rhinoceros Visual Effects and Design LLC DBA Gravity	
Balance Sheets (from internal report 6/30/1013)	
Current Assets	
Cash and Cash Equivalents	\$ 1,699
Accounts Receivable	\$ 90,291
Other Receivables	\$ 78,186
Security Deposits	\$ -
sub-total	\$ 170,176
Long Term Assets	
Security Deposits	\$ 352,972
sub-total	\$ 352,972
Fixed Assets	
Costs	\$ 3,290,161
Accumulated Depreciation	\$ (3,090,355)
sub-total	\$ 199,806
TOTAL ASSETS	\$ 722,954
Current Liabilities	
Short Term Credit	\$ 1,091,664
Accounts Payable and Accruals	\$ 520,467
Security Deposits Payable	
Other Payables	\$ 616,909
sub-total	\$ 2,229,040
Long Term Liabilities	
Lease Payable, Less Current Portion	
Security Deposits Payable	
Due to Affiliates	\$ 3,848,301
sub-total	\$ 3,848,301
TOTAL LIABILITIES	\$ 6,077,341

F. Securities of the Debtor Publicly Held.

15. The Debtor has no publicly held securities.

G. Property in the possession or custody of a custodian, public officer, mortgagee, pledgee, assignee of rents, or secured creditor

16. The Debtor has a security deposit held by Landlord in the amount of \$340,537.05.

17. The Debtor's banking account is with BHI USA, the New York branch of Bank Hapoalim, and all cash held by the Debtor is in that account.

18. No other property is in possession or custody of any custodian, public officer, mortgagee, pledgee, secured creditor or agent of any such entity.

H. List of premises owned, leased or held by the Debtor

19. The debtor leases a portion of the third floor and the entire fourth floor of 315 Madison Ave. in New York, New York. The Debtor does not currently use the fourth floor.

I. The location of debtor's substantial assets, the location of its books and records and the nature, location and value of any assets held by the debtor outside the territorial limits of the United States

20. The Debtor's equipment, books and records are located at 315 Madison Avenue, New York, New York.

21. The Debtor has no assets located outside of the United States.

J. Nature and present status of each action or proceeding, pending or threatened against the debtor or its property where a judgment against the debtor or the seizure of its property may be imminent.

22. Aside from the L&T Proceeding, the Debtor does not have any action or proceeding pending or threatened wherein a judgment against the debtor or the seizure of its property is imminent.

K. Amounts proposed to be paid to officers, stockholders (members) or directors for thirty days following the filing of the petition.

23. The Debtor anticipates making payments totaling \$35,896.26 to officers, members in the thirty days following the filing of the petition.

L. Amounts proposed to be paid to officers, stockholders (members) or directors for thirty days following the filing of the petition.

24. The Debtor anticipates making payments totaling \$35,896.26 to officers, members in the thirty days following the filing of the petition.


M. Thirty day schedule of estimated cash receipts and disbursements, net cash gain or loss, obligations and receivables expected to accrue but remain unpaid, other than professional fees

25. A Statement of estimated cash receipts and disbursements, net cash gain or loss, obligations and receivables expected to accrue but remain unpaid, other than professional fees is as follows:

	<u>Sept 16-20</u>	<u>Sept 23-27</u>	<u>Spt 30-Oct 4</u>	<u>Oct 7-11</u>	<u>Oct 14-18</u>
Balance	50,000	62,230	36,816	208,816	99,759
Collection	67,730	90,086	340,000	33,643	64,590
Exp:					
Payroll		110,000		110,000	
Freelencers	24,000			28,000	
Outsourcing		0	110,000		42,356
Rent	28,000		56,000		
Con-Ed Elictricity					
Office Exp	2,000	2,000	2,000	2,000	
Travel exp	1,500	3,500		2,700	
Total Exp	55,500	115,500	168,000	142,700	42,356
Balance	62,230	36,816	208,816	99,759	121,993

I certify under penalties of the perjury that I have read the foregoing and it is true and correct to the best of my information, knowledge and belief.

Dated: New York, New York
September 17, 2013



Zviah Eldar

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re RHINOCEROS VISUAL EFFECTS AND
DESIGN, LLC

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Case No

TOP TWENTY UNSECURED CREDITORS

Following is the list of the debtor's creditors holding the 20 largest unsecured claims. The list is prepared in accordance with Fed. R. Bankr. P. 1007(d) for filing in this chapter 11 [or chapter 9] case. The list does not include (1) persons who come within the definition of "insider" set forth in 11 U.S.C. § 101, or (2) secured creditors unless the value of the collateral is such that the unsecured deficiency places the creditor among the holders of the 20 largest unsecured claims. If a minor child is one of the creditors holding the 20 largest unsecured claims, state the child's initials and the name and address of the child's parent or guardian, such as "A.B., a minor child, by John Doe, guardian." Do not disclose the child's name. See, 11 U.S.C. §112 and Fed. R. Bankr. P. 1007(m).

(1)	(2)	(3)	(4)	(5)
Name of creditor and complete mailing address, including zip code	Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted	Nature of claim (trade debt, bank loan, government contract, etc.)	Indicate if claim is contingent, unliquidated, disputed or subject to setoff	Amount of claim (if secured also state value of security)


Ra	Name	Contact	Nature of Claim	Status	Amount
1	Bank Hapoalim B.M.	1177 Avenue of the Americas, New York, New York 10036	Bank Debt, Partially secured, estimated collateral fifty percent of \$258,000 liquidation value		\$ 921,000
2	Israel Discount Bank of New York,	511 Fifth Avenue, New York, NY 10017	Bank Debt, Partially secured, estimated collateral fifty percent of \$258,000 liquidation value	Contingent	\$ 454,000
3	Avalon Films,	407 East Fourth Street, Royal Oak, MI, 48067	Trade		\$ 293,199
4	Digital Kraft, SVETOGORSKA	18, BEOGRAD, SERBIA, 11000	Trade		\$ 164,100
5	Abramson Brothers Inc,	Allen Abramson, 50 Fifth Ave New York, NY 10017	Landlord claim for rent, less security deposit of \$350,000	Disputed	\$ 115,363
6	SignalPoint Communications,	Martin Cole, Mrtin Cole- Law Office, 110 Wall Street 11th Floor, New York, NY, 10019, 212-929-0606	Utility	Disputed	\$ 49,811
7	Newman Ferraro LLP,	c/o Glen Spiegel 1250 Broadway 27th Fl. New York, NY 10001 212 619 5400	Professional Legal Services		\$ 27,844
8	Con Edison, Coper Station,	PO Box 138, New York, NY 10276-0138	Utility		\$ 17,728
9	Vista Entertainment Inc,	1107 55th Richmond Street West, PO Box 1507 Toronto, Canada M5V 1M5	Trade		\$ 17,728
10	Skyline Credit Ride, Inc.,	52-29 35th Street, Long Island City, NY, 11101	Trade		\$ 13,013

(1)	(2)	(3)	(4)	(5)
Name of creditor and complete mailing address, including zip code	Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted	Nature of claim (trade debt, bank loan, government contract, etc.)	Indicate if claim is contingent, state value of unliquidated, disputed or subject to setoff	Amount of claim [if secured also security]

Ra	Name	Contact	Nature of Claim	Status	Amount
11	Barash, Friedman, Friedberg & Adasko,	Lee Adasko, 331 Madison Avenue, New York, NY, 10017 212-696 4600	Accounting Services		\$ 12,953
12	N47 Inc.,	Nancy Giandomenico, 172 E 4th St #2E, New York, NY, 10009 917-455-1252	Freelancer		\$ 12,350
13	Kate Johnson,	66 Summit St., Oyster Bay, NY, 11771 516-816-0288	Freelancer		\$ 11,925
14	Frankfurt Kurnit Klein & Selz,	c/o Michael Frankfurt, 488 Madison Avenue, New York, NY, 10022 212-826-5555	Legal Services		\$ 9,687
15	Radke Film Group,	c/o Ilene Bronseter, 125 George Street, Toronto, Canada, M5A 2N4 416-366-9921	Trade		\$ 9,638
16	The Foundry,	5 Golden Square, London, GB W1F 9BS	Trade		\$ 9,300
17	Likeont Films Inc.,	10 East 13th Street Apt. 3G, New York, NY, 10003	Freelancer		\$ 9,150
18	EveBad Productions,	233 Fourteen Street, Brooklyn, NY, 11215 Evelyn Badia 917-539-1677	Freelancer		\$ 8,500
19	Gypsy,	6557 N Lakewood Ave #3, Chicago, IL, 60626	Trade		\$ 8,500
20	Greg Cutler,	133 8th Avenue - 4D, Brooklyn, NY, 11215 917-903-5105	Freelancer		\$ 8,175

Dated: New York, New York
September 17, 2013.

Zviah Elder certifies under penalty of perjury that I am the chief executive officer of the debtor herein that I have read the foregoing schedule and the same is true and correct to the best of my knowledge, information and belief



Notes

- Undersecured creditors are shown less estimated liquidation value of collateral
- 1 All claims are subject to investigation by counsel and may be
- 2 disputed based on investigation