

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

In re: : Chapter 11
: :
THE LEGAL COVERAGE GROUP LTD., :
: Bankruptcy No. 18-10494
Debtor. :

**CHAPTER 11 TRUSTEE'S MOTION FOR ORDER AUTHORIZING THE SALE OF
THE BUSINESS ASSETS OF LEGAL COVERAGE GROUP, LTD. PURSUANT TO
11 U.S.C. § 363 FREE AND CLEAR OF LIENS AND ENCUMBRANCES,
ASSUMPTION AND ASSIGNMENT OF CERTAIN LEASES AND EXECUTORY
CONTRACTS PURSUANT TO 11 U.S.C. § 365, AND APPROVAL OF BIDDING
PROCEDURES AND REQUEST FOR EXPEDITED HEARING THEREON**

Leslie Beth Baskin, Chapter 11 Trustee ("Trustee") for the Legal Coverage Group Ltd. ("Debtor"), hereby moves the Court for an Order authorizing the sale of the business assets of Debtor, The Legal Coverage Group, Ltd., pursuant to 11 U.S.C. § 363, free and clear of liens and encumbrances, assumption and assignment of certain leases and executory contracts pursuant to 11 U.S.C. § 365, and approval of proposed bidding procedures, and avers as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over the subject matter of the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2)(A), (N) and (O).
2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The statutory predicates for the relief sought herein are Sections 105 and 363 of the Bankruptcy Code.

BACKGROUND

4. The Legal Coverage Group Ltd. (“Debtor” or “LCG”) filed this bankruptcy proceeding on January 26, 2018 (the “Petition Date”).

5. The Court appointed Leslie Beth Baskin to serve as Chapter 11 Trustee by Order dated March 13, 2018.

6. LCG is a privately held employee legal plan established in 1995, offering legal plans to employers of all sizes and industries who wish to offer the “HELP” legal plan to their employees as part of an employee benefit plan (“Enrollees”).

7. Currently, LCG has approximately 16 companies as customers (also known as “Worksites”), whose employees are offered the benefit of enrolling in the legal plan.

8. LCG currently has 350 Enrollees who pay to participate.

9. LCG’s principal, Gary A. Frank (“Frank”), committed fraud upon LCG’s creditors by, *inter alia*, greatly misrepresenting the size and revenue of the business, by fabricating documents to support that misrepresentation and by fraudulently taking funds of LCG.

10. Trustee has continued to operate the business in a much reduced office space. The object of operating the business was to maintain it through the Chapter 11 process in order to sell it as a going enterprise and to realize more value for the Estate than if it was shut-down and dissolved with its scant physical assets sold for salvage.

11. Trustee’s Court-appointed accountant, Asterion, Inc. (“Asterion”), has analyzed the value of the business. Clearly, any such valuation is contingent on uncertain factors because a large proportion of its Worksites have contracts which they may renew, or not, on a yearly basis. Accordingly, the value of the business depends on the attrition of its

Worksites. Since the Chapter 11 filing, most Worksites have terminated/not renewed their contracts. This is due largely to the publicity associated with the fraud perpetrated by Frank.

12. Asterion has issued a report which, *inter alia*, rates the acquisition of LCG as a risky investment. Asterion opined that if LCG retains 100 percent of current customers its fair market value is estimated to be \$237,370. If it suffered a 10 percent attrition its value is estimated at \$112,332. If it suffered a 20 percent attrition its value is estimated to be zero. See Exhibit "A," a true and correct copy of the August 29, 2018 Valuation Report issued by Asterion.

13. Given the publicity associated with Frank's fraud prosecution and LCG's bankruptcy, LCG has lost much of its business through termination of Worksite contracts which termination greatly exceeds 20 percent of LCG's business.

14. The Trustee has made numerous inquiries to identify possible buyers by entertaining telephone calls from at least 3 potential purchasers, and supplying information as to the financials of the LCG, income of LCG, number of Worksites and enrollees, software database information, etc.

15. Trustee has located a buyer who is willing to make an offer to purchase the Business Assets. This buyer is one of the prospective buyers who indicated some interest in purchasing the business assets as indicated in paragraph 14 above. The purchaser under the attached Asset Purchase Agreement is Legal Risk Services, Inc., d/b/a Discount Legal Plan ("Discount Legal"). Its principal is Vincent J. Smith ("Smith").¹ Smith and his family have been involved in the legal service business for many years. Smith is willing to accept the risk posed by potential Worksite attrition based on his own

¹ In 2014, Smith had been charged with writing fraudulent bonds as the bonds lacked the requisite insurance to back them. Smith had surrendered to the authorities, pleaded guilty, and was placed on probation. He has been gainfully employed since his sentencing.

knowledge of the business. *See* Exhibit “B,” a true and correct copy of the Asset Purchase Agreement (“APA”).

**PROPOSED SALE OF THE BUSINESS AND ASSUMPTION AND ASSIGNMENT
OF UNEXPIRED LEASES AND CONTRACTS**

16. Trustee respectfully requests the Court’s approval to sell the Business Assets, free and clear of any and all liens and encumbrances, for \$20,000.00 to Discount Legal pursuant to Exhibit “B,” subject to higher and better bids, if any, as outlined below, with the proceeds to be deposited in Trustee’s Debtor-in-Possession account.

17. Attached to the APA is Schedule 1.3 which is a list of Worksites and vendor contracts which LCG intends to assume and assign to Buyer (or a successful competitive buyer).²

COMPETING BIDS AND POSSIBLE AUCTION-BIDDING PROCEDURE

18. Trustee will entertain competing bids to that made by Discount Legal by way of response to the instant Motion, by submission of a competing bid and asset purchase agreement, which competing bid must be at least \$25,000 (“Initial Competing Bid”) and must be an all-cash bid. Further, the competing bid must be in a form substantially similar to Discount Legal’s APA attached hereto as Exhibit “B.” If Trustee receives any competing bids within five (5) business days of the Sale Hearing, she will hold an auction at her offices located at 1635 Market Street, 7th Floor, Philadelphia, PA 19103 within two (2) business days of the Sale Hearing. The competing bids must be sent to Trustee by email at

² It is critical to note that at Schedule 1.3, Trustee has redacted the names and contact information of the Worksites whose contracts are intended to be assumed by LCG and assigned to Buyer due to the competitive/propriety nature of such Worksite information. The information will be provided to prospective competitive buyers and parties-in-interest (“Third Parties”) only upon the Third Parties’ execution of a Non-Disclosure Agreement to be supplied by Trustee. Notwithstanding this, Seller intends to provide the required notice of the Motion and a copy of the Motion to the affected Worksites.

baskin@lawsgr.com, or hand-delivery at Spector Gadon & Rosen, PC, 1635 Market Street, 7th Floor, Philadelphia, PA 19103. All subsequent offers at the auction, if such auction is held, must be in \$2,500 increments over the Initial Competing Bid. If there are no competing bids submitted, Trustee will seek approval of the APA of Discount Legal.

19. Trustee will present to the Court, at the hearing on this Motion (“Sale Hearing”), the highest and best offer for the purchase of the Business Assets and assumption and assignment of leases and contracts and request that the Court approve the sale, assumption and assignment.

LEGAL ARGUMENT

20. Section 363(b)(1) of the Bankruptcy Code authorizes a trustee to sell property of the debtor’s estate outside of the ordinary course of business after notice and a hearing.

21. Generally, a debtor must show that each of the following elements have been met before a Section 363(b) sale may be approved: (i) that a sound business reason exists for the proposed transaction; (ii) that the sale has been proposed in good faith; (iii) that the sale price is fair and reasonable; and (iv) that accurate and reasonable notice has been provided of the transaction. *See In re: WDH Howell, LLC*, 298 B.R. 527, 534 (D.N.J. 2003); *In re: Stroud Ford, Inc.*, 163 B.R. 730 (Bankr. M.D.Pa. 1993).

The Proposed Sale Is Supported By Sound Business Reasons

22. Although Section 363 does not specify a standard for determining when it is appropriate for a court to authorize the sale of property of the estate, bankruptcy courts routinely authorize sales of a debtor's assets if such sale is based upon sound business judgment. *In re Martin*, 91 F.3d 389, 395 (3d Cir. 1996) (“under normal circumstances the court would defer to the trustee's judgment so long as there is a legitimate business justification”); *Comm. of Equity Sec. Holders v. Lionel Corp. (In re: Lionel Corp.)*, 722 F.2d 1063, 1070 (2d Cir. 1983); *In re: Abbotts Dairies of Penn., Inc.*, 788 F.2d 143 (3d Cir. 1986) (implicitly adopting the “sound business judgment” test of Lionel Corp. and requiring good faith); *In re: Del. and Hudson Ry. Co.*, 124 B.R. 169 (D. Del. 1991) (concluding that the Third Circuit adopted the “sound business judgment” test in the Abbotts Dairies decision); *In re: Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1991) (same).

23. Courts have made it clear that a debtor's showing of a sound business justification need not be exhaustive, but rather a debtor or trustee is “simply required to justify the proposed disposition with sound business reasons.” *In re: Baldwin-United Com.*, 43 B.R. 888, 906 (Bankr. S.D. Ohio 1984). Whether or not there are sufficient business reasons to justify a sale depends upon the facts and circumstances of each case. *In re: Lionel Com.*, 722 F.2d 1063, 1071 (2d Cir. 1983).

24. The significant risk of asset loss which has occurred supports a Trustee's decision to sell. *Baldwin-United*, 43 B.R. at 906 (“[N]either *Lionel* nor any other authority requires the Debtors to wait for the very best offer at the risk of serious harm or outright destruction.”).

25. In the circumstances of valid business justifications, applicable principles of law attach to a debtor's decision a strong presumption "that in making a business decision[,] the directors of a corporation acted on an informed basis, in good faith and in honest belief that the action was taken in the best interests of the Property." *Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re: Integrated Res., Inc.)*, 147 B.R. 650, 656 (S.D.N.Y. 1990) (holding that the Delaware business judgment rule has "vitality by analogy" in chapter 11) (quotations omitted).

26. Here, Trustee submits that the decision to sell the Business Assets for the cash purchase price of \$20,000.00 to Discount Legal is based upon its sound business judgment and should be approved, subject to higher and better bids, if any.

The Proposed Sale Is In Good Faith

27. Once a court is satisfied that there is a sound business justification for the proposed sale, the court should then determine whether: (i) the debtor in possession has provided the interested parties with adequate and reasonable notice; (ii) the sale price is fair and reasonable; and (iii) the purchaser is proceeding in good faith. *In re: Del. and Hudson Ry. Co.*, 124 B.R. at 166; *accord In re: Decora Indus., Inc.*, Case No. 00-4459, 2002 WL 32332749, at *3 (Bankr. D. Del. May 20, 2002).

28. "The requirement that a purchaser act in good faith ... speaks to the integrity of his conduct in the course of the sale proceedings." *In re: Abbotts Dairies of Pennsylvania, Inc.*, 788 F.2d 142, 147 (3d Cir. 1986). "Typically, the misconduct that would destroy a purchaser's good faith status at a judicial sale involves fraud, collusion between the purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders." *Id.*

29. The offer was negotiated at arms' length.

30. Neither Discount Legal nor any person affiliated with Discount Legal is an insider of the Debtor within the meaning of Local Rule 6004-1.

31. Thus, Trustee submits that the proposed sale is in good faith and for fair value within the meaning of Section 363 of the Bankruptcy Code and, specifically, should be afforded the benefits and protections provided by Section 363(m) of the Bankruptcy Code in connection with the sale of the Property.

The Proposed Sale Price Is Fair And Reasonable

32. Trustee's efforts to market the Business Assets were made over an eight (8) month period. An offer was previously submitted by Anne McKee and The Help Group, LLC and was withdrawn by McKee on November 26, 2018. Trustee received another offer from an unrelated third party on December 3, 2018, at a purchase price substantially lower than the instant \$20,000 offer and at less beneficial terms to the Estate.

33. Trustee therefore believes the proposed sale price under the attached APA is fair and reasonable under the circumstances. Further, Trustee confirms that to the best of her knowledge, that there are no side deals between Smith, Discount Legal or any employee or insider of LCG regarding the APA or purchase of the Business Assets.

34. Trustee believes that based upon Smith and Discount Legal's institutional knowledge of the type of business which LCG runs, the APA should be approved.

The Sale Should Be Free And Clear Of Liens And Encumbrances

35. Pursuant to Section 363(f) of the Bankruptcy Code, a debtor in possession may sell property of the estate "free and clear of any interest in such property of an entity other than the estate" if any one of the following conditions is satisfied:

- (a) applicable non-bankruptcy law permits sale of such property free and clear of such interest;

- (b) such entity consents;
- (c) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (d) such interest is in bona fide dispute; or
- (e) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f).

36. Here, Trustee is not aware of any liens or encumbrances on the Business other than from creditors which will be notified of the proposed sale and which will benefit by it in the Trustee's judgment.

37. Trustee respectfully suggests that the procedures set forth in the attached proposed Order will satisfy Section 363(f) of the Bankruptcy Code because any entities holding liens and claims will have received notice of this Motion and the proposed sale, and will be given sufficient opportunity to object to the relief requested herein, and any entity that does not object should be deemed to have consented. *See Futuresource LLC v. Reuters Ltd.*, 312 F.3d 281, 285-86 (7th Cir. 2002) ("It is true that the Bankruptcy Code limits the conditions under which an interest can be extinguished by a bankruptcy sale, but one of those conditions is the consent of the interest holder, and lack of objection (provided of course there is notice) counts as consent.

38. Accordingly, Trustee requests that the Business Assets be sold to Discount Legal pursuant to APA, subject to higher and better offers, free and clear of all liens, claims, encumbrances, and interests pursuant to 11 U.S.C. §362(f)(1), (2) or (3)-(5), as applicable (subject to an auction if there are competing bids presented) with the same to attach to the net sale proceeds of the Business Assets.

39. Trustee believes that the assumption and assignment of the leases and contracts on Schedule 1.3 to the APA are appropriate pursuant to 11 U.S.C. § 365.

**REQUEST FOR EXPEDITED CONSIDERATION AND
NOTICE TO PARTIES IN INTEREST**

40. Trustee respectfully requests expedited consideration of the subject Motion in that time is of the essence:

a. Trustee has been advised by Discount Legal that closing must occur by December 31, 2018;

b. Trustee has given the requisite notice to the landlord for Debtor's offices that it intends to terminate the lease and vacate the premises by December 31, 2018 due to the high monthly lease expense which it can no longer afford; and

c. The secured lender ("Pru") has given no assurance that it will continue to consent to the use of cash collateral.

41. Trustee has advised the Office of the U.S. Trustee, its secured creditors and the parties in interest of the subject Motion and request for expedited consideration.

42. Trustee respectfully requests that the hearing on the Motion be held on or before December 18. If there are competing bids submitted by December 13, 2018, an auction will be held on December 14, with the highest and best offer being submitted to the Court on December 18, 2018, or other date selected by the Court for a hearing.

WHEREFORE, Trustee respectfully requests that the Court enter an Order approving the bidding procedure as outlined herein and approving the sale of the Business Assets to Discount Legal, or a higher and better offer.

SPECTOR GADON & ROSEN, P.C.

By: /s/ Daniel J. Dugan

Daniel J. Dugan, Esquire

1635 Market Street, 7th Floor

Philadelphia, PA 19103

215.241.8872/ 215.531.9120 (fax)

ddugan@lawsgr.com

Counsel to Leslie Beth Baskin, Chapter 11 Trustee

Date: December 7, 2018

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

In re : Chapter 11
: :
THE LEGAL COVERAGE GROUP LTD. : :
: : Case No. 18-10494
Debtor : :

CERTIFICATE OF SERVICE

I, Daniel J. Dugan, do hereby certify that I caused to have served a copy of the foregoing Motion via ECF on this December 6, 2018th day of December, 2018, to all Worksites and contract/lease entities that LCG intends to assume and assign, and that a copy of the Motion was served on additional prospective purchasers as follows:

Email and First Class Mail

Len Feltoon, Esquire
Countrywide Pre-Paid Legal Services, Inc.
1060 Kings Highway North, Suite 205
Cherry Hill, NJ 08034
lfeltoon@countrywideppls.com

First Class Mail and Fax (717-277-5341)

Vincent Smith
CEO, Legal Risk Services, Inc.
760 Cumberland Street
Lebanon, PA 17042

SPECTOR GADON & ROSEN, P.C.

By: /s/ Daniel J. Dugan
Daniel J. Dugan, Esquire
1635 Market Street, 7th Floor
Philadelphia, PA 19103
215.241.8872/ 215.531.9120 (fax)
ddugan@lawsgr.com
Counsel to Leslie Beth Baskin, Chapter 11 Trustee

Date: December 7, 2018

EXHIBIT “A”

www.asterion-consulting.com



215 S. Broad Street, 3rd Floor : 215 893 9901
Philadelphia, PA 19107 : 215 893 9903

THE LEGAL COVERAGE GROUP LTD.

FAIR MARKET VALUATION

AS OF JULY 31, 2018

Valuation Report

By

Stephen J. Scherf, CPA/ABV, CVA

August 29, 2018

TABLE OF CONTENTS

1. INTRODUCTION.....2

1.1. PURPOSE OF ENGAGEMENT2

1.2. DEFINITION OF VALUE FOR VALUATION PURPOSES.....2

1.3. REVENUE RULING 59-602

1.4. SOURCES OF INFORMATION3

1.5. BASIS FOR ANALYSIS4

2. COMPANY, ECONOMIC & INDUSTRY ANALYSIS5

2.1. BACKGROUND5

2.2. COMPANY FINANCIAL ANALYSIS.....5

2.3. GENERAL ECONOMIC AND INDUSTRY CONDITIONS6

2.2.1. U.S. Economic Outlook6

2.2.2. Industry Outlook.....8

3. VALUATION ANALYSIS.....10

3.1. BUSINESS VALUATION APPROACHES10

3.2. VALUATION ANALYSES PERFORMED11

3.2.1 Income Approach – Capitalized Earnings Method.....12

3.3. VALUATION DISCOUNTS.....15

4. CONCLUSION19

Certification

Assumptions and Limiting Conditions

Appendix A

Exhibits

CONFIDENTIAL

Page 2

1. INTRODUCTION

1.1. PURPOSE OF ENGAGEMENT

I have been engaged by the Chapter 11 Trustee of The Legal Coverage Group, Ltd. (“LCG” or the “Company”) to opine on the fair market value of LCG on a control, non-marketable basis as of July 31, 2018. I understand that this value will be used in connection with consideration of a potential offer to purchase the Company.

1.2. DEFINITION OF VALUE FOR VALUATION PURPOSES

For the purpose of the valuation, fair market value is defined as:

“the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm’s length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.”¹

1.3. REVENUE RULING 59-60

Internal Revenue Service Ruling 59-60 provides guidelines for the valuation of closely held businesses. The ruling states that all relevant factors should be taken into consideration, including the following:

- The nature of the business and history of the enterprise;
- The economic outlook, and the condition and outlook of the specific industry;
- The book value of the stock and the financial condition of the business;
- The company’s earning capacity;
- The company’s dividend-paying capacity;
- Whether or not the enterprise has goodwill or other intangible value;

¹ *The International Glossary of Business Valuation.*

CONFIDENTIAL

Page 3

- Sales of the stock and the size of the block to be valued; and
- The market prices of stocks of corporations engaged in the same or similar lines of business whose stocks are actively traded in a free and open market, either on an exchange or over the counter.

The factors examined in this report included, but were not limited to, the above mentioned guidelines.

1.4. SOURCES OF INFORMATION

My analysis was principally based on documents and information obtained from the Debtor, LCG, including customer contracts and estimated renewal dates, monthly amounts billed and received as of July 17, 2018, budgeted and actual weekly expenses, payroll information and the Company's lease agreement. In addition, in conducting my valuation analysis, I considered the following sources of information:

- Data available on KeyValueData.com including information on the U.S. Economy from the National Economic Report;
- Data available on BVMarketData.com including BizMiner Industry Financial Reports, DealStats and Mergerstat CPS;
- First Research Industry profiles;
- RMAU Annual Statement Studies;
- 2017 Valuation Handbook: Guide to Cost of Capital;
- 2017 Valuation Handbook: Industry Cost of Capital;
- Public company data and other research from Yahoo! Finance and www.sec;
- Valuing a Business, 4th Edition – Shannon P. Pratt, et al.
- The Federal Reserve's Statistical Releases; and,
- Information available on various industry related websites.

CONFIDENTIAL

Page 4

The documents and information utilized are the types of documents and information experts in my field typically rely upon in performing such an analysis. I have relied upon the accuracy and completeness of the material furnished to me and have not independently verified the data contained in such material.

1.5. BASIS FOR ANALYSIS

The analysis and opinions in this report are based primarily upon the documentation available to date, my independent research, education, and experience in performing similar financial analyses.

I have been qualified and have presented testimony on numerous occasions, including the presentation of valuation analyses in various courts in the United States. I am a Certified Public Accountant, Certified Fraud Examiner, Certified in Financial Forensics, and Certified in Distressed Business Valuation and have a Master of Science with a concentration in Finance. The American Institute of Certified Public Accountants (AICPA) accredits me in business valuation and I am a Certified Valuation Analyst. I have instructed business valuation courses for both the AICPA and the National Association of Certified Valuators and Analysts (NACVA). I am a former member of NACVA's Standards Board and its Education Board and former chair of its Course Review Committee. Attached, as *Appendix A* is my current *curriculum vitae* and information concerning my testimony history, publications and speaking engagements.

My analysis was based primarily on the documentation and information provided to me and listed in *Section 1.4*. The documents and information utilized are the types of documents and information experts in my field typically rely upon in performing such an analysis. I have performed the analysis contained in this report as of July 31, 2018 and it is not valid for any other date. This report has been prepared in connection with the above referenced matter and should not be used for any other purpose without my express written consent.

I and Asterion professionals under my direct supervision are being compensated at their standard hourly rates for services in this matter. My firm's compensation is not contingent.

The Legal Coverage Group, Ltd.

CONFIDENTIAL

Page 5

2. COMPANY, ECONOMIC & INDUSTRY ANALYSIS

2.1. BACKGROUND

Based in Bala Cynwyd, Pennsylvania, LCG contracts with employers desiring to offer a legal plan as part of their employee benefits package. The company addressed historical concerns related to models of providing limited coverage with costly restrictions and unpredictable attorney experience by founding LCG in 1995, with the singular goal of modernizing and improving the concept of the employee legal plan. LCG is a privately held employee legal plan and services worksites of all sizes and industries on a regional level and provides fully comprehensive benefits serviced by only partner level attorneys.

On January 26, 2018, LCG filed a voluntary petition for reorganization under Chapter 11 in the U.S. Bankruptcy Court for the Eastern District of Pennsylvania. In March of 2018, the Company's owner, Gary Alan Frank was charged with wire fraud by the U.S. Attorney's Office for the Eastern District of Pennsylvania in connection with false representations made to lenders.

2.2. COMPANY FINANCIAL ANALYSIS

I understand that the financial statements and income tax returns previously filed by the Company cannot be relied upon.² As a result, in performing this analysis, I reviewed customer contracts and estimated renewal dates, monthly amounts billed and received as of July 17, 2018, budgeted and actual weekly expenses, payroll information and the Company's lease agreement. Between January and July of 2018, two of the Company's 31 customers have chosen not to renew their service agreements with the Company, and at least three have indicated that they wish to terminate but are not yet within their termination period. Given the present circumstances and the damage to the Company's reputation in light of the criminal charges, it is difficult to determine what the impact will be to ongoing customer retention since customer contracts renew on a rolling basis.

² The Company maintains no balance sheet records, but based upon an analysis of Company operations and a site inspection, the Company has bank accounts, small amounts of accounts receivables and minor office equipment. Given the foregoing, the balance sheet does not have any significant impact on the valuation conclusion and has not been reconstructed for this report.

CONFIDENTIAL

Page 6

Expenses have decreased over the course of the year as the Company has reorganized, and based on my analysis of budgeted and actual expenses, a normalized and annualized estimated income statement for the period January 1, 2018 to July 31, 2018 is presented in *Exhibit 2* of this report. Annualized revenues presented in *Exhibit 2* do not include revenue from cancelled contracts or those that have indicated their intention to cancel. I understand that the Company is also attempting to end its lease and downsize its office space in order to save on monthly rent expense. In addition, I understand that management intends to hire a salesperson and has indicated that monies saved on rent expense would likely be absorbed by this hire. As a result, at this time, I have not adjusted either expense, assuming that the two will offset.

Based on the estimated annual income and expenses as of July 31, 2018, and assuming the remaining customers are retained, the Company would generate annual Earnings before Interest and Taxes of \$74,300.

2.3. GENERAL ECONOMIC AND INDUSTRY CONDITIONS

When valuing the equity of a company, the trends and conditions prevalent in the economy and the company's industry, and their influence on investment decisions, must be considered. Individual economic factors may or may not affect a particular company directly, but the condition of the overall economy sets the climate in which investment decisions are made.

2.2.1. U.S. Economic Outlook³

After a strong performance in February and a more mixed performance in March, April was a middling month at best for the U.S. economy. Most notably, the U.S. Commerce Department's second estimate for growth in the U.S. Gross Domestic Product (GDP) for the first quarter came in at 2.2 percent—a notch lower than the initial 2.3 percent growth estimate for the first quarter and also below the 2.3 percent second-estimate forecast. The Q1 rate also was well off the Q3

³ Excerpts from KeyValueData National Economic Report.

CONFIDENTIAL

Page 7

2017 growth rate of 3.2 percent and the Q4 2017 rate of 2.9 percent. There were signs, however, that growth could rebound in the second quarter. For instance, after-tax corporate profits surged at a 5.9 percent rate for the first quarter (vs. a 1.7 percent increase in Q4), due largely to the corporate tax cuts passed in December, which will give companies more money to invest and spend on job creation in Q2.

Similarly, following a modest 135,000 jobs-gain in March (upwardly revised from an even more meager 103,000-jobs improvement), U.S. nonfarm payrolls grew by only 164,000 in April, well short of the 192,000 new jobs forecast. Still, the average monthly jobs gain for the first four months of 2018 was just under 200,000 per month, higher than the average gains for 2017 or 2016. And the unemployment rate fell from 4.1 percent to 3.9 percent, an 18-year low.

Other concerns remain. The U.S. national debt, which slipped back slightly in April, nevertheless remained above a record-setting \$21 trillion. Likewise, the Federal budget, while posting a record-high surplus in April, was still headed for the high hundreds of millions for the full year, while both Federal spending and taxation again reached new all-time highs in FY 2017.

In other areas, on the positive side, stocks stabilized after a sharp fall in March, industrial production rose by 0.7 percent in April for its third consecutive monthly increase, productivity—or the level of employee output per hour—rose by 0.7 percent, personal incomes and wages were both up, consumer spending and retail sales rose, and inflation was moderate. On the negative side, auto sales were down, new- & existing-home sales along with housing starts all fell, consumer-confidence measures were mixed, and both crude oil and retail gasoline prices were markedly higher.

CONFIDENTIAL

Page 8

2.2.2. *Industry Outlook*⁴

The group legal plan industry continues to grow. Because group legal benefits cost very little, are easy to administer and have positive effects on employee performance, more and more employers are considering making them a part of their voluntary benefits packages.

Most legal plans are affordable and cover a host of pre-determined legal services. Phone and office consultations are covered, but employees use the plans for many other real-world legal actions including estate planning, document preparation, real estate transactions, family law matters, civil lawsuits, and juvenile court and consumer issues. Some employees use the benefit to draft a will or fight a traffic citation in court. As a bonus, providers sometimes include identity theft as part a package while others cover identity theft within the plan. Plans offer access to a network of thousands of attorneys through a phone number or website. Often times, there's no deductible associated with the benefit, either.

All of those positives mean group legal benefits have grown from a little known offering to a point where they have a relatively strong foothold in voluntary benefits packages in the country's largest companies and some of the smallest local employers.

While group legal benefits aren't ubiquitous in the United States, they are in Europe. Employees there have an expectation of group legal coverage in their benefits packages and have been part of those packages for decades, says Tori Wible, executive director of the American Prepaid Legal Services Institute. In the United States, group legal plans have been around for about 30 years. The United Auto Workers negotiated one of the first plans in the late 1970s. Industry sources say the benefit moved into the mainstream of voluntary offerings in the 1990s.

Hyatt Legal Plans, a subsidiary at MetLife, was in the vanguard of companies offering group legal plans. Hyatt signed their first client in 1981, and had 55 accounts when they were acquired by MetLife in 1997. Today, they have more than 1,400 accounts—145 of which are from Fortune 500 companies. ARAG, based in Des Moines, Iowa, also is an industry leader, and several other

⁴ Excerpted from "What's the Verdict on Group Legal Plans?" published on Benefitspro Magazine.

CONFIDENTIAL

Page 9

smaller companies are making waves including LegalShield of Dallas and Legal Club of America in Sunrise, Florida. One Hyatt Legal Plans executive states “Business is robust, the good news is that there are still a lot of companies that don’t have legal plans as product categories...Hyatt and its competitors have penetrated about 34 percent of the market.”

Also, employers might find value in offering the benefit as a way to show their employees they understand what’s going on in their lives and can offer help. In days when employers are asking workers to contribute more to benefits like health insurance, it’s a way to provide employees with a coverage that can be of real value—and potentially help with recruitment and retention. Employers also should be aware that offering the benefit costs little or nothing, and most plans don’t require extensive paperwork, claims forms or other administrative hassles.

But how are group legal plans beneficial to employees? Simple. The plans help employees overcome what they perceive to be major obstacles standing between them and the legal system—expense and fear. Industry sources report that one of the major reasons Americans don’t use attorneys is the expense. Group legal benefits make representation affordable. Think of the benefit as an inexpensive way to put an army of lawyers on retainer.

But it’s also a way for employees to interact with the legal system in a way that isn’t intimidating. Thanks to the Great Recession, many American workers are facing financial pressure, which can mean having to file for bankruptcy, fight a foreclosure or deal with a tax audit. Employees might be going through a divorce or facing a custody battle. Face it, life happens and a group legal plan offers employees access to lawyers that can help face these ordeals.

Brokers looking to diversify their portfolios should consider offering group legal benefits, industry sources say. Of particular interest to brokers are some statistics from Hyatt. Bowers says 87 percent of employees use the benefit more than once a year and 83 percent re-enroll. Word is getting out about the benefit and brokers should be ready to discuss the benefit with potential clients. Most industry sources say employees who sign up for the benefit often talk about the benefit’s advantages with their fellow employees, who may then sign up or have questions.

For attorneys, the argument for signing on a group plan is strong. It can mean a steady source of guaranteed income for their firms, more referrals and a way to re-direct their financial resources.

Given all the advantages for the parties involved, it's not possible to say the jury is still out on group legal benefits—they're going to continue to show up in more and more benefits packages.

3. VALUATION ANALYSIS

3.1. BUSINESS VALUATION APPROACHES

Traditionally, three approaches are used to determine value, as follows:

- Asset Approach;
- Market Approach; and
- Income Approach.

The *Asset Approach* determines a value indication of a business, business ownership interest or security using one or more methods based upon the value of the assets net of liabilities.⁵ When applied to the valuation of equity interests in businesses, value is based on the net aggregate fair market value of the entity's underlying assets. The technique entails a restatement of the balance sheet substituting the fair market value of its assets and liabilities for their book values.

The *Income Approach* determines a value indication of a business, business ownership interest, security or intangible asset using one or more methods that convert anticipated economic benefits into a present single amount.⁶ These benefits can include earnings, cash flows, cost savings, tax deductions, and proceeds from its disposition. When applied to equity interests in businesses, value indications are developed by discounting expected cash flows to their present value at a rate

⁵ International Glossary of Business Valuation Terms.

⁶ International Glossary of Business Valuation Terms.

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Page 11

of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The discount rate selected is generally based on rates of return available from alternative investments of similar type and quality as of the valuation date.

The *Market Approach* determines a value indication of a business, business ownership interest, security or intangible asset by using one or more methods that compare the subject to similar businesses, business ownership interests, securities, or intangible assets that have been sold.⁷ The Guideline Company Method entails an analysis of publicly traded comparable companies. When applied to the valuation of equity interests, consideration is given to the financial condition and operating performance of the company being appraised relative to those of publicly traded companies operating in the same or similar lines of business, potentially subject to corresponding economic, environmental, and political factors and considered to be reasonable investment alternatives. A variation of the Guideline Company Method is the Transaction Method. The Transaction Method measures the value of an asset through an analysis of recent sales, mergers, and acquisitions.

3.2. VALUATION ANALYSES PERFORMED

The appropriateness of the various methods employed in valuing a business enterprise varies with the company, industry and ownership interest being valued. My valuation analysis considered the three traditional approaches to valuation (i.e., Asset, Income, and Market) discussed above. While I considered the Asset Approach, I note that the Company does not have substantial tangible assets, and the nature of the operations and generation of revenues are not dependent on assets. In addition, while I considered the Market Approach, my search for comparable transaction and guideline data did not produce results sufficient to conduct a meaningful analysis under that approach. As a result, I have utilized the Income Approach, Capitalized Earnings Method to value

⁷ International Glossary of Business Valuation Terms.

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Page 12

the Company. The assumptions and results of this analysis are summarized below and outlined in the exhibits to this report.

3.2.1. Income Approach – Capitalized Earnings Method

The Income Approach estimates the value of a company based on its earnings capacity. In other words, this approach evaluates the present worth of the future economic benefits that accrue to the investor in a business by projecting future earnings and discounting those earnings to present value using an appropriate level of risk. Under the Income Approach, it is necessary to obtain either forward looking projections for use in a Discounted Cash Flow (“DCF”) method, or normalized income statement data for use in a Capitalized Earnings method.

The Company’s management does not prepare projections of the future operations beyond a monthly budget. As a result, I was unable to perform the DCF Method under the Income Approach and have utilized the Capitalized Earnings Method to develop an indication of value under this approach.

In performing the Capitalized Earnings Method, the first step is to identify the benefit stream to be valued. For the purpose of my analysis, I determined that the appropriate measure of earnings to be used is debt-free net cash flow, which is computed as follows:

Normalized Earnings before Interest and Taxes (“EBIT”)
Multiplied by 1 – Tax Rate
+Depreciation and Amortization
-Capital Expenditures
-Required Debt-Free Working Capital
=Debt-Free Net Cash Flow

The next step is to determine normalized earnings. As noted previously, I understand that the previously filed income tax returns and financial statements of the Company cannot be relied upon. As a result, in order to estimate the Company’s earnings capacity, I analyzed customer contracts and estimated renewal dates, monthly amounts billed and received as of July 17, 2018, budgeted and actual weekly expenses, payroll information and the Company’s lease agreement.

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Page 13

I noted that between January and July of 2018, two of the Company's 31 customers have chosen not to renew their service agreements with the Company and at least three additional customers have indicated their intention not to renew their agreements. Given the difficulty in predicting ongoing customer retention, I have estimated future revenue by reference to the annualized revenues for the seven months ended July 31, 2018 (excluding revenue from cancelled contracts and those that have indicated their intent to cancel) and assuming that the Company experiences either 10.0 percent or 20.0 percent customer attrition in the coming year.

Based on my analysis of the Company's budgeted and actual expenses, I determined that ongoing expenses of \$27,837 per month represent a normalized level that can be sustained at the current level of revenue. I note that the cost savings associated with downsizing the office space will likely be offset by the intended hire of a salesperson, and therefore I have not adjusted either expense.

Due to the pass through nature of the entity, I have utilized the estimated combined federal and state income tax rate of 24.0 percent. Since the selected valuation method is a capitalization of cash flow (rather than a discrete year-by-year forecast) and given the purpose of depreciation and amortization being to spread the cost of capital expenditures over several periods, I have assumed that in perpetuity the two will offset and have a neutral effect on cash flow. Finally, based on the Company's historical debt-free working capital to sales ratio and industry benchmarks, as well as future growth prospects, I determined that debt-free working capital would need to increase by 20.0 percent of growth in revenues. I selected a long-term sustainable growth rate of 3.0 percent, based upon consideration of the economic and industry outlook. This resulted in estimated Year 1 debt-free net cash flow of \$23,925 assuming 10.0 percent attrition and \$(7,788) assuming 20.0 percent attrition.

To convert a single period debt-free net cash flow to an indication of value, a capitalization rate must be applied. The capitalization rate is calculated by subtracting a long term growth rate from a discount rate appropriate to the subject investment. Given the current circumstances, it is unlikely that the Company would be able to obtain debt financing. As a result, an appropriate

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Page 14

discount rate was developed by reference to the Company's Cost of Equity, which is calculated in *Exhibit 3*.

The cost of equity was determined through a build-up method, which is calculated as follows:

$$Re = Rf + (Rm - Rf) + SP + ARP$$

Where

Re = Required return on equity;

Rf = Risk-free rate of return (20-year Treasury Bond yield);

Rm - Rf = Expected return of the market in excess of the risk-free rate;

SP = Size premium for the subject company based on equity market capitalization; and

ARP = Additional risk premium specific to an investment in the subject company.

The risk free rate, equity risk premium and size premium are published rates, while the additional risk premium is subjective and reflects the perceived uncertainties associated with the operating results for the subject company. Based on the current circumstances, there is a high level of uncertainty with respect to customer retention due to the criminal action against the owner. Consideration of this risk, as well as of economic and industry factors expected to impact operations, I concluded that a 10.0 percent additional risk premium was appropriate. Based on the foregoing, I derived an equity discount rate of 25.6 percent.

To convert this discount rate to a capitalization rate, the Company's long-term sustainable growth rate must be subtracted. I selected a long-term sustainable growth rate of 3.0 percent for the Company, based upon consideration of the economic and industry outlook as well as the Company's anticipated growth prospects. Accordingly, the capitalization rate indicated is 14.0 percent.

Application of the capitalization rate to the debt-free net cash flow results in an indicated value of the equity of the Company on a control, marketable basis as of July 31, 2018 of \$118,739 assuming 10.0 percent attrition and a deminimus value assuming 20.0 percent attrition. I understand that Anne McKee currently owns a car that was purchased by the Company, which I have been asked

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Page 15

to consider a non-operating asset of the Company. Addition of an estimated \$20,000 in value for this vehicle results in a value of the equity of the Company on a control, marketable basis as of July 31, 2018 of \$138,739 assuming 10.0 percent attrition and a de minimus value assuming 20.0 percent attrition. *Exhibits 4A* and *4B* to this report sets out my analysis under the Capitalized Earnings Method in greater detail.

3.3. VALUATION DISCOUNTS

In arriving at fair market value, one needs to consider any applicable discounts to arrive at the value of the subject interest on the appropriate basis. This section addresses my consideration and analyses of the applicable valuation discounts.

It may be necessary to apply a discount for lack of marketability to privately-held interests, as a hypothetical buyer would have no access to an active public market in order to convert their interest in the Company to cash. The inability to readily sell an interest in a privately held entity increases the hypothetical buyer's exposure to changing market conditions, increasing the risk of ownership. Because of this increase in risk, an investor would demand a higher return in comparison to a similar but publicly traded interest. As a result, the privately held interest trades at a discount commensurate with the increase in risk the investor inherits due to the inability to liquidate the interest.

As noted by the following examples, the Tax Court has also recognized the validity of discounts for lack of marketability in connection with the valuation of limited partnerships:

- In McCord v. Commissioner, 120 T.C. 358 (2003) the Tax Court allowed a discount for lack of marketability of 20 percent;
- In Lappo v. Commissioner, T.C. Memo, 2003-258 the Tax Court allowed a discount for lack of marketability of 24 percent for a limited partnership with holdings including marketable securities and real estate;

CONFIDENTIAL

Page 16

- In Peracchio v. Commissioner, T.C. Memo, 2003-280 the Tax Court allowed a discount for lack of marketability of 25 percent for a limited partnership with holdings including cash and marketable securities;
- In Estate of Webster E. Kelley v. Commissioner, T.C. Memo, 2005-235 the Tax Court allowed a discount for lack of marketability of 23 percent for a limited partnership with holdings that consisted solely of cash and certificates of deposit;
- In Estate of Charles H. Murphy, Jr. v. The United States of America, 2009 WL 3366099 (W.D. Ark.) the Court allowed a discount for lack of marketability of 32.5 percent;
- In Holman v. Commissioner, 601 F.3d 763 (2010) the Court of Appeals allowed a discount for lack of marketability of 12.5 percent for a limited partnership owning commons stock of a publicly held corporation; and
- In Pierre v. Commissioner, T.C. Memo, 2010-106 the Tax Court allowed a discount for lack of marketability of 30 percent.

Over the years, there have been numerous studies and approaches utilized by valuation professionals to determine an appropriate discount for lack of marketability, including benchmark approaches, securities-based approaches, and analytical approaches, among others. One method utilizing the benchmark approach, has perhaps been the most widely studied and utilized to date. This method examines empirical evidence of discounts at which restricted (“letter”) stock sells in relation to its non-restricted counterpart. Since letter stock is identical to non-letter stock of the same company in all respects except that it is restricted from trading on the open market for a certain period, looking at the difference in their prices can isolate the factor of marketability. The Internal Revenue Service, in Revenue Ruling 77-287, specifically recognized that restricted stock transaction data was relevant in quantifying the discount for lack of marketability.

Since the mid-1960s, many different researchers have collected data on restricted stocks and have compared them to their publicly traded counterparts. In 1990, the SEC implemented new

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Page 17

regulations that allowed qualified institutional investors to trade restricted stock among themselves without filing registration documents, effectively creating a limited market for restricted stocks. In addition, in 1997, the SEC reduced the holding period from two years to one year. As a result, the average (mean) and median discounts have declined over time. Given these factors, the more recent studies are less relevant to the determination of an appropriate discount for lack of marketability than the previous studies. The results of the two year restricted stock studies indicated discounts ranging from 14.0 percent to 45.0 percent, with a median discount of approximately 31.0 percent, with results using data prior to 1990 notably higher than studies incorporating post-1990 data.

In Bernard Mandelbaum et al. v. Commissioner, T.C. Memo 1995-255, the court used numerous restricted stock studies and pre-IPO studies as a starting point. The court cited nine factors that might cause the marketability discount for a given instance to be higher or lower than the benchmarks indicated by the studies, as follows:

- Financial Statement Analysis;
- Dividend Policy;
- Nature of Company, History, and Economic Outlook;
- Management;
- Amount of Control in Transferred Shares;
- Restrictions on Transferability;
- Holding Period for the Stock;
- Company's Redemption Policy; and
- Costs Associated with Public Offering.

Starting in the late 1980s, numerous researchers in the academic community conducted research to better understand capital formation among public companies. Three studies conducted by Karen Hopper Wruck, Hertzell and Smith, and Bajaj, Denis, Ferris and Sarin studied the discounts present in private placements of stock, with median results ranging from approximately 10.0 percent to

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Page 18

approximately 28.0 percent, with unregistered blocks of stock found to trade at the higher range of discounts. In addition, Ashok B. Abbott has prepared various presentations entitled *Empirical Measures of Marketability and Liquidity Discounts*, *Discounts for Lack of Marketability: An Empirical Analysis*, and *DLOM – Concepts and Models*. According to Abbott, recent law changes and market developments have made public markets more liquid. Abbott analyzed a number of studies and discount indications, concluding that for smaller block sizes, a proper discount for lack of liquidity is limited to less than 25.0 percent, with the discount for lack of liquidity for a five percent block limited to about 15.0 percent.

The 2016 Discount for Lack of Marketability Study published by Partnership Profiles includes the results of three studies which measure the increase in return required to compensate investors for holding nonmarketable versus marketable securities with longer timer horizons. The first examined the increase in return required by investors in private versus public equities by comparing the 30 year historical returns on the DFA U.S. Micro Cap Portfolio to those reported for the Cambridge Associates LLC U.S. Venture Capital Index. The study found that the returns for private equity holders were 42.5 percent greater than those for the public equity holders, noting however, that the venture capital investments may reflect additional investment risks other than horizon. The second study compared the returns on restricted stock versus its non-restricted counterpart, finding an average increase in return of 29.5 percent. The third study examined horizon risk, by reference to returns on short and long term government bonds, as a proxy for the risk inherent in the longer holding period of a private equity interest. The study found an average variance in yield of 2.2 percent, representing an incremental increase in yield on long term bonds over short term of 48.8 percent.

Of importance to note is that the vast majority of the studies relate to minority interests in securities, whereas the proposed purchaser of the Company will have 100 percent control. The element of control increases the marketability of an ownership interest, and therefore decreases the applicable discount. Given the facts and circumstances, I have applied a 10 percent discount for lack of marketability to determine the value of the Company.

CONFIDENTIAL

Page 19

4. CONCLUSION

Based on the information, financial data, and my analyses, it is my opinion within a reasonable degree of professional certainty that the fair market value of the equity of LCG on a control, non-marketable basis as of July 31, 2018 is in the range of a diminimus amount⁸ to \$124,865.⁹

⁸ Effectively zero.

⁹ While I do not believe it to be a likely scenario, to the extent one were to assume zero further customer attrition and hold all other assumptions constant, the value of the equity on a control, non-marketable basis would be \$266,516.

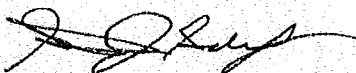
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Page 20

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions;
- I have no present or prospective interest in the business/property that is the subject of this report;
- I have no personal interest or bias with respect to the parties involved;
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event or action directly related to the intended use of this report.



Stephen J. Scherf, CPA/ABV, CVA

August 29, 2018

Date

CONFIDENTIAL

Page 21

ASSUMPTIONS AND LIMITING CONDITIONS

DATE OF VALUE

We assume no responsibility for economic or physical factors occurring subsequent to the date of our report that may affect the opinions reported.

NON-APPRAISAL EXPERTISE

No opinion is intended to be expressed for matters that require legal or specialized expertise, investigation, or knowledge, beyond that customarily employed by us.

INFORMATION AND DATA

Information supplied by others that was considered in this appraisal is from sources believed to be reliable, and no further responsibility is assumed for its accuracy. We reserve the right to make such adjustments to the valuation herein reported based upon consideration of additional or more reliable data that may become available subsequent to the issuance of this report.

CONFIDENTIALITY/ADVERTISING

This report and supporting documentation are confidential. Neither all nor any part of the contents of this appraisal shall be copied or disclosed to any party or conveyed to the public orally or in writing through advertising, public relations, news sales, or in any other manner without the prior written consent and approval of both Asterion, Inc. and its client. However, Asterion, Inc. consents that this report may be provided to any government authority and/or legal and tax advisors of the client.

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Page 22

LITIGATION SUPPORT

Depositions, expert testimony, attendance in court, and all preparations/support for same, arising from this appraisal shall not be required unless arrangements for such services have previously been made.

MANAGEMENT

The opinions of value expressed herein assume the continuation of prudent management policies over whatever period of time is deemed reasonable and necessary to maintain the character and integrity of the subject business enterprise.

PURPOSE

All opinions of market value are presented as Asterion, Inc. considered opinion based on the facts and data obtained during the course of the appraisal investigation. This report has been prepared for the sole purpose stated herein and shall not be used for any other purpose.

UNEXPECTED CONDITIONS

We assume there are no hidden or unexpected conditions associated with the subject property that might adversely affect value. Further, we assume no responsibility for changes in market conditions that may require an adjustment in the appraisal.

APPRAISED VALUE

The appraised value reached in this report is necessarily based on the standard of value as defined in the Introduction Section. An actual transaction in the shares may be concluded at a higher value or lower value, depending on the circumstances surrounding the company, the appraised business interest, and/or the motivations and knowledge of both the buyers and sellers at that time. Asterion,

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Page 23

Inc. makes no guarantees as to what values individual buyers and sellers may reach in an actual transaction.

APPRAISAL FEE

The fee established for the formulation and reporting of these conditions has not been contingent upon the value or other options presented.

FUTURE EVENTS

Asterion, Inc. has not been engaged to apply, and therefore has not applied, procedures prescribed by the American Institute of Certified Public Accountants or the Auditing Standards Board, to any historical or forecasted financial statement included or incorporated in this report. Accordingly, Asterion, Inc. is not assuming the role of reporting Certified Public Accountant and is not separately reporting on the financial statement or forecast by virtue of their incorporation into the valuation of the Company. The operating projections used are deemed to be reasonable and valid at the date of this appraisal; however, there is no assurance or implied guarantee that the assumed facts and circumstances will actually occur. We reserve the right to make adjustments to the valuation herein reported as may be required by any modifications in the prospective outlook for the economy, the industry, and/or the Company.

Appendix A

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PHILADELPHIA

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Philadelphia, PA 19107 / 215 893 9903

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575 Lexington Avenue, 4th Floor / 646 495 9340
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Stephen J. Scherf, CPA/ABV/CFF, CDBV, CFE, CGMA, CICA, CIRA, CTP, CVA Principal

sscherf@asterion-consulting.com

Biography

Mr. Scherf has provided a wide array of accounting and consulting services to clients with an emphasis on business valuations, fraud investigations, bankruptcy, and litigation matters. Mr. Scherf has testified on numerous occasions in arbitrations, depositions and Federal Court. Mr. Scherf has taught for the American Institute of Certified Public Accountants, The National Association of Certified Valuators & Analysts and other professional organizations.

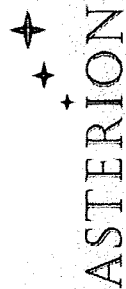
Mr. Scherf's employment experience includes "Big Four," regional and a "boutique" accounting firm. In the private sector, Mr. Scherf held officer positions at a \$2.5 billion financial institution, a major real estate developer and an investment firm.

Professional Memberships

- FINRA Public Arbitrator
- American Institute of Certified Public Accountants
- Pennsylvania Institute of Certified Public Accountants
- Turnaround Management Association
- National Association of Certified Valuators & Analysts
- American College Board of Forensic Examiners
- Association of Certified Fraud Examiners
- Association of Insolvency and Restructuring Advisors
- Institute for Internal Controls

Education

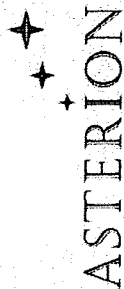
Mr. Scherf has a B.B.A. in Accounting from Temple University (1980) and a Master of Science in Finance (1986) and an Advanced Professional Certificate in Taxation (1987) from Drexel University. His education has been supplemented by various continuing education courses offered by a variety of professional organizations. He has spoken before professional and educational groups on various aspects of business valuation, litigation consulting, fraud investigations and economic damages.



Stephen J. Scherf, CPA/ABV/CFF, CDBV, CFE, CICA, CIRA, CTP, CVA

Rule 26 Disclosure – Testimony

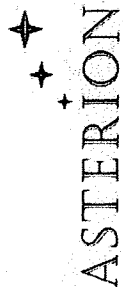
<u>Date</u>	<u>Jurisdiction</u>	<u>Type</u>	<u>Matter</u>
2018	Court of Common Pleas Philadelphia, PA	Trial	Craig Steltz v. Vincera Core Physicians et al.
2018	Superior Court of New Jersey Ocean County, NJ	Hearing	Estate of Lee Harris
2018	United States Bankruptcy Court Eastern District of Pennsylvania	Deposition	In Re: Image Masters. Lynn Feldman, Trustee v. ABN AMRO Mortgage Group, Inc. et al.
2018	Court of Common Pleas Montgomery County, PA	Trial	Joseph Evans v. Susan Evans
2018	Court of Common Pleas Berks County, PA	Trial	Kenneth and Christine Brice v. Kim Bauer
2018	Superior Court of New Jersey Gloucester County, NJ	Trial	Tony Luke, Inc. v. TR Worldwide Phillyfood, LLC
2017	American Arbitration Association Clarks Summit, PA	Arbitration	Paul Murray v. Valor Federal Credit Union
2017	Court of Common Pleas Luzerne County, PA	Trial	William Seitzer. v. Butler Enterprises, Inc. et al.
2017	Court of Chancery State of Delaware	Trial	Triple H Family Limited Partnership v. Jerry Neal



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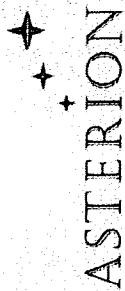
Rule 26 Disclosure – Testimony

<u>Date</u>	<u>Jurisdiction</u>	<u>Type</u>	<u>Matter</u>
2017	United States Bankruptcy Court Eastern District of Pennsylvania	Deposition	In Re: Image Masters. Lynn Feldman, Trustee v. ABN AMRO Mortgage Group, Inc. et al.
2017	Court of Chancery State of Delaware	Deposition	Triple H Family Limited Partnership v. Jerry Neal
2017	JAMS Arbitration Philadelphia, PA	Arbitration	Gary Barbera et al. Thomas Hessert et al.
2017	United States Bankruptcy Court District of New Jersey (Camden)	Trial	Customers Bank v. Roman Osadchuk.
2017	Superior Court of New Jersey Mercer County	Deposition	Mitchell L. Sussman v. Gold Gerstein Group, LLC et al.
2017	Court of Common Pleas Philadelphia, PA	Trial	Neil Chesen et al. v. Sonya Bright
2017	Superior Court of New Jersey Cape May County, NJ	Deposition	Michael McDonald et al. v. City of Wildwood
2017	United States District Court Eastern District of Pennsylvania	Trial	Dalmatia Import Group, Inc. et al. v. FoodMatch, Inc. et al.
2017	United States District Court Eastern District of Pennsylvania	Deposition	New Spring Mezzanine Capital II, LP v. Baxter McClindon Hayes et al.



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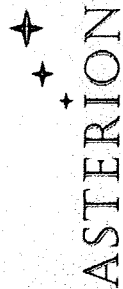
<u>Date</u>	<u>Jurisdiction</u>	<u>Type</u>	<u>Matter</u>
2017	Court of Common Pleas Bucks County, PA	Trial	Dawn Meadows v. Kevin Meadows
2016	United States District Court Eastern District of Pennsylvania	Deposition	Dalmatia Import Group, Inc. et al. v. FoodMatch, Inc. et al.
2016	Court of Common Pleas Northampton County, PA	Trial	Thomas B. Walden, M.D. v. Northampton Hospital Corporation d/b/a Easton Hospital et al.
2016	Superior Court of New Jersey Burlington County	Deposition	Assigned Credit Solutions, Inc. v. AmeriGas Propane, L.P.
2016	United States District Court District of Delaware	Trial	Air Products and Chemicals, Inc. v. Eric P. Wieseemann et al.
2016	Superior Court of New Jersey Camden County	Deposition	Customers Bank v. Capital Financial Management Corp. et al.
2015	United States District Court District of New Jersey	Deposition	Sam Younes et al. v. 7-Eleven, Inc.
2015	Court of Common Pleas Philadelphia County, PA	Trial	Sandra Snitow v. Howard Snitow et al.
2015	United States District Court Eastern District of Pennsylvania	Deposition	Gratz College v. Synergis Education, Inc.



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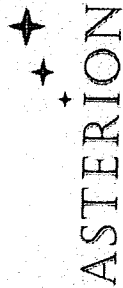
Rule 26 Disclosure – Testimony

<u>Date</u>	<u>Jurisdiction</u>	<u>Type</u>	<u>Matter</u>
2015	United States District Court District of Utah	Deposition	N8 Medical, Inc. et al. v. Colgate Palmolive Company
2015	Court of Chancery State of Delaware	Trial	Currency, Inc. et al. v. API Technologies, Corp. et al.
2015	Court of Common Pleas Montgomery County, PA	Hearing	Joel Rosenwasser and Engraving Technologies, Inc. v. C.J.D., Inc. et al.
2015	Court of Common Pleas Luzerne County, PA	Hearing	Natalie Gunnshannon et al. v. Albert/Carol Mueller t/a McDonalds et al.
2014	Court of Common Pleas Northampton County, PA	Trial	John Cancelliere et al. v. Buckno Lipsicky & Company et al.
2014	United States District Court Eastern District of Pennsylvania	Trial	David's Bridal, Inc. v. CELS Enterprises, Inc.
2014	Court of Common Pleas Delaware County, PA	Hearing	Joseph F. Delaney, III v. F. Sean Bonner and Carne Capital, LLC
2014	United States District Court Eastern District of Pennsylvania	Deposition	David's Bridal, Inc. v. CELS Enterprises, Inc.
2014	United States District Court District of New Jersey	Hearing	United States of America v. Ashokkumar R. Babaria



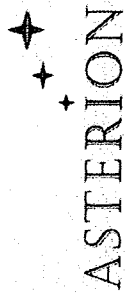
Stephen J. Scherf, CPA/ABV/CFF, CDBV, CFE, CICA, CIRA, CTP, CVA
Rule 26 Disclosure – Testimony

<u>Date</u>	<u>Jurisdiction</u>	<u>Type</u>	<u>Matter</u>
2014	Court of Chancery State of Delaware	Trial	Kathryn Mennen et al. v. Wilmington Trust Company et al.
2014	Court of Chancery State of Delaware	Deposition	Kathryn Mennen et al. v. Wilmington Trust Company et al.
2014	United States District Court Eastern District of Pennsylvania	Trial	Pure Earth, Inc. v. Gregory Call v. Pure Earth Inc., et al.



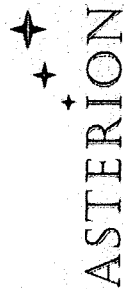
Stephen J. Scherf, CPA/ABV/CFF, CDBV, CFE, CICA, CIRA, CTP, CVA
Rule 26 Disclosure – Publications

<u>Date</u>	<u>Publication</u>	<u>Title</u>
2016	Law360	<i>Using a Commercial Success Declaration in an IFR</i>
2011	National Litigation Consultant's Review	<i>Fair Value Accounting's Impact on Damages</i>
2010	National Litigation Consultant's Review	<i>Business Valuation in the "But For" World</i>



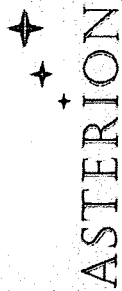
Stephen J. Scherf, CPA/ABV/CFF, CDBV, CFE, CICA, CIRA, CTP, CVA
Rule 26 Disclosure – Speaking Engagements

<u>Date</u>	<u>Description</u>	<u>Location</u>
2016	Pennsylvania Bar Institute Advanced Piercing the Corporate Veil	Philadelphia, PA
2015	Pennsylvania Bar Institute Tales from the Shareholder Wars	Philadelphia, PA Mechanicsburg, PA
2015	Pennsylvania Bar Institute Minority Shareholder Freezeout Litigation	Philadelphia, PA
2015	Pennsylvania Bar Institute Commercial Litigation Institute – Damages and Remedies	Philadelphia, PA
2015	National Business Institute Handling the Sale of a Business	Philadelphia, PA
2014	National Association of Certified Valuation Analysts Solvency and Insolvency Testing	Webinar
2014	National Association of Certified Valuation Analysts Advanced Valuation Applications and Models	New Orleans, LA
2014	Pennsylvania Institute of Certified Public Accountants AICPA Testing for Goodwill Impairment Guide	Philadelphia, PA
2014	Montgomery County Bar Association Intersection of Forensic Accounting and Bankruptcy	Norristown, PA



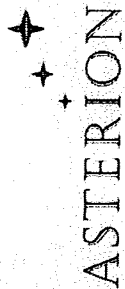
Stephen J. Scherf, CPA/ABV/CFF, CDBV, CFE, CICA, CIRA, CTP, CVA
Rule 26 Disclosure – Speaking Engagements

<u>Date</u>	<u>Description</u>	<u>Location</u>
2013	Rutgers School of Law Business Divorce	Camden, NJ
2013	National Association of Certified Valuation Analysts Advanced Valuation Applications and Models	Chicago, IL
2013	Pennsylvania Bar Institute Advanced Piercing the Corporate Veil	Philadelphia, PA
2013	Accounting for Lawyers Schnader Harrison Segal & Lewis LLP	Philadelphia, PA
2013	Pennsylvania Bar Institute Business Divorce	Mechanicsburg, PA
2012	National Association of Certified Valuation Analysts Advanced Valuation Applications and Models	Philadelphia, PA
2011	Pennsylvania Institute of Certified Public Accountants Ethics and Other Issues – An Update	Valley Forge, PA
2011	Pennsylvania Institute of Certified Public Accountants Impairment Testing for Financial Reporting	Harrisburg, PA
2011	National Association of Certified Valuation Analysts Advanced Valuation Applications and Models	Orlando, FL



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Rule 26 Disclosure – Speaking Engagements

<u>Date</u>	<u>Description</u>	<u>Location</u>
2011	National Business Institute Accounting 101 for Attorneys	Allentown, PA
2010	National Association of Certified Valuation Analysts Advanced Valuation Applications and Models	Chicago, IL
2010	Pennsylvania Institute of Certified Public Accountants Fair Value Measurements	Harrisburg, PA
2010	American Society of Appraisers - Southern New Jersey Chapter Lost Profits and Business Destruction Damage Claims	Cherry Hill, NJ
2010	Office of Auditor Accounts – State of DE The Expert's Role and Testimony	Dover, DE
2009	National Association of Certified Valuation Analysts Advanced Valuation Applications and Models	Jersey City, NJ
2009	Pennsylvania Institute of Certified Public Accountants Financial Institutions Conference Valuation and SFAS 141R	Hershey, PA
2009	Montgomery County Bar Association and the Greater Philadelphia Chapter of the PICPA – Strategies for Clients in the Current Economic Crisis	Norristown, PA Philadelphia, PA



Stephen J. Scherf, CPA/ABV/CFF, CDBV, CFE, CICA, CIRA, CTP, CVA
Rule 26 Disclosure – Speaking Engagements

<u>Date</u>	<u>Description</u>	<u>Location</u>
2008	National Association of Certified Valuation Analysts Advanced Valuation and Case Study Workshop	San Diego, CA
2008	Pennsylvania Institute of Certified Public Accountants Business Valuation Conference FASB Valuation Issues	Harrisburg, PA
2008	Association of Government Accountants Ponzi Schemes	Philadelphia, PA

Exhibits

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The Legal Coverage Group, Ltd
 Fair Market Value Summary
 Exhibit 1

Valuation Methodology	Value Indication Under Assumed Attrition Rate 10%	20%
Income Approach:		
Capitalized Earnings Method	\$ 138,739	N/A
Concluded Fair Market Value of Equity - Control, Marketable Basis	\$ 138,739	N/A
Less: Discount for Lack of Marketability	10.0%	N/A
Concluded Fair Market Value of Equity - Control, Non-Marketable Basis	\$ 124,865	N/A

The Legal Coverage Group, Ltd.
 Estimated Income Statement Data
 Exhibit 2

	10/1/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	Annualized 7/31/2018
	\$	\$	\$	\$	\$	\$	\$	\$
Total Income	\$ 34,065	\$ 33,397	\$ 41,081	\$ 34,143	\$ 33,212	\$ 34,707	\$ 34,184	\$ 34,184
Expenses								
Rent Expense	\$ 5,575	\$ 5,575	\$ 5,575	\$ 5,575	\$ 5,575	\$ 5,575	\$ 5,575	\$ 5,575
Agency/Contactor Fees	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850
Insurance Expense	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800
IT Expense	\$ 685	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700
Phone and Internet Expense	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700
Fees and Commissions Expense	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991
Office Expense	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Total Operating Expenses	\$ 27,837	\$ 27,837	\$ 27,837	\$ 27,837	\$ 27,837	\$ 27,837	\$ 27,837	\$ 27,837
Operating Income	\$ 6,227	\$ 5,559	\$ 13,244	\$ 6,305	\$ 5,375	\$ 6,870	\$ 6,346	\$ 6,346
Other Expense (Income)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income	\$ 6,227	\$ 5,559	\$ 13,244	\$ 6,305	\$ 5,375	\$ 6,870	\$ 6,346	\$ 6,346
EBIT	\$ 6,227	\$ 5,559	\$ 13,244	\$ 6,305	\$ 5,375	\$ 6,870	\$ 6,346	\$ 6,346

[1] Based on Monthly Accounts Billed and Received report as of July 17, 2018. Annualized revenue does not include uncollected contracts.
 [2] Based on budgeted and actual expenses for the four weeks ended July 9, 2018.
 [3] I understand that the Company is attempting to end its lease and downsize its office space in order to save money on monthly rent expense. In addition, I understand that management intends to hire a salesperson and has indicated that monies saved on rent expense would be allocated to this hire. As a result, at this time, I have not adjusted other expense, assuming that the two will offset.

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The Legal Coverage Group, Ltd
Cost of Equity as of July 31, 2018
Exhibit 3

Cost of Equity: [1]	
Risk-Free Rate (Rf)	3.1%
Plus Equity Premiums:	
Equity Premium (Rm-Rf)	6.9% [2]
Size Premium (SP)	5.6% [3]
Additional Risk Premium (ARP)	<u>10.0% [4]</u>
Total Equity Premium	<u>22.5%</u>
Cost of Equity (Re) Discount Rate	<u>25.6%</u>
Less: Sustainable Growth Rate	3.0%
Capitalization Rate	<u>22.6%</u>

[1] $Re = Rf + (Rm - Rf) + SP + ARP$

Where:

Re = Required return on equity

Rf= Risk-free rate of return (20-year Treasury Bond yield)

Rm - Rf= The expected return of the market in excess of the risk-free rate

SP= Size Premium for the subject company based on Equity Market Capitalization

ARP= Additional risk premium specific to an investment in the subject company

[2] Rm - Rf determined by reference to 2017 Valuation Handbook Guide to Cost of Capital: Large Company Stock Total Return - Long-term Gov't. Bond Income Returns; 1926 - 2016.

[3] 2017 Valuation Handbook Guide to Cost of Capital: Size-Decile Portfolio of the S&P 500 (Long-Term Returns in Excess of CAPM) from 1926 to 2016.

[4] The estimated additional risk premium reflects the perceived uncertainties associated with the operating forecast for the subject company.

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The Legal Coverage Group, Ltd
Income Approach - Capitalized Earnings Method - Assuming 10% Attrition
Exhibit 4 A

Revenue	[1]	\$	367,513
Operating Income	[2]	\$	<u>33,465</u>
<i>EBIT Margin</i>			9.1%
Less: Income Taxes	24.0%	[3]	8,032
Net Income (Loss) from Operations		\$	<u>25,434</u>
<i>Net Margin</i>			6.9%
Cash Flow Adjustments:			
Add: Depreciation/Amortization	[4]		N/A
Less: Capital Expenditures	[4]		N/A
Less: Working Capital Additions	20.0%	[5]	<u>(2,205)</u>
Debt-Free Net Cash Flow		\$	<u>23,228</u>
Net Cash Flow Adjusted for Growth		\$	23,925
Year 1 Net Cash Flow Adjusted for Mid-period Convention			26,811
Capitalization Rate	22.6%	[6]	
Indicated Value of Business Enterprise		\$	<u>118,739</u>
Less: Interest-Bearing Debt			-
Plus: Non-Operating Asset	[7]		20,000
Indicated Value of Equity - Control, Marketable Basis		\$	<u>138,739</u>

- [1] Year 1 revenue estimated by reference to annualized results for the seven months ended July 31, 2018 assuming 10% attrition.
- [2] EBIT estimated by reducing revenues for annualized estimated expenses, determined by reference to budgeted and actual expenses for the four weeks ended July 9, 2018. See *Exhibit 2*.
- [3] Due to the pass through nature of the entity, I have utilized the estimated combined federal and state income tax rate of 24.0 percent.
- [4] Capital expenditures and depreciation and amortization expenses are assumed to offset in perpetuity.
- [5] Based on consideration of the Company's historic levels of working capital as well as industry benchmarks.
- [6] See *Exhibit 3*.
- [7] Estimated value of vehicle owned by Anne McKee purchased with LCG funds.

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The Legal Coverage Group, Ltd
Income Approach - Capitalized Earnings Method - Assuming 20% Attrition
Exhibit 4 B

Revenue	[1]	\$	326,678
Operating Income	[2]	\$	(7,370)
<i>EBIT Margin</i>			-2.3%
Less: Income Taxes	24.0%	[3]	(1,769)
Net Income (Loss) from Operations		\$	(5,601)
<i>Net Margin</i>			-1.7%
Cash Flow Adjustments:			
Add: Depreciation/Amortization	[4]		N/A
Less: Capital Expenditures	[4]		N/A
Less: Working Capital Additions	20.0%	[5]	(1,960)
Debt-Free Net Cash Flow		\$	(7,561)
Net Cash Flow Adjusted for Growth		\$	(7,788)
Year 1 Net Cash Flow Adjusted for Mid-period Convention			(8,727)
Capitalization Rate	22.6%	[6]	
Indicated Value of Business Enterprise		\$	(38,650)
Less: Interest-Bearing Debt			-
Plus: Non-Operating Asset	[7]		20,000
Indicated Value of Equity - Control, Marketable Basis		\$	(18,650)

- [1] Year 1 revenue estimated by reference to annualized results for the seven months ended July 31, 2018 assuming 20% attrition.
- [2] EBIT estimated by reducing revenues for annualized estimated expenses, determined by reference to budgeted and actual expenses for the four weeks ended July 9, 2018. See *Exhibit 2*.
- [3] Due to the pass through nature of the entity, I have utilized the estimated combined federal and state income tax rate of 24.0 percent.
- [4] Capital expenditures and depreciation and amortization expenses are assumed to offset in perpetuity.
- [5] Based on consideration of the Company's historic levels of working capital as well as industry benchmarks.
- [6] See *Exhibit 3*.
- [7] Estimated value of vehicle owned by Anne McKee purchased with LCG funds.

EXHIBIT “B”

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made as of December 4th, 2018, between The Legal Coverage Group Ltd., a Pennsylvania corporation ("Seller") and Legal Risk Services, Inc. d/b/a Discount Legal Plan, a Pennsylvania corporation ("Buyer").

Recitals

A. Seller is in the business of providing legal services plans to employers to offer as a benefit to their employees (the "Business").

B. On January 26, 2018 (the "Petition Date"), Seller filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the Eastern District of Pennsylvania. Seller's bankruptcy case (the "Bankruptcy Case") is pending as case number 18-10494. The Bankruptcy Court appointed Leslie Beth Baskin to serve as the Trustee of Seller by Order dated March 13, 2018.

C. Subject to the terms and conditions set forth herein, Seller desires to sell, assign and convey to Buyer, and Buyer desires to purchase and acquire from Seller, substantially all of the tangible and intangible assets and properties used or held for use in the operation of the Business.

D. The Business Assets (as hereinafter defined) will be sold pursuant to an Order of the Bankruptcy Court (the "Sale Order") authorizing and approving the sale of the Business Assets and the assumption and assignment of the Assigned Contracts (as hereinafter defined) pursuant to section 365 of the Bankruptcy Code in accordance with the terms and conditions of this Agreement.

E. The principal of Buyer is Vincent J. Smith ("Smith").

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements set forth herein, and intending to be legally bound, the parties hereby agree as follows:

ARTICLE 1: SALE AND PURCHASE

1.1 Business Assets. Subject to the terms and conditions contained herein, Seller shall grant, convey, sell, assign, transfer and deliver to Buyer as of the Effective Date (as hereinafter defined) all rights and interests of Seller in all properties, assets, privileges, rights, interests and claims, real and personal, tangible and intangible, of every type and description, wherever located, including its business and goodwill (except for Excluded Assets as defined in Section 1.2) used or held for use in the Business (collectively, the "Business Assets"). Without limiting the foregoing, the Business Assets shall include the following:

(a) Tangible Personal Property. All interests of Seller as of the date of this Agreement in all equipment, computers, servers, monitors, printers, telephone systems, furniture, fixtures, office materials and supplies, and other tangible personal property of every kind and description, used or held for use in connection with the Business, and any additions and

description, used or held for use in connection with the Business, and any additions and improvements thereto between the date of this Agreement and the Effective Date (collectively, the "Tangible Personal Property").

(b) Business Contracts. All rights of Seller in those contracts and agreements (other than the Excluded Real Property Lease) to which Seller is a party and which are used in connection with the Business, and any contracts and agreements entered into between the date hereof and the Effective Date in accordance with Section 4.1 as listed on Schedule 1.3 (the "Business Contracts").

(c) Intangible Property. All rights and interests of Seller as of the date of this Agreement in all trademarks (including without limitation the trademark "H.E.L.P."), trade names, service marks, copyrights, franchises, patents, slogans, logotypes, and all other intellectual property and other intangible rights, used or held for use in connection with the Business, and those acquired by Seller between the date hereof and the Effective Date (collectively, the "Intangible Property").

(d) Telephone Numbers and Internet Websites. All rights and interests of Seller in all telephone numbers and internet web sites used or held for use in connection with the Business, including without limitation all internet domain leases and domain names of the Business, the unrestricted right to the use of HTML content located and publicly accessible from those domain names, and the "visitor" e-mail database for those sites.

(e) Files and Records. All interests of seller in all files and other records that relate to the operation of the Business, other than duplicate copies of such files and records, including without limitation all customer lists, attorney lists, billing reports, accounts receivable and accounts payable records, advertising, marketing or related materials, and all other operational and financial information concerning the Business and the Business Assets.

(f) Warranty Claims. All claims, rights, and interests of Seller against third parties under manufacturers' and vendors' warranties, if and to the extent that they relate to the Business Assets.

(g) Prepaid Items. All rights and interests of Seller in any deposits, reserves and other amounts prepaid under the Assigned Contracts (as defined below).

(h) Names. The names "The Legal Coverage Group, Ltd.," "LCG" and H.E.L.P.[®].

(i) Goodwill. All of Seller's goodwill in, and going concern value of, the Business.

1.2 Excluded Assets. Notwithstanding anything in this Agreement to the contrary, the following assets and properties of Seller to the extent in existence on the Effective Date (the "Excluded Assets") shall be excluded from and shall not constitute Business Assets:

(a) Cash. Cash (including checks received prior to the close of business on the Effective Date, whether or not deposited or cleared prior to the close of business on the

Effective Date), commercial paper, certificates of deposit and other bank deposits, treasury bills and other cash equivalents;

(b) Accounts Receivable. All accounts receivable, and any notes or written obligations reflecting accounts receivable of Seller relating to the Business as of the Effective Date (the "Receivables").

(c) Insurance. All insurance policies relating to the operations of the Business Assets;

(d) Tax Refunds. All refunds or credits, if any, of Taxes owed or due to Seller. "Taxes" means any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code § 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not, and any expenses incurred in connection with the determination, settlement or litigation of any liability for Taxes;

(e) Real Property Lease. The real property lease (the "Excluded Real Property Lease") between Seller and Monument Road Associates, LP (the "Landlord") for the premises at 50 Monument Road, Bala Cynwyd, Pennsylvania (the "Leased Premises"), and any deposit made by Seller thereunder;

(f) Excluded Books and Records and Securities. The minute books, stock transfer books and corporate seal of the Seller;

(g) Litigation Claims; Avoidance Actions. Any actions, causes of action, rights (including indemnification), claims, or recoveries of the Seller against third parties arising out of or relating to events prior to the Effective Date, including but not limited to (i) Seller's claims and causes of action under the Bankruptcy Code or applicable non-bankruptcy law, including but not limited to Sections 502(d), 544, 545, 547, 548, 549 and 550 of the Bankruptcy Code, or any other avoidance actions and (2) any rights or claims of Seller or Seller against professionals, employees or insiders of Seller;

(h) Rights under this Agreement. Seller's rights under this Agreement;

1.3 Liabilities.

(a) The Business Assets shall be sold and conveyed to Buyer free and clear of all liens, security interests, mortgages, pledges, restrictions, charges, claims, defects in title and encumbrances of any kind or type whatsoever (collectively, "Liens") except the post-Closing obligations of Seller which Buyer will assume under Business Contracts assigned to Buyer that are listed on Schedule 1.3(a) ("Assigned Contracts").

(b) Except as otherwise specifically provided herein, Buyer shall not assume or be liable for, and does not undertake to assume or discharge: (i) any liability or obligation of

Seller arising out of or relating to any contract, lease agreement, or instrument; (ii) any liability or obligation of Seller arising out of or relating to any employee benefit plan otherwise relating to employment (all employment obligations shall be brought current by Seller as of the Effective Date, including the payment of all accrued benefits and severance pay and all bonuses, whether or not such benefits or bonuses are due as of the Effective Date); (iii) any liability or obligation of Seller arising out of or relating to any litigation, proceeding or claim (whether or not such litigation, proceeding or claim is pending, threatened or asserted before, on or after the Effective Date), but only to the extent such litigation, proceeding or claim arises from an action or incident occurring before the Effective Date; (iv) any other liabilities, obligations, debts or commitments of Seller whatsoever, whether accrued now or hereafter, whether fixed or contingent, whether known or unknown; or (v) any claims asserted against the Business or any of the Business Assets relating to any event (including any act or omission) prior to the Effective Date, including without limitation, the payment of or failure to pay all taxes.

(c) Seller shall retain the obligation to satisfy, discharge, perform and fulfill all obligations and liabilities incurred subsequent to the Petition Date, and prior to the Effective Date, but only to the extent such obligations and liabilities are allowed claims for purposes of the Bankruptcy Case which are not expressly assumed by Buyer hereunder as they become due, without any charge or cost to Buyer.

(d) Assigned Contracts. The Assigned Contracts listed on Schedule 1.3 shall be assumed by Seller and assigned to Buyer in accordance with the requirements of Section 365 of the Bankruptcy Code, and Seller shall be obligated to cure all defaults, including paying all required cure amounts ("Cure Amounts") as may be required to the extent such defaults are required to be cured and such Cure Amounts are required to be paid as a condition to assumption and assignment of such Assigned Contracts pursuant to Order of the Bankruptcy Court and Section 365 of the Bankruptcy Code. Buyer shall provide adequate assurance of future performance of the Assigned Contracts as may be required by the Bankruptcy Court.

1.4 Purchase Price.

(a) Purchase Price. The purchase price to be paid for the Business Assets shall be Twenty Thousand Dollars (\$20,000) (the "Purchase Price") plus or minus the agreed-upon Closing Date Adjustments, if any, pursuant to Section 1.5 hereof.

(b) Method of Payment. Upon Closing, the Purchase Price shall be paid by Buyer in immediately available funds pursuant to written instructions of the Seller to be delivered by Seller to Buyer at least four (4) business days prior to Closing.

1.5 Closing Date Adjustments. The operation of the Business and the income and normal operating expenses attributable thereto through the date preceding the Effective Date (the "Adjustment Date") shall be for the account of Seller and thereafter for the account of Buyer, and if any income or expense is properly allocable or credited, then it shall be allocated, charged or prorated between Buyer and Seller accordingly. For example, if any invoices for legal services provided under Seller's legal plans cover a period that straddles the Adjustment Date, Seller shall be responsible for the payment of the legal services provided before the Adjustment Date and Buyer shall be responsible for the legal services provided from and after the Adjustment Date.

Receipts from Seller's legal plan clients for a period that straddles the Adjustment Date shall be pro-rated based on the number of days in that period prior to and after closing. Other operating expenses, including without limitation, charges for IT and telephone service, shall be prorated between Seller and Buyer as of the Adjustment Date in accordance with generally accepted accounting principles. To the extent that any of the foregoing prorations and adjustments cannot be determined as of the Effective Date, Buyer and Seller shall conduct a final accounting and make any further payments, as required on a date mutually agreed upon, within ninety (90) days after the Closing.

1.6 Closing. The consummation of the sale and purchase of the Business Assets provided for in this Agreement (the "Closing") shall take place at the offices of Spector Gadon & Rosen, 1635 Market Street, 7th Floor, Philadelphia, PA, 19103, on [Friday, December 28, 2018, at 10:00 a.m.], with an effective date and time of December 31, 2018, at 11:59 p.m. (the "Effective Date"), subject to the entry of the Sale Order and the satisfaction or waiver of the other conditions required to be satisfied or waived pursuant to Articles 6 or 7 below (other than those requiring a delivery of a certificate or other document, or the taking of other action, at the Closing), or such other date, time and place as the parties may mutually agree, or the Bankruptcy Court orders.

1.7 Third-Party Consents. Buyer acknowledges that the Sale Order of the Bankruptcy Court authorizing and approving (1) the sale of the Business Assets; and (2) the assumption and assignment of the Assigned Contracts under Section 365 of the Bankruptcy Code in accordance with the terms and conditions of this Agreement will authorize the assumption and assignment of the Assigned Contracts without the additional requirement of any consent by the parties thereto. To the extent any Assigned Contract is not assumable and assignable by Seller to Buyer under Section 365 of the Bankruptcy Code without the consent of the parties thereto, Seller and Buyer shall use their reasonable efforts prior to Closing to obtain all such required consents of third parties which are necessary for the consummation of the transactions contemplated hereby (without conditions materially adverse to Buyer). All such third-party consents shall be in writing and executed counterparts thereof shall be delivered to Buyer promptly after Seller's receipt thereof but in no event later than two (2) business days prior to the Closing Date. Notwithstanding the foregoing or anything contained herein to the contrary, this Agreement shall not constitute an agreement to assign any Business Contract or any claim or right or any benefit arising thereunder or resulting therefrom if (i) the Business Contract is not executory as of the Closing Date; or (ii) an attempted assignment thereof, without the consent of a third party thereto, would constitute a default thereof or in any way materially adversely affect the rights of Buyer thereunder. If such consent is not obtained, or if an attempted assignment thereof would be ineffective or would affect the rights thereunder so that Buyer would not receive all such rights, Seller shall use her reasonable efforts after Closing to provide to Buyer the benefits under any such Business Contract or any claim or right, including, without limitation, enforcement for the benefit of Buyer of any and all rights of Seller against a third party thereto arising out of the default or cancellation by such third party or otherwise. Seller's failure to obtain any of the consents referenced in the preceding sentence shall not relieve Buyer from its obligations to consummate the transactions contemplated by this Agreement if all of the conditions set forth in Article 7 have been fulfilled.

ARTICLE 2: REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as follows, with each representation and warranty being qualified by and subject to the entry of the Sale Order:

2.1 Status. Seller is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania. Seller has the requisite power to enter into and complete the transactions contemplated by this Agreement.

2.2 Authority. This Agreement has been duly and validly authorized, executed, and delivered by Seller, subject to the entry of a final and non-appealable order of the Bankruptcy Court approving this Agreement.

2.3 Approvals and Consents. The execution, delivery and performance by the Seller of this Agreement and the consummation by it of the transactions contemplated hereby will not require any consent, permit, license or approval of, or filing with or notice to, any person, entity or governmental or regulatory authority under any provision of law applicable to Seller, other than the application for and receipt of the Sale Order and any other Order that the Bankruptcy Court may enter in connection therewith.

2.4 Business Assets. The sale of the Business Assets to Buyer shall be on an "AS IS" and "WHERE IS" basis without any representation or warranty from Seller.

2.5 Brokers. There is no broker or finder or other person entitled to a commission or brokerage fee or payment in connection with this Agreement or the transactions contemplated hereby as a result of any agreement of or action taken by Seller.

ARTICLE 3: REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller:

3.1 Status. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania. Buyer has the requisite power to enter into and complete the transactions contemplated by this Agreement.

3.2 Authority. All actions necessary to be taken by or on the part of Buyer in connection with the transactions contemplated by this Agreement have been duly and validly taken, and this Agreement has been duly and validly authorized, executed and delivered by Buyer and constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with and subject to its terms.

3.3 No Conflicts. Neither the execution, delivery and performance by Buyer of this Agreement nor the consummation by Buyer of the transactions contemplated hereby will: (a) conflict with or violate the certificate of incorporation or bylaws of Buyer; or (b) violate any judgment, decree, order, statute, rule or regulation applicable to Buyer.

3.4 Brokers. There is no broker or finder or other person entitled to a commission or brokerage fee or payment in connection with this Agreement or the transactions contemplated hereby as a result of any agreement of or action taken by Buyer.

3.5 Approvals and Consents. The execution, delivery and performance by the Buyer of this Agreement and the consummation by it of the transactions contemplated hereby will not require any consent, permit, license or approval of, or filing with or notice to, any person, entity or governmental or regulatory authority under any provision of law applicable to Buyer or any contract or other agreement to which Buyer is a party.

3.6. Financial Ability. Buyer has secured financing in an amount sufficient to enable it to pay the balance of the Purchase Price on the Closing Date as described in Section 1.4 hereof.

ARTICLE 4: COVENANTS OF SELLER

4.1 Operation of the Business.

Seller covenants and agrees that from the date hereof until the completion of the Closing:

(a) Seller shall continue to operate the Business in the ordinary course of business consistent with past practice and shall use commercially reasonable efforts to preserve the business organization of the Business intact, retain substantially as at present the Business's employees, consultants and agents, and preserve the goodwill of the Business's suppliers, advertisers, customers and others having business relations with it.

(b) Seller shall keep its books and accounts, records and files in the usual and ordinary manner in which the business has been conducted in the past. Seller shall collect the Business's accounts receivable only in the ordinary course of business consistent with past practice.

(d) Nothing contained in this Agreement shall give Buyer any right to control the operations or any other matter relating to the Business prior to the Effective Date, and Seller shall have complete control of the operations and all other matters relating to the Business up to the Effective Date.

(e) Seller shall maintain the Tangible Personal Property in the ordinary course of business and maintain in effect its current casualty and liability insurance on the Business Assets.

(f) In order to vacate the Business Premises by the Effective Date, Seller will permit Buyer to remove and relocate all of the furniture, fixtures, equipment and other tangible Business Assets located at the Business Premises to the office where the Buyer will be conducting the Business, at the sole cost of Buyer, at any time during the period December 1, 2018 to the Effective Date. Buyer will be responsible for any damage to the Business Assets or the Business Premises caused by such removal and relocation of the Business Assets.

(g) Prior to the Effective Date, Seller shall not, without the prior notice to Buyer:

(i) sell, lease, transfer, or agree to sell, lease or transfer, any Business Assets except for non-material sales or leases, in the ordinary course of business, of items which are being replaced by assets of comparable or superior kind, condition and value, and except as contemplated by Section 4.1(f) above;

(ii) renew, renegotiate, modify, amend or terminate any existing time sales contracts with respect to the Business, except in the ordinary course of business;

(iii) enter into, renew or amend any other Contract with respect to the Business, except in the ordinary course of business; or

(iv) enter into any barter or trade contracts that are prepaid, or any contract with an Affiliate of Seller.

4.2 Notice of Proceedings. Seller will promptly notify Buyer in writing upon: (a) becoming aware of any order or decree or any complaint praying for an order or decree restraining or enjoining the consummation of this Agreement or the transactions contemplated hereunder; or (b) receiving any notice from any governmental department, court, agency or commission of its intention (i) to institute an investigation into, or institute a suit or proceeding to restrain or enjoin, the consummation of this Agreement or such transactions, or (ii) to nullify or render ineffective this Agreement or such transactions if consummated..

4.3 Employee Matters.

(a) Buyer has not offered employment to any of Seller's employees of the Business.

(b) Buyer assumes no obligation to continue or assume any compensation arrangements or liabilities of Seller (including, but not limited to, any salary, bonuses, fringe benefits, insurance plans, or pension or retirement benefits under any compensation or retirement plan maintained by Seller) to any employee of Seller.

(c) Buyer assumes no obligation for payment of medical, dental, health or disability claims incurred by any Employee prior to the Effective Date, and Buyer shall not assume any liability with respect to such claims.

(d) Seller, with respect to the Employees, will timely give all notices required to be given under any statute or regulation of any jurisdiction relating to any plant closing or mass lay off or as otherwise required by law and shall fully indemnify and hold harmless Buyer with respect to any liability that may arise with respect thereto relating to the Employees, consistent with the dictates of the Bankruptcy Code, 11 USC Section 101, et seq. or by Order of the Bankruptcy Court.

ARTICLE 5: COVENANTS OF BUYER

Buyer covenants and agrees that from the date hereof until the completion of the Closing:

5.1 Representations and Warranties. Buyer shall give detailed written notice to Seller promptly upon learning of the occurrence of any event that would cause or constitute a breach or would have caused a breach had such event occurred or been known to Buyer prior to the date hereof, of any of the representations and warranties of Buyer contained in this Agreement.

5.2 Confidentiality. Any and all information, disclosures, knowledge or facts regarding Seller, the Business and their operation and properties derived from or resulting from Buyer's acts or conduct (including without limitation acts or conduct of Buyer's officers, employees, accountants, counsel, agents, consultants or representatives, or any of them) under the provisions of Section 4.2 hereof shall be confidential and shall not be divulged, disclosed or communicated to any other person, firm, corporation or entity, except for Buyer's attorneys, accountants, investment bankers, investors and lenders, and their respective attorneys on a need to know basis for the purpose of consummating the transactions contemplated by this Agreement.

5.3 Fulfillment of Conditions. Buyer covenants and agrees with Seller that Buyer will execute and deliver at the Closing each document that Buyer is hereby required to execute and deliver as a condition to the Closing, and that, at all times from and after the date hereof under the Closing, Buyer will take all commercially reasonable steps necessary or desirable and proceed diligently and in good faith to satisfy each other condition to the obligations of Seller contained in this Agreement and will not take or fail to take any action that could reasonably be expected to result in the nonfulfillment of any such condition.

5.4 Bankruptcy Matters. Buyer agrees to cooperate with any reasonable request made by Seller in connection with his efforts to secure the entry of the Sale Order, including, without limitation, making officers and other principals of the Buyer and its affiliates available for testimony before the Bankruptcy Court.

5.5 Records of Seller.

(a) Buyer agrees to preserve and keep the records of Seller delivered to it hereunder for a period of three (3) years from the Effective Date or as required under applicable law;

(b) Buyer agrees to furnish or cause to be furnished to Seller, at reasonable times, upon request of Seller as promptly as practicable such information (including access to personnel and books and records pertinent solely to the Business Assets and assistance as is reasonably necessary for Seller in connection with (i) any litigation filed by or on behalf of Seller, (ii) the preparation, review, audit and filing of any tax return, the preparation for any tax audit or the defense of any assessment or other similar claim, or (iii) any legal proceedings against Seller, or any governmental investigations of Seller;

(c) Buyer agrees to allow Seller to maintain, process and make copies of, all at Seller's expense, records, files and other data of Seller constituting a part of the Business Assets transferred to Buyer hereunder for a period of two (2) years after the Effective Date.

ARTICLE 6: CONDITIONS TO THE OBLIGATIONS OF SELLER

The obligations of Seller under this Agreement are, at its option, subject to the fulfillment of the following conditions prior to or on the Closing Date:

6.1 Representations, Warranties and Covenants.

(a) Each of the representations and warranties of Buyer contained in this Agreement shall have been true and correct in all material respects as of the date when made and shall be deemed to be made again on and as of the Effective Date and shall then be true and correct, except to the extent changes are permitted or contemplated pursuant to this Agreement.

(b) Buyer shall have performed and complied in all material respects with each and every covenant and agreement required by this Agreement to be performed or complied with by it prior to or on the Effective Date.

6.2 Proceedings.

(a) Neither Seller nor Buyer shall be subject to any restraining order or injunction restraining or prohibiting the consummation of the transactions contemplated hereby, other than any Order that may be entered by the Bankruptcy Court.

(b) In the event such a restraining order or injunction is in effect, this Agreement may not be abandoned by Seller pursuant to this Section 6.2 prior to the Effective Date, but the Closing shall be delayed during such period. This Agreement may be abandoned after the Effective Date if such restraining order or injunction remains in effect.

6.3 Deliveries. Buyer shall have complied with each and every one of its obligations set forth in Section 8.2.

6.4 Bankruptcy Court Approval. The Sale Order authorizing a sale of the Business Assets to the Buyer shall have been entered, which order shall not be stayed and shall have become a final and unappealable Order.

ARTICLE 7: CONDITIONS TO THE OBLIGATIONS OF BUYER

The obligations of Buyer under this Agreement are, at its option, subject to the fulfillment of the following conditions prior to or on the Closing Date:

7.1 Representations, Warranties and Covenants.

(a) Each of the representations and warranties of Seller contained in this Agreement shall have been true and correct as of the date when made and shall be deemed to be made again on and as of the Effective Date and shall then be true and correct except to the extent changes are permitted or contemplated pursuant to this Agreement.

(b) Seller shall have performed and complied in all material respects with each and every covenant and agreement required by this Agreement to be performed or complied

with by it prior to or on the Effective Date, consistent with the dictates of the Bankruptcy Code, 11 USC Section 101, et seq. or and subject to any Order of the Bankruptcy Court.

7.2 Proceedings.

(a) Neither Seller nor Buyer shall be subject to any restraining order or injunction restraining or prohibiting the consummation of the transactions contemplated hereby.

(b) In the event such a restraining order or injunction is in effect, this Agreement may not be abandoned by Buyer pursuant to this Section 7.2 prior to the Final Effective Date, but the Closing shall be delayed during such period. This Agreement may be abandoned after such date if such restraining order or injunction remains in effect.

7.3 Deliveries. Seller shall have complied with each and every one of its obligations set forth in Section 8.1.

7.4 Bankruptcy Court Approval. The Sale Order authorizing a sale of the Business Assets to the Buyer shall have been entered, which order shall not be stayed and shall have become a final and unappealable Order.

ARTICLE 8: ITEMS TO BE DELIVERED AT THE CLOSING

8.1 Deliveries by Seller. At the Closing, Seller shall deliver to Buyer the following documents duly executed by Seller or such other signatory as may be required by the nature of the document:

(a) bills of sale, certificates of title, endorsements, assignments, conveyance, transfer and assignment, in form and substance reasonably satisfactory to Buyer, sufficient to sell, convey, transfer and assign the Business Assets to Buyer free and clear of any Liens (other than Permitted Encumbrances) and to quiet Buyer's title thereto.

8.2 Deliveries by Buyer. At the Closing, Buyer shall deliver to Seller:

(a) the Purchase Price, which shall be paid in the manner specified in Section 1.4;

(b) an instrument or instruments of assumption of the Business Contracts to be assumed and assigned to Buyer pursuant to this Agreement; and

(c) the consent of the sole member of Buyer authorizing the execution, delivery and performance by Buyer of this Agreement and the consummation of the transactions contemplated hereby.

ARTICLE 9: MISCELLANEOUS

9.1 Termination. This Agreement may be terminated at any time prior to Closing: (a) by the mutual consent of Seller and Buyer; (b) by any party hereto if the Bankruptcy Court has denied the approvals contemplated by this Agreement in an order which has become Final;

(c) by Buyer or Seller if the Closing has not taken place by the Closing Date; (d) by Buyer, if on the Closing Date Seller has failed to satisfy the conditions set forth in Sections 7.1, 7.3 or 7.4; (e) by Buyer if Seller has failed to cure a material breach of any of its representations, warranties or covenants under this Agreement within five (5) calendar days after it receives notice from Buyer of such breach; (f) by Seller, if on the Closing Date Buyer has failed to satisfy the conditions set forth in Section 6.2 or 6.3; or (g) by Seller if Buyer has failed to cure a material breach of any of its representations, warranties or covenants under this Agreement within five (5) calendar days after it receives notice from Seller of such breach. A termination pursuant to this Section 9.1 shall not relieve any party of any liability it would otherwise have for a breach of this Agreement.

9.2 Expenses. Each party hereto shall bear all of its expenses incurred in connection with the transactions contemplated by this Agreement, including without limitation, accounting and legal fees incurred in connection herewith.

9.3 Remedies Cumulative. The remedies provided in this Agreement shall be cumulative and shall not preclude the assertion by any party hereto of any other rights or the seeking of any other remedies against the other party hereto.

9.4 Further Assurances. From time to time prior to, on and after the Effective Date, each party hereto will execute all such instruments and take all such actions as any other party shall reasonably request, without payment of further consideration, in connection with carrying out and effectuating the intent and purpose hereof and all transactions contemplated by this Agreement, including without limitation the execution and delivery of any and all confirmatory and other instruments in addition to those to be delivered on the Closing Date, and any and all actions which may reasonably be necessary to complete the transactions contemplated hereby. The parties shall cooperate fully with each other and with their respective counsel and accountants in connection with any steps required to be taken as part of their respective obligations under this Agreement.

9.5 Public Announcements.

Prior to the Effective Date, no party shall, without the approval of the other party hereto, make any press release or other public announcement concerning the transactions contemplated by this Agreement, except (i) to announce it has been entered into, (ii) such disclosures as are necessary or appropriate in any pleadings and other filings made in the Seller's Bankruptcy Case or pursuant to any Order of the Bankruptcy Court, and (iii) as and to the extent that such party shall be so obligated by law, in which case such party shall give advance notice to the other party and the parties shall use their best efforts to cause a mutually agreeable release or announcement to be issued.

9.7 Risk of Loss.

The risk of loss, damage or destruction to any of the Business Assets shall be borne by Seller at all times up to 12:01 a.m. local time on the Effective Date, and the Buyer shall bear such risk on or after the Effective Date. In the event of any loss, damage or destruction to the Business Assets prior to the Effective Date, it shall be the responsibility of Seller to repair or

replace (as appropriate under the circumstances) any lost or damaged Business Assets (the "Damaged Asset"), unless such Damaged Asset was obsolete or unnecessary for the continued operation of the Business consistent with Seller's past practice.

ARTICLE 10: GENERAL PROVISIONS

10.1 Assignability; No Third-Party Rights. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and permitted assigns. Notwithstanding the foregoing, no party may assign its rights or obligations under this Agreement without prior written consent of the other party, which consent shall not be unreasonably withheld, delayed, or conditioned. The covenants, conditions and provisions hereof are and shall be for the exclusive benefit of the parties hereto and their permitted assigns, and nothing herein, express or implied, is intended or shall be construed to confer upon or to give any person or entity other than the parties hereto and their permitted assigns any right, remedy or claim, legal or equitable, under or by reason of this Agreement.

10.2 Amendments; Waivers. The terms, covenants, representations, warranties and conditions of this Agreement may be changed, amended, modified, waived, or terminated only by a written instrument executed by the party waiving compliance. The failure of any party at any time or times to require performance of any provision of this Agreement shall in no manner affect the right of such party at a later date to enforce the same. No waiver by any party of any condition or the breach of any provision, term, covenant, representation or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such condition or of the breach of any other provision, term, covenant, representation or warranty of this Agreement.

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10.3 Notices. All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing (which shall include notice by email) and shall be deemed to have been duly made and received when personally served, or when delivered by Federal Express or a similar overnight courier service, expenses prepaid, addressed as set forth below:

(a) if to Seller, then to: Leslie Beth Baskin, Esquire
Chapter 11 Trustee
Spector Gadon & Rosen, PC
1635 Market Street, 7th Floor
Philadelphia, PA 19103

With a copy (which shall not constitute notice) to: Daniel J. Dugan, Esquire
Spector Gadon & Rosen, PC
1635 Market Street, 7th Floor
Philadelphia, PA 19103

(b) if to Buyer, then to: Legal Risk Services, Inc.
c/o Vincent J. Smith
760 Cumberland Street
Lebanon, PA 17042

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section providing for the giving of notice.

10.4 Captions. The captions of Articles and Sections of this Agreement are for convenience only and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

10.5 Governing Law. This Agreement and all questions relating to its validity, interpretation, performance and enforcement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to principles of conflicts of laws.

10.6 Entire Agreement. This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subject matter hereof, and supersedes all prior agreements, understandings, inducements or conditions, express or implied, oral or written, relating to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of trade inconsistent with any of the terms hereof. This Agreement has been prepared by all of the parties hereto, and no inference of ambiguity against the drafter of a document therefore applies against any party hereto.

10.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

[signature page follows]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date
first above written.

SELLER:

THE LEGAL COVERAGE GROUP LTD.

By: _____

Name:

Title:

BUYER:

LEGAL RISK SERVICES, INC.

d/b/a DISCOUNT LEGAL PLAN

By:  _____

Vincent Smith

Chief Executive Officer

Schedule 1.3

Assigned Contracts

Contracts with Clients/Worksites

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.
- 11.
- 12.
- 13.
- 14.
- 15.
- 16.
- 17.
- 18.

Redacted

Contracts with Vendors

1. Canon
300 Commerce Square Blvd
Burlington, NJ 08016
2. Eastern Answering Service
40 E. Baltimore Ave
Lansdowne, PA 19050
3. The Guardian Life Insurance Company of America
7 Hanover Square
Customer Service, H-6-D
New York, NY 10004
4. Hostway
100 N Riverside Plaza
Chicago, IL 60606

5. My Benefit Advisor
P.O. Box 844626
Boston, MA 02284-4626
6. Smart IP Solutions
P.O. Box 516
Southampton, PA 18966
7. StrategicLink Consulting, Inc.
999 West Chester Pike, Suite 200
West Chester, PA 19382
8. Studioality, LLC
411 S. Taney Street
Philadelphia, PA 19146

Licenses/Service Agreements

1. Canon
300 Commerce Square Blvd
Burlington, NJ 08016
2. FileMaker, Inc.
5201 Patrick Henry Drive
Santa Clara, CA 95054
3. Symantec (Endpoint Protection)
350 Ellis Street
Mountain View, CA 94043
4. Sonicwall (Comprehensive Gateway Security)
P.O. Box 742998,
Los Angeles, California, 90074
5. Barracuda Networks, Inc. (Email Security Service)
Dept LA 22762
Pasadena, CA 91185-2762