

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
Miami Division**

In re:

Case No. 09-23201-BKC-RAM

PHOENIX WORLDWIDE INDUSTRIES, Chapter 11
INC.

Debtor.

**DISCLOSURE STATEMENT FOR DEBTOR IN
POSSESSION'S PLAN OF REORGANIZATION**

Dated: March 26, 2010

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Exhibit and Schedules:

Plan of Reorganization	Exhibit A
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I. INTRODUCTION

A. Generally.

The Debtor, PHOENIX WORLDWIDE INDUSTRIES, INC., has proposed a Plan of Reorganization (the "Plan") under Chapter 11 of the United States Bankruptcy Code. A copy of the Plan is attached hereto as **Exhibit A**. Creditors have the opportunity to vote to accept or reject the Plan. The Plan is summarized in this Disclosure Statement (the "Disclosure Statement"). The Plan provides the means for distributing the funds collected by the Debtors and the Plan Trustee, as the case may be, to creditors. The purpose of this Disclosure Statement is to provide information deemed to be material, important and necessary to enable Creditors to arrive at a reasonably informed decision.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT CONCERNING THE FINANCIAL CONDITION OF THE DEBTORS' BANKRUPTCY ESTATES IS BASED UPON FINANCIAL, AND OTHER, INFORMATION DEVELOPED BY DEBTORS' MANAGEMENT AND ITS PROFESSIONALS FROM THE DEBTORS' RECORDS. THE INFORMATION IN THIS DISCLOSURE STATEMENT HAS NOT BEEN SUBJECT TO AN AUDIT AND THEREFORE MAY BE SUBJECT TO ERROR. SOME FINANCIAL INFORMATION MAY HAVE BEEN OVERLOOKED INADVERTENTLY IN THE PREPARATION OF THIS DISCLOSURE STATEMENT, BUT IT IS BELIEVED THAT THE DISCLOSURE STATEMENT IS GENERALLY ACCURATE.

THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE COURT AS CONTAINING "ADEQUATE INFORMATION" FOR HOLDERS OF CLAIMS AND INTERESTS TO MAKE AN INFORMED DECISION, IN ACCORDANCE WITH SECTION 1125(b) OF THE BANKRUPTCY CODE, REGARDING WHETHER TO ACCEPT OR REJECT THE DEBTORS' PROPOSED CHAPTER 11 PLAN. APPROVAL OF THIS DISCLOSURE STATEMENT BY THE COURT DOES NOT INDICATE THAT THE COURT RECOMMENDS EITHER ACCEPTANCE OR REJECTION OF THE PLAN.

YOU SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN. THIS DISCLOSURE STATEMENT SUMMARIZES CERTAIN TERMS OF THE PLAN, BUT THE PLAN ITSELF WILL BE THE GOVERNING DOCUMENT. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING.

Under the Bankruptcy Code, only classes of Claims or Interests that are "impaired" under the Plan may vote to accept or reject the Plan. The Plan sets forth which Classes the Debtors believe are impaired Classes entitled to vote on the Plan. **ACCORDINGLY, A BALLOT FOR ACCEPTANCE OR REJECTION OF THE PLAN IS BEING PROVIDED ONLY TO MEMBERS OF SUCH VOTING CLASSES.**

After carefully reviewing the Plan, including all its attachments and this Disclosure Statement and its exhibits, please indicate your vote by accepting or rejecting the Plan on the enclosed Ballot and return it in the envelope provided. See Subsection B: "Voting Instructions." Please read the balloting package instructions carefully and vote every ballot you receive.

For a summary description of the treatment of each Class of Claims and Interests and the estimated value of distributions to each Class of Claims and Interests, see Section V.

The Court has scheduled a hearing to consider confirmation of the Plan for _____, 2010, at _____, ____m. in the United States Bankruptcy Court, Claude Pepper Federal Building, 51 SW First Avenue, Miami, Florida 33130 (the "Confirmation Hearing"). The Court has directed that objections, if any, to confirmation of the Plan be filed with the Court and served so as to actually be received by various parties on or before _____, 2010 at 4:00 p.m. The date of the Confirmation Hearing may be adjourned from time to time without further notice.

B. Voting Instructions.

(1) Ballots

In voting for or against the Plan, please use only the ballot sent to you with this Disclosure Statement. **IF YOU RECEIVE MORE THAN ONE BALLOT, YOU SHOULD ASSUME THAT EACH BALLOT IS FOR A SEPARATE CLAIM AND YOU SHOULD COMPLETE AND RETURN ALL OF THEM.**

(2) Returning Ballots

IN ORDER TO BE COUNTED, BALLOTS MUST ACTUALLY BE RECEIVED BY THE BALLOTING AGENT IDENTIFIED ON THE BALLOT ON OR BEFORE _____, 2010 AT 4:00 P.M., YOUR BALLOT MAY NOT BE COUNTED IF IT IS RECEIVED LATER.

C. Acceptance or Rejection of the Plan.

The Bankruptcy Court has established _____, 2010 as the latest date on which all properly executed and completed votes to reject or accept the Plan must be **actually received** at the following address: Clerk of the Court, United States Bankruptcy Court, Claude Pepper Federal Building, 51 SW First Avenue, Miami, Florida 33130.

The Voting Deadline is _____, 2010 at 5:00 p.m. (Prevailing Eastern Time)
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Section 1128 of the Bankruptcy Code requires a bankruptcy court to hold a hearing on the confirmation of a plan of reorganization under chapter 11. Section 1128 of the Bankruptcy Code also provides that any party in interest may object to confirmation of the plan.

The Confirmation Hearing will be held on _____, 2010 at __:____.m.

before the Honorable Robert A. Mark, United States Bankruptcy Judge,

in the United States Bankruptcy Court for the Southern District of Florida,

Miami Division, United States Bankruptcy Court,

Claude Pepper Federal Building, 51 SW First Avenue, Miami, Florida 33130.

(Prevailing Eastern Time)

As a creditor, your vote is important. In order for the Plan to be deemed accepted, of the ballots cast, creditors that hold at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the allowed claims of impaired Classes must accept the Plan. However, you are advised that the Debtors may be afforded the right under the Bankruptcy Code to have the Plan confirmed over the objections of dissenting creditors consistent with the limitations set forth in the Bankruptcy Code.

NO REPRESENTATIONS CONCERNING THE DEBTORS ARE AUTHORIZED OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE WHICH ARE OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTORS, WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE UNITED STATES TRUSTEE FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

You are urged to carefully read the contents of this Disclosure Statement before making your decision to accept or reject the Plan. Particular attention should be directed to the provisions of the Plan affecting or impairing your rights as they presently exist. The terms used herein have the same meaning as in the Plan unless the context hereof requires otherwise.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN SUBMITTED BY THE DEBTORS' MANAGEMENT, UNLESS SPECIFICALLY STATED TO BE FROM OTHER SOURCES. NO REPRESENTATIONS, OTHER THAN THOSE SET FORTH HEREIN, CONCERNING THE DEBTORS, ARE AUTHORIZED BY THE DEBTORS.

II. DEFINITIONS

The terms used herein have the same meaning as in the Plan unless the context hereof requires otherwise.

III. THE DEBTOR

A. History of the Debtor.

The Debtor is a Florida corporation, formed in 1982, with offices located at 10780 S.W. 190th Street, Miami, Florida 33157. The Debtor is a defense contractor in the business of designing and manufacturing passive, covert, stealth surveillance gathering, tagging, tracking and intercepting equipment. The Debtor's primary customer base is comprised of domestic intelligence agencies as well as foreign governments. Phoenix also sells its products to airlines, transportation services and school systems.

Prior to forming the corporation, its president, Dr. Al Esquivel Shuler, served for several years as an officer in the United States Navy, where he conducted special operations. After retiring on medical disability, he obtained a Ph.D. in Nuclear Physics & Nuclear Engineering from Purdue University. He has previously served as Vice President of Financial Engineering for Eastern Airlines, Inc., and as Vice President of Manufacturing for Fairchild Industries, Inc., in Brussels, Belgium.

Phoenix has produced and deployed, throughout the world, a wide range of specialty products that are custom developed to meet the specific law enforcement, investigative, intelligence, security, and operating needs of government, military and private security organizations. The Debtor develops and manufactures the following products and systems,¹ among others:

- Acoustic and RFI Shielded Clean Room Enclosures for installation in clients' facilities that prevents any type of external or internal electromagnetic eavesdropping and recording of conversations and data;
- "Intelligent Video" – an integrated hardware and software platform to provide real time, alert-driven, threat detection without human intervention as well as control of video streaming, available in wired or wireless communication options, featuring integrated mapping, a camera/sensor placement tool, local network video recording, and automated video/data archiving;
- Stealth-Covert Intercept and Tracking Systems, Command & Control Platforms from C21 to C6I, Special Operations Platforms, Tactical Platforms, Mobile Intelligence Platforms, Mobile Jamming Platforms, Mobile Perimeter/Border Protection, Mobile Laboratories and ECM, ECCM and ESM Shelters for HMMVW and other vehicles;

¹ Some of the specialty systems are "defense articles" classified under the category of "Military Electronics" under the United States Munitions List contained in the International Traffic in Arms Regulations ("ITAR"). 22 C.F.R. § 121.1. ITAR is a set of United States government regulations that control the export and import of defense-related articles and services on the United States Munitions List. These regulations implement provisions of the Arms Export Control Act. Prior to exporting any of its specialty systems to a foreign governmental agency, Phoenix must apply for an export license issued by the United States Department of State and obtain approval of the exportation of its products under said license.

- Vehicle, Trailer and Shipping Container Satellite Tracking & Security over the horizon unattended Sensors that provide Unite I.D., latitude, longitude, Zulu time, alarm status and geo-fencing information;
- Dignitary Vehicle Caravan Protection and Escort Platforms;
- Multi-Platform Network Sensor Software Suites as well as Satellite Tracking Software for its Satellite GPS Tracking Systems.

On August 24, 1992, Hurricane Andrew destroyed the Debtor's industrial facilities. The Debtor's facilities and equipment suffered over eleven million dollars worth of damage. Lengthy litigation with the insurance company ensued, which was only minimally successful. In 2001, to raise money, the Debtor issued a Private Placement Memo ("PPM") to friends and family. The PPM raised \$7 million dollars.

The Debtor continues to operate its business as a debtor in possession. The Debtor currently has 12 employees.

B. Events Leading to the Commencement of the Bankruptcy Case.

The main impetus for the Debtor's commencement of the bankruptcy case was the seizure of its assets by Creditor C3 Capital Partners and C3 Capital Partners II, L.P. (collectively "C3 Capital"), which described in greater detail below in subsection C.(v). Additionally, there are several financial and political factors that contributed to the Debtor's petition for relief, which are described below.

After September 11, 2001, and especially after the military invasion of Iraq in 2003, the Debtor's business slowed due to an increased demand for destructive weaponry, such as explosives and traditional arms. The Debtor does not design or manufacture the chemicals and weapons that the military and intelligence agencies sought – the Debtor exclusively designs and manufactures surveillance and passive tagging technology.

During the last few years, the Debtor has also been a party to several lawsuits, which have further depleted its resources. These lawsuits are described in greater detail in Subsection C.

The Debtor experienced another slow-down in demand for its products due to the presidential election in 2008. Every four years, defense contractors experience a slow-down in demand for their products as the market waits to see what policy changes will take place after the presidential election.

Finally, the worldwide financial crisis dealt another harsh blow to the Debtor, as demand for its products has declined even more.

C. Litigation.

- (i) ***Phoenix Worldwide Industries, Inc. v. ARC Logistics Miami Int'l, Inc., et al*** (Case No.: 2009-5339-CA-OI-Eleventh Judicial Circuit for Miami-Dade County, Florida).

This lawsuit arises out of various agreements relating to the sale of highly specialized spy vehicles and other intelligence equipment manufactured by the Debtor for the Departamento Administrativo de Seguridad ("DAS"), the secret service agency of Colombia. At the request of DAS, a Colombian entity called Colvista, Ltda. ("Colvista") contracted with the Debtor to serve as the Debtor's and DAS' agent in order to assist as an intermediary representative as required under Colombian law to DAS. The Debtor delivered two of the intelligence-surveillance vehicles to Colvista, but DAS and Colvista breached their contractual obligations to the Debtor, by, among other things, failing to pay all amounts owed for the goods. The Debtor demanded the return of two of the intelligence-surveillance vehicles.

Colvista ignored the Debtor's requests and instead provided the vehicles to ARC Logistics Miami International, Inc. ("ARC"), formerly a logistics company in Miami, Florida, in an apparent attempt to illegally smuggle them to Colombia. The Debtor was charged unreasonable storage fees by ARC while the vehicles remained in its possession. The Debtor sued ARC in order to regain possession of the vehicles and for other claims as a result of the excessive fees it was charged for the storage fees.

Colvista later intervened in the case, first by seeking an injunction for the return of the intelligence-surveillance vehicles, and later by filing a counterclaim against the Debtor. Colvista's request for injunctive relief was later withdrawn. The counterclaim mainly alleges that Colvista is owed money in connection with the sale between the Debtor and DAS. The Debtor has filed a motion to dismiss Colvista's counterclaim for failure to state a cause of action. The Court has not ruled on the Debtor's motion to dismiss.

The Debtor believes it has valid claims against Colvista based on its attempt to illegally smuggle the vehicles out of the country and its multiple breaches of various agreements between the parties, and against DAS for failure to pay for the two remaining vehicles, delays, change orders, and the remaining balance of the contract. The Debtor intends to pursue this litigation before the Bankruptcy Court.

The failure of DAS and Colvista to pay for the services rendered in the last quarter of 2008, and for the balance owed for the two vehicles and equipment have also contributed to Phoenix's failure to pay its debts as they become due.

- (ii) ***Maxus Capital Group, LLC v. Phoenix Worldwide Industries, Inc.*** (Case No.:2009-31384-CA-IO-Eleventh Judicial Circuit for Miami-Dade County, Florida).

This lawsuit arises out of a lease agreement between the Debtor and Maxus Capital Group, LLC ("Maxus"). Pursuant to the lease agreement, the Debtor leased certain equipment from Maxus for use in connection with the operation of its business. Maxus commenced the above-captioned lawsuit against the Debtor and its president² for failure to pay sums due under the lease. The complaint filed by Maxus raises claims for breach of lease agreement, breach of guaranty and replevin of the leased equipment.

After an Order to Show Cause hearing, the Court issued a writ of replevin for the return of the leased equipment on or about June 9, 2009. Neither the Debtor nor its president responded to the complaint filed by Maxus in this lawsuit.

- (iii) ***Maxus Capital Group, LLC v. Phoenix Worldwide Industries, Inc.*** (Case No.: 2009-15533-CA-IO-Eleventh Judicial Circuit for Miami-Dade County, Florida).

In this lawsuit, Maxus raises the same claims based on the same operative facts as alleged in Case No.: 2009-31384-CA-10. Again, the Debtor and its president were both named as defendants. In this case, both the Debtor and its president filed an answer and affirmative defenses to the complaint. On June 1, 2009, Maxus filed a motion for summary judgment. No response has been filed yet as the instant bankruptcy stayed the litigation.

- (iv) ***C3 Capital Partners (LP), et al v. Phoenix Worldwide Industries, Inc., et al*** (Case No.: 2009-39415-CA-OI-Eleventh Judicial Circuit for Miami-Dade County, Florida).

C3 Capital lent funds to the Debtor comprising a bridge loan secured by promissory notes and a security agreement. The principal amount of the loan was \$500,000. The security agreement provides for a blanket lien on the Debtor's assets as collateral for the loan.

Upon the Debtor's alleged default under the promissory notes and security agreement, C3 Capital's Missouri counsel notified the Debtor of its alleged default. Soon thereafter, C3 Capital commenced a lawsuit against Phoenix in the Circuit Court of Jackson County, Missouri (Case No.: 0916-CV 04354). The Circuit Court in Jackson County, Missouri ultimately rendered a default judgment against the Debtor due to its failure to respond to the complaint, however, the Debtor's counsel was never provided with notice of the Missouri lawsuit until the default was entered. C3 Capital initiated the above referenced action in Florida to domesticate the Missouri default judgment.

² The Debtor's president personally guaranteed all sums due under the lease.

- (v) ***C3 Capital Partners (LP), et al v. Phoenix Worldwide Industries, Inc., et al*** (Case No.: 2009-40275-CA-OI-Eleventh Judicial Circuit for Miami-Dade County, Florida).

In addition to domesticating the Missouri default judgment, C3 Capital filed this action seeking to replevy the Debtor's property pursuant to the blanket lien contained in the security agreement. On June 17, 2009, C3 Capital, through an officer of the Sheriff's office, served a prejudgment writ of replevin on the Debtor and began seizing the Debtor's property from its facility. While the Sheriff was proceeding to replevy the Debtor's property, as well as the personal belongings of its representatives, the Debtor filed an emergency motion to stay or quash the prejudgment writ. The emergency motion asserted primarily that C3 Capital failed to properly serve the Debtor or show cause for the issuance of the prejudgment writ.

The Court, after conducting a brief telephonic hearing, temporarily stayed execution of the prejudgment writ pending the resolution of the emergency motion. An evidentiary hearing was later held to determine if Phoenix was served properly. The Court ruled in favor of C3 Capital and held that the prejudgment writ was property issued, and that it could be executed.

- (vi) ***Zions First National Bank v. Phoenix Worldwide Industries, Inc., et al*** (Case No.: 2009-23685-CA-02-Eleventh Judicial Circuit for Miami-Dade County, Florida).

Zions First National Bank ("Zions Bank") lent funds to the Debtor for the principal sum of \$2,500,000, secured by: (1) a promissory note; (2) a mortgage encumbering the Debtor's facility; (3) an assignment of rents, (4) a security agreement, and (5) a personal guaranty. The principal balance of the loan is currently \$2,462,241.98.

Upon the Debtor's alleged default under the promissory notes, security agreement, mortgage and personal guarantee, Zions Bank commenced the above-referenced lawsuit against the Debtor and its president. The complaint seeks to foreclose on the Debtor's facility and obtain damages under the promissory note and personal guaranty. Additionally, the complaint seeks an assignment of all rents generated by the facility and appointment of a receiver to manage the facility.

Zions Bank filed a motion for default on June 22, 2009, but no default has yet been entered. The action has been stayed by this bankruptcy proceeding.

IV. DEBTOR'S OPERATIONS IN CHAPTER 11

On June 29, 2009 (the "Petition Date"), the Debtor filed its voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 101 et seq. (the "Bankruptcy Code"), in the United States Bankruptcy Court for the Southern District of Florida (the "Bankruptcy Court"). The Debtor has continued to operate its business as a Debtor-in-Possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code.

A. First Day Motions.

On the Petition Date, the Debtor filed a series of motions and applications with the Bankruptcy Court seeking relief designed to minimize disruption of its business operations and to facilitate the chapter 11 process (collectively, the “First Day Motions”).

Following the hearings held on July 6, 2009, and based upon the Declaration in Support of First Day Pleadings (DE #17) by the Debtor’s President, the Bankruptcy Court entered several orders that, as a group, were designed to permit the Debtor to operate their business during the Chapter 11 case with as little disruption as possible. A brief summary of each of the First Day Orders are provided below.

To facilitate a smooth and efficient administration of the Debtors' chapter 11 cases, on July 7, 2009, the Bankruptcy Court entered an order authorizing the Debtor to utilize an existing bank account and cash management system (DE #30), with certain conditions. The Order also permitted the Debtor to continue using its then-current business forms.

The Bankruptcy Court also entered an order on July 7, 2009, authorizing the Debtor to retain Jeffrey P. Bast and BAST AMRON LLP as the Debtor’s bankruptcy counsel on an interim basis (DE #29). On September 18, 2009, the Bankruptcy Court entered a final order authorizing the Debtor to retain Jeffrey P. Bast and BAST AMRON LLP (DE #89).

Also on July 7, 2009, the Court entered an order allowing the Debtor to use cash collateral on an interim basis (DE #31). The interim order provided that the Debtor was permitted to use cash collateral to pay its ordinary business expenses provided the Debtor did not exceed the line items budgeted by more than 10%; that the Debtor was authorized to grant C3 Capital post-petition liens and replacement security liens, subject to and subordinate in priority to other liens, security interests, and encumbrances existing as of the Petition Date. On August 11, 2009, the Court entered a second order authorizing the Debtor to use cash collateral on an interim basis (DE #71),³ continuing the same relief granted in the first interim order. On October 9, 2009, the Court entered an agreed order denying without prejudice the Debtor’s motion for use of cash collateral (DE #99), providing that should the Debtor receive additional cash collateral, it could re-file its motion.

On July 22, 2009, secured creditor Maxus Capital SPE I, LLC (“Maxus SPE”) filed a motion to compel the Debtor to assume or reject an equipment lease (DE #45). Subsequently, on September 1, 2009, the Court entered an agreed order in which the Debtor agreed to resume making regular monthly lease payments of \$34,940 (DE #82). Pursuant to the order, when the Debtor was unable to make the required monthly payments, it filed a motion to reject the Maxus SPE lease (DE #141). However the Debtor and Maxus SPE were able to reach an agreement whereby the lease payment due December 2009 was abated until the Debtor confirmed a plan of reorganization (DE #176).

On November 13, 2009, Maxus Capital Group, LLC (“Maxus Capital”), filed a motion for relief from stay (DE #127), upon which the Court entered an agreed order granting stay relief

³ A corrected order was entered on September 9, 2009 (DE #84), which was corrected to include the budget as an attachment.

(DE #146), which provided the Debtor was to make adequate protection payments of \$18,000 per month.

On August 26, 2009, Zions Bank filed a motion seeking alternatively relief from the automatic stay or payment of adequate protection (DE #76). On October 6, 2009, the Court entered a consent order on the Motion requiring the Debtor to make adequate protection payments of \$24,000 per month (DE #97).

On November 3, 2009, the Debtor filed its second motion for authorization to use cash collateral (DE #117). The Court granted the motion (DE #123). The order provided for further use of cash collateral including payment of adequate protection to C3 Capital in the amount of \$18,000 per month; \$30,000 to Zions Bank; and \$34,940 to Maxus SPE. Subsequently, on December 4, 2009, the Debtor filed its third motion for authorization to use cash collateral (DE #137). The Court has granted the third motion by three orders allowing continued use of cash pursuant to budgets which include additional monthly payments to C3, Zions, Maxus Capital, and Maxus SPE (DE #163, 178, and 186).

The Debtor has been and continues to be current on these secured creditor payments. Including payments to C3, Zions, Maxus Capital, and Maxus SPE, the Debtor has paid over \$468,620 to these secured creditors during the pendency of this case.

B. Developments During the Chapter 11 Case

(1) Debtor's Schedules of Liabilities and Assets and Statement Financial Affairs

On July 22, 2009, the Debtor filed its schedules of assets and liabilities and statement of financial affairs (collectively, the "Schedules and SOFA") (DE #48). The Schedules and SOFA provide information concerning the Debtor's assets, liabilities (including accounts payable), executory contracts, and other financial information as of the Petition Date, all as required by section 521 of the Bankruptcy Code, and Rule 1007 of the Federal Rules of Bankruptcy Procedure.

(2) Establishment of Bar Date

On July 2, 2009, the Court established October 28, 2009 (the "Bar Date"), as the deadline for each person or entity asserting a claim against the Debtor to file a written proof of claim (DE #10) (the "Bar Date Order"). The Bar Date Order also established December 28, 2009, as the deadline for all governmental units to file a written proof of claim against the Debtor.

(3) Claims Filed Against the Debtors

As of March 26, 2010, a total of 51 claims have been filed against the Debtor, totaling approximately \$9.3 million in asserted liabilities. These claims are comprised of approximately \$2.8 million in secured claims, \$1.3 million in priority claims, and \$5.2 million in unsecured claims. A summary schedule of all filed and scheduled claims is attached as Schedule C.

V. SUMMARY OF THE PLAN

A. Classification and Treatment of Claims and Interests.

(1) Unclassified Claims

(a) **Administrative expenses:** All administrative expenses shall be paid on the Effective Date of the Plan. These expenses are currently estimated to be \$80,000.

(b) **U.S. Trustee Fees:** All outstanding U.S. Trustee fees shall be paid on the Effective Date of the Plan. These expenses are estimated to be \$4,500.

(2) Priority Claims

(a) **Tax claims of \$1,000 or less:** All tax claims due and owing of \$1,000 or less shall be paid in full on the Effective Date of the Plan. These claims total \$897.21.

(b) **Tax claims of \$1,001 or more:** All tax claims due and owing of \$1,001 or more shall be paid in equal monthly installments over not longer than 5 years (or 60 months) from the Petition Date, and shall be paid a rate of interest of 5 per cent. These claims are estimated to total \$1.3 million. However, the Debtor intends to file the missing returns and object to the IRS claim, totaling approximately \$1.2 million; therefore, the tax obligations are expected to be less.

(c) **Priority wage claims:** All priority wage claims of up to \$10,950 shall be paid upon the Effective Date of the Plan. These claims are estimated to total \$176,321.33. However, the Debtor intends to object to a number of these claims as they represent wages earned outside of the priority period; therefore, this amount may be less.

(d) **Other priority claims:** There was one claim filed, which seeks priority as a domestic support obligation, see claim #16 of JDL Industries, Inc. The Debtor intends to object to this claim on the basis that it should be classified as general unsecured claim. This claim totals \$654.26.

(3) Secured Claims

(a) **Miami-Dade County Building Department:** The Debtor intends to object to this claim; however, upon allowance by the court, the claim will be paid in full in equal monthly installments over a five year period with interest accruing at 5% per annum, beginning as of the Effective Date of the Plan. This claimant will maintain its lien until this obligation is paid in full.

(b) **Zions First National Bank:** This claim will be paid in full in equal monthly installments over the remainder of its 25 year loan term, with interest accruing at 5% per annum, beginning as of the Effective Date of the Plan. This claimant will maintain its lien until this obligation is paid in full.

(c) **Maxus Capital Group, LLC:** This claim will be paid in full in equal

monthly installments over a five year period with interest accruing at 5% per annum, beginning as of the Effective Date of the Plan. This claimant will maintain its lien until this obligation is paid in full.

(d) **C3 Capital Partners:** This claim will be paid in full in equal monthly installments over a five year period with interest accruing at 5% per annum, beginning as of the Effective Date of the Plan. This claimant will maintain its lien until this obligation is paid in full.

(e) **PPTS 1, LLC:** The Debtor intends to object to this claim; however, upon allowance by the court, the claim will be paid in full in equal monthly installments over a five year period with interest accruing at 5% per annum, beginning as of the Effective Date of the Plan. This claimant will maintain its lien until this obligation is paid in full.

(f) **Banex Capital, LLC:** This claim will be paid in full in equal monthly installments over a five year period with interest accruing at 5% per annum, beginning as of the Effective Date of the Plan. This claimant will maintain its lien until this obligation is paid in full.

(g) **Miami-Dade County Tax Collector:** The Debtor intends to object to this claim; however, upon allowance by the court, will be paid in full in equal monthly installments over a five year period with interest accruing at 5% per annum, beginning as of the Effective Date of the Plan. This claimant will maintain its lien until this obligation is paid in full.

(4) General Unsecured Claims

(a) General Unsecured Claims of \$1,000 or less: These claims shall be paid in full on the Effective Date of the Plan. These claims are estimated to be \$14,017.84.

(b) General Unsecured Claims of \$1,001 or more: These claims shall be paid in equal annual installments over ten years. These claims are estimated to be \$2,405,639.61.

(5) Equity Security Interests

The holders of equity security interests in the Debtor shall retain their equity interests, subject only to dilution by the proposed equity investment sought by the Debtor.

B. Claimants and Impaired Interest Holders.

Claimants and Interest Holders entitled to vote under the Plan must affirmatively act in order for the Plan to be confirmed by the Court. According to the Debtor's Plan, Classes 2, 3, and 4 are "impaired" classes within the meaning of §1124 of the Bankruptcy Code. These classes, accordingly, must vote to accept the Plan in order for the Plan to be confirmed without a cram down. A Claimant who fails to vote to either accept or reject the Plan will not be included in the calculation regarding acceptance or rejection of the Plan.

A Ballot to be completed by the holders of Claims and/or Interests is included herewith. Instructions for completing and returning the ballots are set forth thereon and should be reviewed at length. The Plan will be confirmed by the Bankruptcy Court and made binding upon all Claimants and Interest holders if (a) with respect to impaired Classes of Claimants, the Plan is

accepted by holders of two-thirds (2/3) in amount and more than one-half (1/2) in number of Claims in each such class voting upon the Plan and (b) with respect to classes of Interest Holders, if the Plan is accepted by the holders of at least two-thirds (2/3) in amount of the allowed interests of such class held by holders of such interests. In the event the requisite acceptances are not obtained, the Bankruptcy Court may, nevertheless, confirm the Plan if it finds that the Plan accords fair and equitable treatment to any class rejecting it. Your attention is directed to Section 1129 of the Bankruptcy Code for details regarding the circumstances of such "cram down" provisions.

C. Legal Proceedings.

During the 90-day period immediately preceding the Petition Date, the Debtor made various payments and other transfers to creditors on account of antecedent debts. In addition, during the one-year period before the Petition Date, the Debtor made certain transfers to, or for the benefit of, certain "insider" creditors. Some of those payments may be subject to avoidance and recovery by the Debtor's bankruptcy estate as preferential and/or fraudulent transfers pursuant to Bankruptcy Code sections 329, 544, 547, 548 and 550. The Debtor will hold all claims, causes of action, and other legal and equitable rights that the Debtor had (or had power to assert) immediately prior to confirmation of the Plan, including actions for the avoidance and recovery of estate property under Bankruptcy Code sections 329 and 550, or transfers avoidable under Bankruptcy Code sections 544, 545, 547, 548, 549 or 553(b). All such claims and Causes of Action shall be enforced or prosecuted by the Debtor may commence or continue, in any appropriate court or tribunal, any suit or other proceeding for the enforcement of such actions.

The Debtor's Schedules of Assets and Liabilities identify creditors whose Claims are disputed, and the Debtor's Statement of Financial Affairs identify the parties who received payments and transfers from the Debtor, which payments and transfers may be avoidable under the Bankruptcy Code. The Debtor has not completed its investigation of potential objections to Claims, Avoidance Actions, and Causes of Action; therefore, the Debtor is unable to provide any meaningful estimate of amounts that could be recovered. **THE PLAN DOES NOT, AND IS NOT INTENDED TO, RELEASE ANY SUCH OF CAUSES ACTION, AVOIDANCE ACTIONS, OR OBJECTIONS TO PROOFS OF CLAIM. ALL SUCH RIGHTS ARE SPECIFICALLY RESERVED IN FAVOR OF THE DEBTOR.** The attached Schedule D reflects a non-exhaustive list of specific litigation claims retained by the Debtor for prosecution.

Creditors should understand that legal rights, Claims, and Causes of Action the Debtor may have against them, if any exist, are retained under the Plan for prosecution unless a specific order of the Court authorizes the Debtor to release such Claims. As such, Creditors are cautioned not to rely on (i) the absence of the listing of any legal right, Claim or Cause of Action against a particular creditor in the Disclosure Statement, Plan, Schedules of Assets and Liabilities, or Statement of Financial Affairs; or (ii) the absence of litigation or demand prior to the Effective Date of the Plan as any indication that the Debtor does not possess or does not intend to prosecute a particular right, Claim, or Cause of Action if a particular Creditor votes to accept the Plan. It is the expressed intention of the Plan to preserve rights, Claims, and Causes of Action of the Debtor, whether now known or unknown, for the benefit of the Debtor's Estate and its Creditors.

D. Debtor's Post-Confirmation Structure.

(1) Equity Structure

Upon the Effective Date, the Debtor shall continue operations and shall have the same equity structure as existed as of the Petition Date; provided however that the Debtor is currently exploring an equity investment from a third party investor, in which case all current equity holdings would be diluted accordingly.

(2) Officers

Upon the Effective Date, the Debtor's remaining officers, Dr. J. Al Esquivel-Shuler shall retain his position as President Haydee Leknes shall retain her position as Vice President.

(3) Board of Directors

The Debtor's Board of Directors shall remain unchanged.

E. Means for Implementing Plan.

The funds required for the initial payments to creditors upon the Effective Date will come from continued commercial operations and, if necessary, from either an exit funding facility or an equity infusion (the "Exit Funding").

The Debtor is currently anticipating significant increases in its operating revenue based upon recent presentations and proposals submitted to numerous government agencies. Simultaneously, the Debtor is exploring equity and debt alternatives for the Exit Funding to cover the Debtor's anticipated exit from chapter 11 in the event that the increased revenue is delayed for any reason. In the event the Exit Funding is the form of a debt facility, the Debtor expects to seek Court authority to incur the debt once a formal commitment letter is received from the anticipated lenders. If the Exit Funding is in the form of equity, the Debtor does not believe additional Court approval will be required. Although some of the Exit Funding will be utilized to make the initial payments required to be made under the Debtor's Plan, some of the Exit Funding will also be used to purchase required inventory, perform maintenance on machinery and equipment, which has been postponed during the bankruptcy case and to allow the Debtor sufficient funding to accept and complete orders as required by its customers. Thus, the Debtor may require some of this Exit Funding to "ramp up" its operating condition to be ready for the anticipated work to be received from government agencies which are now ordering the Debtor's products again after the change in presidential administration. Based upon the Debtor's 28 years of experience in this industry and recent proposals and presentations, the Debtor believes it is only a matter of time before it is requested to perform the required work.

VI. ALTERNATIVES TO PLAN AND LIQUIDATION ANALYSIS

All payments by the Debtor as provided for in the Plan shall be financed by the operation of the Debtor's business, recoveries from the Avoidance Actions, and other recoveries made by the Debtor.

There are three possible consequences if the Plan is rejected or if the Bankruptcy Court refuses to confirm the Plan: (a) the Bankruptcy Court could dismiss the Debtor's Chapter 11 Bankruptcy Case, (b) the Debtor's Chapter 11 Bankruptcy Case could be converted to a liquidation case under Chapter 7 of the Bankruptcy Code, or (c) the Bankruptcy Court could consider an alternative plan of reorganization proposed by the Debtor or by some other party.

A. Dismissal.

The most remote possibility is dismissal. If the Debtor's Bankruptcy Case was to be dismissed, the Debtor would no longer have the protection of the Bankruptcy Court and the applicable provisions of the Bankruptcy Code. Dismissal would force a race among creditors to take over and dispose of the Debtor's available assets. Even the most diligent unsecured creditors would likely fail to realize any significant recovery on their claims.

B. Chapter 7 Liquidation.

If the Plan is not confirmed, it is likely that the Debtor's Bankruptcy Case will be converted to a case under Chapter 7 of the Bankruptcy Code, in which case a trustee would be appointed to liquidate the Debtor's assets for distribution to creditors in accordance with the priorities established by the Bankruptcy Code. Whether a bankruptcy case is one under Chapter 7 or Chapter 11, Secured Claims, Administrative Claims, and Priority Unsecured Claims are entitled to be paid in full before unsecured creditors receive any funds.

It is likely that the Chapter 7 trustee would have little or no experience or knowledge of the Debtor's business, records, or assets. A substantial period of education would be required for any Chapter 7 trustee to windup the case effectively. Moreover, the Debtor possesses certain licenses and approvals to sell assets to government agencies. Because the Trustee may not enjoy the benefits of these licenses and approvals, a liquidation by a Trustee may yield a significantly lower recovery from the sale of the Debtor's assets.

The Chapter 7 trustee would be entitled to receive the compensation allowed under Bankruptcy Code section 326. The trustee's compensation is based on 25% of the first \$5,000 or less; 10% of any amount in excess of \$5,000 but not in excess of \$50,000; 5% of any amount in excess of \$50,000 but not in excess of \$1,000,000; and reasonable compensation not to exceed 3% percent of any amount in excess of \$1,000,000, upon all moneys disbursed or turned over in the case by the trustee to parties in interest, excluding the debtor, but including holders of secured claims.

Attached hereto marked Schedule C is a table showing all of the claims of Debtor in each classification.

Predicated upon the foregoing, it is management's opinion that the liquidation value of the Debtor would be insufficient to make payments to any class of creditors other than the Secured Creditors, leaving no monies available for the claims of any other classes of creditors such as general unsecured creditors.

VII. RISK ANALYSIS

The Debtor believes there is minimal risk to the creditors if the Plan is confirmed. If the case were converted to a Chapter 7 proceeding, there would be no funds available to distribute to unsecured creditors. As a result, the Plan provides for a distribution to unsecured creditors that they would not receive if this case were converted to one under Chapter 7.

VIII. CONFIRMATION BY CRAM DOWN

The Debtor reserves the right, in the event that impaired classes reject the Plan, to seek confirmation of the Plan if the Court finds that the Plan does not discriminate unfairly and is fair and equitable with respect to each dissenting class.

The Plan is deemed fair and equitable if it provides that (i) each holder of a Secured Claim retains its lien and receives deferred cash payments totaling at least the allowed amount of its claim, of a value, as of the effective date of the Plan, of at least the value of its secured interest in the property subject to his lien; and (ii) each holder of an unsecured claim receives property of a value equal to the allowed amount of its claim, or no holder of a junior claim receives or retains any property.

IX. RELEASE PROVISIONS

A. Injunction.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, THE CONFIRMATION ORDER, OR A SEPARATE ORDER OF THE BANKRUPTCY COURT, ALL ENTITIES WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS AGAINST OR EQUITY INTEREST IN THE DEBTOR AND OTHER PARTIES IN INTEREST, ALONG WITH THEIR RESPECTIVE PRESENT OR FORMER EMPLOYEES, AGENTS, OFFICERS, DIRECTORS, OR PRINCIPALS, ARE PERMANENTLY ENJOINED, ON AND AFTER THE EFFECTIVE DATE, FROM (I) COMMENCING OR CONTINUING IN ANY MANNER, ANY ACTION, OR OTHER PROCEEDING OF ANY KIND AGAINST THE DEBTOR OR REORGANIZED DEBTOR WITH RESPECT TO ANY SUCH CLAIM OR EQUITY INTEREST; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS OF ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST THE DEBTOR OR REORGANIZED DEBTOR ON ACCOUNT OF ANY SUCH CLAIM OR EQUITY INTEREST; (III) CREATING, PERFECTING, OR ENFORCING ANY

ENCUMBRANCE OF ANY KIND AGAINST THE DEBTOR OR REORGANIZED DEBTOR OF ANY SUCH CLAIM OR EQUITY INTEREST; (IV) COMMENCING OR CONTINUING IN ANY MANNER, ANY ACTION, OR OTHER PROCEEDING OF ANY KIND WITH RESPECT TO ANY CLAIMS AND CAUSES OF ACTION WHICH ARE EXTINGUISHED OR RELEASED PURSUANT TO THE PLAN; AND (V) TAKING ANY ACTIONS TO INTERFERE WITH THE IMPLEMENTATION OR CONSUMMATION OF THE PLAN.

B. Section 105 Relief.

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN, CONFIRMATION OF THE PLAN AND PAYMENTS UNDER THE PLAN SHALL ENJOIN ALL CLAIMANTS FROM COMMENCING OR CONTINUING ANY ACTION OR OTHER PROCEEDING OR EXERCISING ANY EFFORTS TO COLLECT ANY OBLIGATIONS, INCLUDING ATTACHMENT OR OTHER MEANS OF ENFORCEMENT OR COLLECTION AGAINST THE RELEASED PARTIES OR THEIR PROPERTIES IN CONNECTION WITH THE RELEASED PARTIES' PERSONAL LIABILITY FOR CLAIMS AGAINST THE DEBTOR, WHICH CLAIMS HAVE BEEN PROVIDED FOR THROUGH THE PLAN.

C. Terms of Injunctions or Stays.

UNLESS OTHERWISE PROVIDED IN THE PLAN, THE CONFIRMATION ORDER, OR A SEPARATE ORDER OF THE BANKRUPTCY COURT, ALL INJUNCTIONS OR STAYS ARISING UNDER OR ENTERED DURING THE CHAPTER 11 CASE UNDER SECTION 105 OR 362 OF THE BANKRUPTCY CODE, OR OTHERWISE, AND IN EXISTENCE ON THE CONFIRMATION DATE, SHALL REMAIN IN FULL FORCE AND EFFECT UNTIL THE LATER OF THE EFFECTIVE DATE OR THE DATE INDICATED IN SUCH APPLICABLE ORDER.

NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH HEREIN, THE FOREGOING RELEASES AND INJUNCTIONS SHALL NOT PROHIBIT OR IMPAIR THE RIGHTS OF ANY PARTIES TO COMMENCE OR PURSUE ACTIONS BASED ON FRAUD OR VIOLATIONS OF APPLICABLE SECURITIES LAW.

X. MISCELLANEOUS PROVISIONS

(A) Notwithstanding any other provisions of the Plan, any claim which is scheduled as disputed, contingent, or unliquidated or which is objected to in whole or in part on or before the date for distribution on account of such claim shall not be paid in accordance with the provisions of the Plan until such claim has become an Allowed Claim by a final Order. If allowed, the claim shall be paid on the same terms as if there had been no dispute.

(B) At any time before the Confirmation Date, the Debtor may modify the Plan, but the Debtor may not modify the Plan so that the Plan, as modified, fails to meet the requirements of § 1122 and § 1123 of the Bankruptcy Code. After the Debtor files a modification with the Bankruptcy Court, the Plan, as modified, shall become the Amended Plan.

(C) At any time after the Confirmation Date, and before substantial consummation of the Plan, the Debtor may modify the Plan with permission of the Court so that the Plan, as modified, meets the requirements of § 1122 and §1123 of the Bankruptcy Code. The Plan, as modified under this paragraph, shall become the Amended Plan.

(D) After the Confirmation Date, the Debtor may, with approval of the Bankruptcy Court, and so long as it does not materially and adversely affect the interest of creditors, remedy any defect or omission, or reconcile any inconsistencies in the Plan or in the Order of Confirmation, in such manner as may be necessary to carry out the purposes and effect of the Plan.

XI. EFFECT OF CONFIRMATION OF PLAN

A. Discharge.

This Plan provides that upon the Effective Date, Debtor shall be discharged of liability for payment of debts incurred before confirmation of the Plan, to the extent specified in 11 U.S.C. § 1141. However, any liability imposed by the Plan will not be discharged.

B. Re-vesting of Property in the Debtor.

Except as provided in the Plan, the confirmation of the Plan re-vests all of the property of the estate in the Debtor.

C. Final Decree.

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

XII. CONCLUSION

Under the Plan, all creditors of the Debtor will participate in some manner in the distribution to be made thereunder. The Debtor believes that the distributions contemplated in its Plan are fair and afford all Claimants and Interest Holders equitable treatment. ACCORDINGLY, THE DEBTOR RECOMMENDS THAT ALL CLAIMANTS AND INTEREST HOLDERS VOTE TO ACCEPT THE PLAN.

Respectfully submitted this 26th day of March, 2010

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PHOENIX WORLDWIDE INDUSTRIES,
INC.

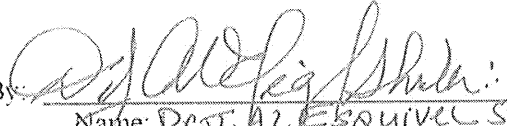
By: 
Name: Dr. J. A. Esquivel Shuler
Title: PRESIDENT & CEO

Exhibit A

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
Miami Division**

In re:

Case No. 09-23201-BKC-RAM

PHOENIX WORLDWIDE INDUSTRIES, Chapter 11
INC.,

Debtor.

**DEBTOR IN POSSESSION'S
PLAN OF REORGANIZATION**

Dated: March 26, 2010

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INTRODUCTION

The Debtor in Possession, Phoenix Worldwide Industries, Inc., hereby proposes this Plan of Reorganization (as defined more fully below, the "Plan") pursuant to Section 1121 of the United States Bankruptcy Code.

Reference is made to the Disclosure Statement (as defined more fully below, the "Disclosure Statement") accompanying this Plan for a discussion of, among other things, the major events of this Chapter 11 Case, treatment of Claims against and Interests in the Debtors, preservation of Litigation Claims, risk factors, liquidation analysis, tax implications, alternatives to the Plan, a summary and analysis of this Plan, and certain related matters.

ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN ARE ENCOURAGED TO READ THIS PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THIS PLAN. SUBJECT TO CERTAIN RESTRICTIONS AND REQUIREMENTS SET FORTH IN SECTION 1127 OF THE BANKRUPTCY CODE, BANKRUPTCY RULE 3018, AND IN THIS PLAN, THE DEBTOR RESERVES THE RIGHT TO ALTER, AMEND, MODIFY, REVOKE, OR WITHDRAW THIS PLAN PRIOR TO THE EFFECTIVE DATE (DEFINED BELOW).

ARTICLE I DEFINITIONS

As used in this Plan, the following terms shall have the respective meanings specified below, unless the context otherwise requires:

1.1 Administrative Creditor. Any creditor entitled to payment of an administrative expense claim.

1.2 Administrative Expense Claim. Any cost or expense of administration of the Chapter 11 case allowed under Section 503(b) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the debtor's estate; any actual and necessary expenses of operating the business of the debtor, including loans or other advances to the debtor in possession, and all allowances of compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under Section 330 of the Bankruptcy Code; and any fees or charges assessed against the Debtor's estate under Chapter 123 of Title 28, United States Code.

1.3 Allowed Claim. Any claim against the Debtor, proof of which was filed on or before the claims bar date, or which has been or hereafter is listed by the debtor as liquidated in amount and not disputed or contingent and, in either case, a claim as to which no objection to the allowance thereof has been interposed within the applicable period of limitation fixed by the Bankruptcy Code or the Bankruptcy Rules, or as to which any objection has been determined by a Final Order. Unless otherwise specified herein, "Allowed Claim" shall not include interest on the principal amount of such claim from and after the petition date.

1.4 Bankruptcy Code. The United States Bankruptcy Code, as amended, and as set forth in Section 101, et seq., of Title 11, United States Code.

1.5 Bankruptcy Court. The United States Bankruptcy Court for the Southern District of Florida, having jurisdiction over this Chapter 11 case.

1.6 Bankruptcy Rules. The Federal Rules of Bankruptcy Procedure, as amended, as applicable to cases pending before the Bankruptcy Court.

1.7 Chapter 11 Case. The Chapter 11 case which commenced on June 29, 2009, in which the Debtor is PHOENIX WORLDWIDE INDUSTRIES, INC.

1.8 Claim. Any right to payment from PHOENIX WORLDWIDE INDUSTRIES, INC., whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, un-matured, disputed, undisputed, legal, equitable, secured or unsecured, or any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment from PHOENIX WORLDWIDE INDUSTRIES, INC., whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, un-matured, disputed, undisputed, secured, or unsecured.

1.9 Common Stock. The presently issued and outstanding common stock of PHOENIX WORLDWIDE INDUSTRIES, INC.

1.10 Confirmation Date. The date upon which the Bankruptcy Court, District Court or other appellate court shall enter an Order confirming this Plan in accordance with the provisions of Chapter 11 of the Bankruptcy Code, or if the operation of such Order is stayed, the date upon which such stay expires or is vacated.

1.11 Confirmation Order. Order of the Bankruptcy Court, District Court, or other appellate Court confirming this Plan.

1.12 Contested Claim. Any claim as to which PHOENIX WORLDWIDE INDUSTRIES, INC., or any other party in interest has interposed an objection in accordance with the Bankruptcy Code and the Bankruptcy Rules, which objection has not been withdrawn or determined by a Final Order.

1.13 Consummation Date. The date on which the Confirmation Order shall become a Final Order.

1.14 Creditor. Any person that is the holder of a claim against PHOENIX WORLDWIDE INDUSTRIES, INC., that arose on or before the Petition Date, or a claim against the debtor's estate of any kind, specified in Section 502(g), 502(h) or 502(i) of the Bankruptcy Code.

1.15 Debtor. PHOENIX WORLDWIDE INDUSTRIES, INC.

1.16 Debtor-in-Possession. PHOENIX WORLDWIDE INDUSTRIES, INC.

1.17 District Court. The United States District Court for the Southern District of Florida.

1.18 Effective Date of the Plan, or Effective Date. Thirty days after the date on which the confirmation order entered by the United States Bankruptcy Court shall become final.

1.19 Equity Interest. Any equity interest in PHOENIX WORLDWIDE INDUSTRIES, INC., by represented by Common Stock.

1.20 Final Order. An order or a judgment which has not been reversed, stayed, modified, or amended and as to which the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for review or rehearing is pending.

1.21 Impaired Claim. Any class of creditors whose claims are impaired by payments as proposed in this plan, in accordance with Section 1124 of the Bankruptcy Code.

1.22 Person. An individual, a corporation, a partnership, an association, a joint stock company, a joint venture, an estate, a trust, any unincorporated organization, or a government or any political subdivision thereof or entity.

1.23 Petition Date. June 29, 2009, the date on which an Order for Relief was entered by the Court, which order commenced this Chapter 11 case.

1.24 Plan. The Plan of Reorganization, either in its present form or as it may be altered, amended, or modified from time to time.

1.25 Priority Claims. Any claim, other than an administrative expense or a tax claim, to the extent entitled to priority in payment under Section 507(a) of the Bankruptcy Code.

1.26 Priority Creditor. Any creditor that is the holder of a priority claim.

1.27 Priority Non-Tax Claim. Any claim to the extent entitled to priority in payment under Section 507(a)(3), (4), (5), (6), or (7) of the Bankruptcy Code.

1.28 Priority Tax Claim. Any claim to the extent entitled to priority in payment under Section 507(a)(8) of the Bankruptcy Code.

1.29 Rejected Contract. Any unexpired lease or executory contract not assumed in the Plan.

1.30 Tax Creditor. Any creditor that holds a tax claim.

1.31 Ultimately Allowed Claim. Any contested claim that becomes an allowed claim.

1.32 Unimpaired Claim. Any class of creditors whose claims are not impaired under this Plan in accordance with Section 1124 of the Bankruptcy Code.

1.33 Unsecured Claim. All claims other than administrative expense claims, secured claims, priority claims, and tax claims.

- 1.34 Unsecured Creditor. Any creditor that is the holder of an unsecured claim.

ARTICLE II CLASSIFICATION OF CLAIMS

Claims and interests are divided into the following classes:

Class 1. Priority Non-Tax Claims

Class 2. Secured Claims

2(a): Miami-Dade County Building Department

2(b): Zions First National Bank

2(c): Maxus Capital Group, LLC

2(d): C3 Capital Partners

2(e): PPTS 1, LLC

2(f): Banex Capital, LLC

2(g): Miami Dade County Tax Collector

Class 3. General unsecured claims without priority equal to or less than \$1,000 or creditors who elect to reduce their claims to \$1,000.

Class 4: General unsecured claims not included in Class 3.

Class 5: Equity Security Holders of the Debtor.

ARTICLE III PROVISIONS FOR PAYMENT OF CLAIMS OF CREDITORS

The treatment of and consideration to be received by holders of Allowed Claims or Allowed Interests pursuant to this Article III and the Plan shall be in full satisfaction, settlement, release, extinguishment, and discharge of their respective Claims against or Interests in the Debtor and the Estate, except as otherwise provided in the Plan or the Confirmation Order. The holders of Liens satisfied, discharged, and released under the Plan shall execute any and all documentation reasonably requested by the Debtor or the Reorganized Debtor evidencing the satisfaction, discharge and release of such Liens.

3.1 Administrative Expenses: Unless otherwise provided for herein, each holder of an Allowed Administrative Claim shall receive, in full satisfaction, settlement, release and

discharge of such Allowed Administrative Claim, either (A) an amount equal to the unpaid amount of such Allowed Administrative Claim in Cash commencing on the later of (i) the Effective Date, (ii) the date that such Claim becomes an Allowed Administrative Claim by a Final Order, or (iii) a date agreed to by the Claimholder and the Debtor; or (B) such other treatment (i) as may be agreed upon in writing by the Claimholder and the Debtor, or (ii) as the Bankruptcy Court has ordered or may order. Notwithstanding the foregoing, Allowed Administrative Claims representing (a) liabilities, accounts payable or other Claims or obligations incurred in the ordinary course of business of the Debtor consistent with past practices subsequent to the Petition Date, and (b) contractual liabilities arising under contracts, loans or advances to the Debtor, whether or not incurred in the ordinary course of business of the Debtor subsequent to the Petition Date, shall be paid or performed by the Debtor in accordance with the terms and conditions of the particular transactions relating to such liabilities and any agreements or contracts relating thereto; provided, notwithstanding any contract provision, applicable law or otherwise, that entitles a holder of an Allowed Administrative Claim to post-petition interest, no holder of an Allowed Administrative Claim shall receive post-petition interest on account of such Claim. Administrative expenses are presently estimated to be approximately \$80,000.

3.2 Priority Tax Claims: Each holder of an Allowed Priority Tax Claim shall receive, at the sole discretion of the Debtor, and in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim, (A) an amount equal to the unpaid amount of such Allowed Priority Tax Claim in Cash commencing on the later of (i) the Effective Date, (ii) the date that such Claim becomes an Allowed Priority Tax Claim by a Final Order, or (iii) a date agreed to by the Claimholder and the Debtor; (B) as provided in section 1129(a)(9)(C) of the Bankruptcy Code, cash payments made in equal monthly installments beginning on the Effective Date, with the final installment payable not later than the sixtieth (60th) month following the Petition Date, together with interest (payable in arrears) on the unpaid portion thereof at 5% from the Effective Date through the date of payment thereof; or (C) such other treatment as to which the Debtor and such Claimholder shall have agreed in writing or the Bankruptcy Court has ordered or may order; provided, however, that the Debtor reserves the right to pay any Allowed Priority Tax Claim, or any remaining balance of any Allowed Priority Tax Claim, in full at any time on or after the Effective Date without premium or penalty; and, provided further, that no holder of an Allowed Priority Tax Claim shall be entitled to any payments on account of any pre-Effective Date interest accrued on or penalty arising before or after the Petition Date with respect to or in connection with such Allowed Priority Tax Claim.

The following claims comprise all of the Priority Tax Claims: Miami-Dade County Tax Collector for intangibles tax (\$502.07); IRS (\$1,289,158.36 estimate, based upon unfiled returns); Arizona Department of Revenue (\$1,762.71); Florida Department of Revenue corporate income tax (\$300.00); Florida Department of Revenue unemployment tax (\$2,105.13); Commonwealth of Pennsylvania (\$1,119.70); and Pennsylvania unemployment tax (\$20.25).

3.3 Class 1 - Priority Non-Tax Claims:

Unless otherwise provided for herein, each holder of an Allowed Priority Non-Tax Claim shall receive either (A) an amount equal to the unpaid amount of such Allowed Priority Non-Tax Claim in Cash commencing on the later of (i) the Effective Date, (ii) the date that such Claim

becomes an Allowed Priority Non-Tax Claim by a Final Order, or (iii) a date agreed to by the Claimholder and the Debtor; or (B) such other treatment (i) as may be agreed upon in writing by the Claimholder and the Debtor or the Reorganized Debtor, or (ii) as the Bankruptcy Court has ordered or may order. Priority Non-Tax Claims are estimated at \$176,321.33.

3.4 Class 2: Secured Claims

2(a): The secured claim of Miami-Dade County Building Department,¹ upon allowance by the court, will be paid in full in equal monthly installments over a five year period with interest accruing at 5% per annum, beginning as of the Effective Date of the Plan. This claimant will maintain its lien until this obligation is paid in full.

2(b): The secured claim of Zions First National Bank will be paid in full in equal monthly installments over the remainder of its 25 year loan term, with interest accruing at 5% per annum, beginning as of the Effective Date of the Plan. This claimant will maintain its lien until this obligation is paid in full.

2(c): The secured claim of Maxus Capital Group, LLC, will be paid in full in equal monthly installments over a five year period with interest accruing at 5% per annum, beginning as of the Effective Date of the Plan. This claimant will maintain its lien until this obligation is paid in full.

2(d): The secured claim of C3 Capital Partners will be paid in full in equal monthly installments over a five year period with interest accruing at 5% per annum, beginning as of the Effective Date of the Plan. This claimant will maintain its lien until this obligation is paid in full.

2(e): The secured claim of PPTS 1, LLC,² upon allowance by the court, will be paid in full in equal monthly installments over a five year period with interest accruing at 5% per annum, beginning as of the Effective Date of the Plan. This claimant will maintain its lien until this obligation is paid in full.

2(f): The secured claim of Banex Capital, LLC, will be paid in full in equal monthly installments over a five year period with interest accruing at 5% per annum, beginning as of the Effective Date of the Plan. This claimant will maintain its lien until this obligation is paid in full.

2(g): The secured claim of Miami-Dade County Tax Collector for real estate taxes,³ upon allowance by the court, will be paid in full in equal monthly installments over a five year period with interest accruing at 5% per annum, beginning as of the Effective Date of the Plan. This claimant will maintain its lien until this obligation is paid in full.

¹ This claim is disputed. An objection to this claim will be filed.

² This claim is disputed. An objection to this claim will be filed.

³ This claim is disputed. An objection to this claim will be filed.

3.5 Class 3: General unsecured claims without priority equal to or less than \$1,000 or creditors who elect to reduce their claims to \$1,000, upon allowance by the Court, shall be paid in full on the Effective Date of the Plan. The total of Class 3 claims is estimated at \$14,017.84.

3.6 Class 4: General unsecured claims not included in Class 3, upon allowance by the Court, shall be paid in full, in equal annual installments without interest over a 6 year period of time with the initial payment being made on the Effective Date of the Plan; provided, however, that (a) if a holder of a Class 4 Claim agrees in writing to accept less favorable treatment, such holder shall receive only such agreed treatment and (b) if a holder of a Class 4 Claim elects in writing on a Ballot the treatment afforded a Class 3 Claim and voluntarily reduces its Claim to \$1,000 or less, such Class 4 Claim shall be treated as a Class 3 Claim. The total of Class 4 claims is estimated to be \$2,405,639.61.

3.7 Class 5: Equity Security Holders of the Debtor: The Equity Security Holders shall retain their equity security interests in the Debtor.

ARTICLE IV DESIGNATION OF IMPAIRED AND NOT IMPAIRED CLASSES

4.1 Classes 1 and 5 are not impaired.

4.2 Classes 2, 3, and 4 are impaired.

ARTICLE V PROVISIONS COVERING DISTRIBUTION, GENERAL PROVISIONS

5.1 The rights afforded in this Plan and the payments and distributions to be made hereunder shall be in exchange for and in complete exchange, satisfaction, discharge, and release of all existing claims of any kind, nature or description whatsoever against Debtor or any of its assets or properties; and, except as otherwise provided herein, upon the Effective Date, all existing claims against the Debtor shall be, and be deemed to be, exchanged, satisfied, discharged, and released in full; and all holders of claims shall be precluded from asserting against the Debtor or its assets or properties or successors in interest, any other or further claim based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.

5.2 The distributions that are made to the various classes of creditors hereunder shall not be subject to levy, garnishment, attached, or like legal process by any creditor of a senior class by reason of claimed contractual subordination rights, so that each creditor will have, receive, and retain the sole and exclusive benefit of the distributions set forth in this Plan.

5.3 Except as otherwise provided by this Plan, upon the consummation date, title to all assets and properties dealt with by this Plan shall vest in the Debtor or its successor in interest, free and clear of all claims and the Confirmation Order shall be a discharge of Debtor's

liabilities, except as provided for herein.

5.4 Debtor is authorized to make all cash payments directly or through one or more disbursing agents who shall serve without further fee.

5.5 Debtor shall retain the right to pursue and/or defend any legal action it considers necessary against creditors or other interested parties to resolve possible preference or avoidance actions and/or such other actions that the Debtor may have had standing to bring in order to maximize and safeguard the required payments to creditors, including without limitation all claims and causes of action identified or referenced in the Debtor's schedules and Statement of Financial Affairs.

5.6 Except as provided herein and subject to confirmation of the Debtor's Plan of Reorganization, the Debtor reserves the right to pursue any action against third parties, including but not limited to causes of action against creditors of the estate in state court, U.S. District Court, or appellate court against third parties, including causes related to the claims against this estate and any vendor actions that may later arise.

5.7 The Debtor reserves for itself the right to pursue to completion any objections to claims and/or other litigation pending at the time of confirmation.

5.8 The Debtor is not able to determine the viability of the potential causes of action set forth above at the current time, nor has the Debtor determined a cost benefit analysis of said actions. If the Debtor, in its sole discretion, elects to pursue any cause of action and is successful in pursuing same, any collections above the cost of the litigation, will be disbursed pro rata to Class 4 claimants.

ARTICLE VI EXECUTORY CONTRACTS

6.1 Attached to this Plan as Exhibit 1 is a list of the unexpired leases and executory contracts to be assumed as obligations of the reorganized Debtor under this Plan (the "Assumed Contracts") or rejected as noted (the "Rejected Contracts"). On the Effective Date, each of the Assumed Contracts shall be assumed as obligations of the reorganized Debtor. The Order of the Court confirming the Plan shall constitute an Order approving the assumption of each Assumed Contract and the rejection of each Rejected Contract.

Any party to an Assumed Contract that objects to the assumption of its lease or contract, must file and serve an objection to the Plan within the deadline for objecting to the confirmation of the Plan as set by the Court.

The order confirming the Plan shall constitute an order approving the rejection of the lease or contract. Any party to a Rejected Contract that objects to the rejection of its contract or lease, must file and serve an objection to the Plan within the deadline for objecting to the confirmation of the Plan as set by the Court. The bar date for filing a proof of claim arising from the rejection of a Rejected Contract shall be set by order of the Court. Any claim based on the

rejection of a Rejected Contract will be barred if the proof of claim is not timely filed, unless the Court later orders otherwise.

ARTICLE VII PROCEDURE FOR RESOLVING CONTESTED CLAIMS

7.1 Unless otherwise ordered by the Bankruptcy Court, Debtor shall litigate to judgment, settle or withdraw objections to contested claims subsequent to confirmation, if necessary.

7.2 Should any payment become due under the Plan on a contested claim, such payment shall be held in the Debtor's counsel's trust account pending the resolution of contested claim. Upon final resolution of the contested claim, the Claimant shall be paid a pro rata distribution of the funds held based on the percentage of the claim allowed, if any.

ARTICLE VIII PROVISIONS FOR RETENTION OF JURISDICTION FOR SUPERVISION OF THE PLAN

8.1 The Bankruptcy Court shall retain jurisdiction over the Chapter 11 case for the purposes of determining any and all objections to the allowances of claims; determining any and all applications for compensation for professional and similar fees; determining any and all applications, adversary proceedings, and contested or litigated matters before the Bankruptcy Court or pending on the Confirmation Date; resolution of any tax issues through negotiation and approval of the Bankruptcy Court or by the filing of adversary complaints if deemed necessary; and construing and enforcing the provisions of the Plan relating to the payments and distributions to be made by the Debtor on or after the Confirmation Date.

8.2 Subsequent to the Confirmation Date, the Debtor is authorized and directed to take any action or cause the taking of any action necessary or appropriate to carry out the provisions of this Plan.

8.3 The headings used in this Plan are inserted for convenience only, and neither constitute a portion of the Plan nor in any manner effect the provisions of the Plan.

8.4 Should any provision in the Plan be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of the Plan.

ARTICLE IX
PROVISION TO INVOKE CRAMDOW PROVISION IF NECESSARY

9.1 If all of the applicable requirements of 11 U.S.C. Section 1129(a), other than paragraph 8, are found to have been met with respect to the Plan, the Debtor may then seek confirmation pursuant to 11 U.S.C. Section 1129(b). For purposes of seeking confirmation under the cramdown provision of the Code, should that alternative means of confirmation prove to be necessary, the Debtor reserves the right to modify or vary the terms of the claims of the rejected classes, so as to comply with the requirements of 11 U.S.C. § 1129(b).

ARTICLE X
NOTICES

10.1 All notices required to be made in or under this Plan shall be in writing and shall be mailed by registered or certified mail return receipt requested, to PHOENIX WORLDWIDE INDUSTRIES, INC., with a copy to JEFFREY P. BAST, ESQ., Attorney for the Debtor, BAST AMRON LLP, SunTrust International Center, One Southeast Third Avenue, Suite 1440. Miami, FL 33131.

CONCLUSION

The aforesaid provisions shall constitute the Plan of Reorganization of the Debtor in Possession. This Plan, when approved and confirmed by the Bankruptcy Court, shall be deemed binding on the Debtor, all creditors, and all parties in interest and their successors and assigns in accordance with Section 1141 of the Bankruptcy Code.

Respectfully submitted this 26th day of March, 2010

BAST AMRON LLP
Counsel for Debtor in Possession
SunTrust International Center
One Southeast Third Avenue
Suite 1440
Miami, Florida 33131
Telephone: 305.379.7904
Facsimile: 305.379.7905
Email: jbast@bastamron.com
Email: dquick@bastamron.com

By: /s/ Jeffrey P. Bast
Jeffrey P. Bast, Esq. (FBN 996343)
Dana R. Quick, Esq. (FBN 0074402)

PHOENIX WORLDWIDE INDUSTRIES,
INC.

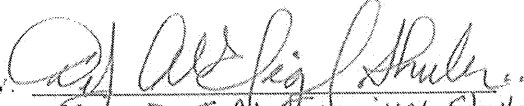
By: 
Name: Dr. J. Al. Esquivel Shuler
Title: PRESIDENT & CEO

EXHIBIT 1
ASSUMED CONTRACTS

1. Master Agreement No. 1364 with Maxus Capital Group, LLC,⁴ dated October 22, 2007.
 - a. Proposed Cure: _____
2. Business Lease with Oceanside Isles Management, dated October 1, 2005.
 - a. Proposed Cure: _____
3. Dell Equipment Leases
 - Loan No. 501-006365645-002 dated June 16, 2005
 - Loan No. 501-006365645-003 dated September 22, 2005
 - Lease No. 001-006365645-004 dated January 23, 2007
 - Lease No. 001-006365645-005 dated April 5, 2007
 - Lease No. 001-006365645-006 dated May 14, 2007
 - Lease No. 003-006365645-007 dated August 27, 2007
 - Lease No. 003-006365645-008 dated August 30, 2007
 - Lease No. 003-006365645-009 dated September 4, 2007
 - Lease No. 003-006365645-010 dated October 4, 2007
 - Lease No. 003-006365645-011 dated October 5, 2007
 - Lease No. 003-006365645-012 dated January 21, 2008
 - Lease No. 003-006365645-013 dated April 18, 2008
 - Lease No. 003-006365645-014 dated June 18, 2008
 - Lease No. 003-008850165-001 dated October 2, 2008
 - a. Proposed Cure: _____

⁴ The proof of claim related to this lease agreement has been filed under the name Maxus Capital Spe I, LLC. *See* Proof of Claim #50.

Schedule B

Liquidation Analysis

Phoenix Worldwide Industries, Inc. Fixed Asset Balance Schedule	Purchase Price	Accum Depr	Balance	Current Orderly Liquidation Value
140 - LAND				
141025. - LAND	47,500.00		47,500.00	
Total 140 - LAND	47,500.00	0.00	47,500.00	47,500.00
141 - PROPERTY				
141000. - PLANT BUILDING	902,500.00	(314,525.87)	587,974.13	
151000. - PLANT BUILDING IMPROVEMENT	859,311.68	(271,160.40)	588,151.28	
151050. - OFFICE LEASEHOLD IMPROVEMENTS	310.86	(47.82)	263.04	
Total 141 - PROPERTY	1,762,122.54	(585,734.09)	1,176,388.45	1,176,388.45
143 - TOOLS & EQUIPMENT				
143000. - PLANT FURNITURE & FIXTURES	335,562.57	(327,012.82)	8,549.75	
143050. - OFFICE FURNITURE & FIX.	21,799.20	(21,799.20)	0.00	
145000. - PLANT MACHINERY & EQUIP	2,941,456.92	(2,639,419.42)	302,037.50	
149000. - PLANT OFFICE EQUIP.	156,940.20	(155,445.41)	1,494.79	
149050. - OFFICE EQUIPMENT	752.53		752.53	
155000. - OFFICE COMPUTER SOFTWARE	11,230.02	(18,096.51)	(6,866.49)	
155050. - PLANT COMPUTER SOFTWARE	53,330.59	(30,071.28)	23,259.31	
155051. - PLANT PROPRIETARY SOFTWARE	3,693,767.32	(756,732.80)	2,937,034.52	
157000. - OFFICE COMPUTER HARDWARE	50,434.63	(55,984.76)	(5,550.13)	
157050. - PLANT COMP. HARDWARE	214,268.93	(93,054.55)	121,214.38	
Total 143 - TOOLS & EQUIPMENT	7,479,542.91	(4,097,616.75)	3,381,926.16	2,200,000.00
147 - PLANT VEHICLES				
147000. - PLANT AUTOMOBILE/TRUCK	40,293.56	(40,293.56)	0.00	
158075. - COMPANY DEMO VEHICLES	1,549,104.88	(1,373,842.47)	175,262.41	
Total 147 - PLANT VEHICLES	1,589,398.44	(1,414,136.03)	175,262.41	175,000.00
TOTAL	10,878,563.89	(6,097,486.87)	4,781,077.02	3,598,888.45

Schedule C

Summary of Claims¹**UNCLASSIFIED CLAIMS****Administrative Expenses**

Unpaid fees of BALLP (<i>estimated</i>)	75,000.00
U.S. Trustee Fees (<i>estimated</i>)	4,500.00
Total	79,500.00

Priority Tax Claims

Miami-Dade County Tax Collector (<i>intangibles tax</i>)	502.07
IRS (<i>estimate based upon unfiled returns</i>)	1,289,158.36
Arizona Department of Revenue	1,762.71
Florida Department of Revenue (<i>corporate income tax</i>)	300.00
Florida Department of Revenue (<i>unemployment tax</i>)	2,105.13
Commonwealth of Pennsylvania	1,119.70
Pennsylvania (<i>unemployment tax</i>)	20.25
Total	1,294,968.22

CLASS 1: PRIORITY NON-TAX CLAIMS

Victor Sarduy	2,193.70
Sharath Kasba	3,000.00
Alejandro Martinez	10,950.00
Oscar Arana	10,950.00
Ted Weiss	10,950.00
Alain Martin	10,950.00
Carlos Romero	10,950.00
Dr. J. Al Esquivel Shuler	10,950.00
Haydee Leknes	10,950.00
Hortensia Martin	10,950.00
James Peterson	10,950.00
Jose Martin	10,950.00
Lourdes M. Fernandez	10,950.00
Marlene Esquivel	10,950.00
Omeria Dimingo	10,950.00

¹ By including creditor claims on this schedule, the Debtor does not consent to the allowance, extent, validity, or priority of any claims; the Debtor expressly reserves the right to object on any basis to any and all claims, whether scheduled or filed.

Richard Urban	6,877.63
Wilmer Carcasses	10,950.00
Ivan Perez	10,950.00
Total	176,321.33

CLASS 2: SECURED CLAIMS

(a) Miami-Dade County Building Department	51,245.80
(b) Zions First National Bank	2,895,970.04
(c) Maxus Capital Group, LLC	1,126,223.32
(d) C3 Capital Partners	748,574.92
(e) PPTS 1, LLC	32,466.35
(f) Banex Capital, LLC	1,845,146.81
(g) Miami-Dade County Tax Collector	29,182.10
Total	6,728,809.34

CLASS 3: GENERAL UNSECURED CLAIMS \$1,000 OR LESS

Interstate Screw Corp	24.84
Eureka Animal Clinic	25.00
Pitney Bowes (<i>equipment tax</i>)	25.80
GlobalStar, Inc.	28.00
Segal Gas, Inc.	45.37
Mouser Electronics, Inc.	47.26
BSFS Leasing (<i>personal property tax</i>)	49.09
Arizona Dept. of Revenue`	54.00
Scientek of Miami, Inc.	60.00
TBS Recovery	62.00
"S" Printing	72.06
Fla. Dept. of Revenue (<i>unemployment tax</i>)	75.00
Costco Wholesale	90.00
UPS	93.00
DERM	100.00
Hortensia Martin	108.00
Electric Components and Equipment	144.08
Ivan Perez	149.00
Digi Key, Inc.	155.72
Smith Hamilton, Inc.	170.35
Alejandro Martinez	202.38
Iron Mountain	210.00
B & R Electronics, Inc.	228.00

Amerisew, Inc.	242.85
TCN, Inc.	275.00
Toshiba Copier Rental	278.00
Napa Auto Parts	278.25
IACLEA	300.00
Miami-Dade County Fire Rescue	300.00
Devcon Security	330.00
Tech Air of South Florida	407.52
FEDEX Customer Information Service	431.59
Semy Tech Inc.	467.50
Pitney Bowes	497.00
Demark Customs Brokers	513.00
Laura Brill	545.00
Truly Nolen	560.00
Abbott's Safe & Lock Company	561.75
Printer Team	620.34
JDL Industries	654.26
Viva Liz, Inc.	661.58
STE Systems	665.00
Mitchell One	745.00
Global Crossings Teleconferencing	767.10
Land and Sea	792.67
American Control Products	905.48
Total	14,017.84

GENERAL UNSECURED CLAIMS \$1,001 OR MORE

Zephyrhills	1,275.00
Town & Country Industries, Inc.	1,446.60
VideoTec	1,544.47
Ted Weiss	1,590.00
STS Telecom	1,731.00
AT&T (BellSouth Communications Systems, LLC)	1,746.07
McNichols Co.	1,867.56
Mark Grossman, Esq.	1,908.76
Omeria Dimingo	1,936.58
Pro Translating	2,275.00
Miami-Dade County Water & Sewer	2,292.33
Trabada Enterprises, Inc.	2,297.38
Waste Services of Florida	2,477.64

USAA Car Insurance	2,650.00
Capital One	2,686.81
Tropical Assemblies, Inc.	2,692.15
Union Central	2,700.00
AT&T	2,821.04
Bruno Gagliani	3,042.95
NHP	3,122.37
Florida Power & Light Company	4,065.97
Jose Martin	4,078.95
Lourdes M. Fernandez	4,348.91
Object Video	5,000.00
Binstock, Rubin, Adler	5,250.00
CIT Technology Financing Services, Inc.	6,188.15
Deep Blue	6,303.40
Sharath Kasba	6,679.67
Expo Public Transportation	7,000.00
RBS Mastercard	7,182.23
ADT Security Services	7,715.37
Industrial Networking Solutions, Inc.	8,012.79
Hortensia Martin	8,035.70
Oceanside Isle Management (<i>scheduled as Inside Isles Management</i>)	8,164.10
M & G Battery	8,724.00
Homeland Security Administration	8,725.00
Oscar Arana	9,051.89
Marlene Esquivel	9,628.02
Netwell Noise Control	9,896.95
Zenith Insurance Company	10,166.00
Wilmer Carcasses	11,007.40
DonRowe.com	11,424.00
James Peterson	12,181.50
Howard J. Schneider, CPA	12,672.38
ADT Security Services	12,958.56
CDW Corporation	13,115.45
Mango DSP, Inc.	14,488.66
Visa BMW Card	16,092.43
Miceli Brothers, Inc.	16,860.00
Mack Insurance	22,192.72
Alain Martin	24,361.73
Ted Weiss	24,540.75
Haydee Leknes	24,791.88

Berenfeld, Spritzer, Schechter, Sheer LP	25,279.00
All Star Machine	25,748.25
Ivan Perez	25,993.65
American Express Bank, FSB	26,950.67
Watec, Inc.	28,510.65
Martin & Associates, PLLC	29,176.50
Imperial A.I. Credit Companies, Inc.	29,295.01
Carlos Romero	30,655.34
Tactical Support Equipment, Inc.	33,225.00
Computing Resources, Inc. d/b/a/ Intuit Payroll Services	33,393.59
Anna Lisel Brown	38,781.60
Imperial Premium	55,340.00
Clearsite Communications	60,321.43
American Express Bank, FSB	71,475.21
O'Herron & Company	150,000.00
IRS	278,117.75
Fowler Rodriguez Valdes-Fauli	483,977.69
EchoStorm Worldwide	574,390.00
Total	2,405,639.61

Schedule D

List of Litigation Claims

- (i) All avoidance actions.
- (ii) Claims against Bob Brueckmann, Thomas A. Burns, and Loye Matika for prepaid commissions.
- (iii) Claims against ARC Logistics Miami International, Inc.; the Departamento Administrativo de Seguridad, and Colvista, Ltda.
- (iv) Claims against C3 Capital Partners, L.P., and/or its replevin bond for damages to the Debtor's property during replevin.
- (v) All claims on collection of accounts receivable.
- (vi) All other litigation claims of the Debtor.