IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
	)	
QUADRANT 4 SYSTEM CORPORATION, et al.,	)	Case No. 17-19689
	)	(Jointly Administered)
	)	
Debtors.	)	Honorable Jack B. Schmetterer
	)	
	)	**Hearing Date: February 16, 2018**
	)	**Hearing Time: 10:30 a.m.**

NOTICE OF MOTION

PLEASE TAKE NOTICE that on **Friday, February 16, 2018, at 10:30 a.m.,** we shall appear before the Honorable Jack B. Schmetterer of the United States Bankruptcy Court for the Northern District of Illinois, or any other judge sitting in his place and stead, at Courtroom 682 in the Dirksen Federal Building, 219 S. Dearborn Street, Chicago, Illinois, and then and there present the **MOTION OF THE DEBTOR FOR THE ENTRY OF AN ORDER: (A) APPROVING SETTLEMENT AND AUTHORIZING A PRIVATE SALE OF THE DEBTOR'S RESIDUAL ASSETS FREE AND CLEAR OF CERTAIN LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS; (B) SCHEDULING A SALE HEARING ON NOTICE TO ALL CREDITORS; (C) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES; AND (D) APPROVING THE FORM AND MANNER OF NOTICE OF SALE HEARING AND PROPOSED ASSUMPTION AND ASSIGNMENT**, a copy of which is hereby served upon you.

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CERTIFICATE OF SERVICE

The undersigned, an attorney, hereby certifies that true and correct copies of this notice and the documents referred to therein were served upon the parties listed on the below service list via CM/ECF, FedEx Overnight and/or Email, as listed herein, on February 12, 2018.

By: /s/ Chad H. Gettleman
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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
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QUADRANT 4 SYSTEM CORPORATION, et al[1],	)	Case No. 17-19689
	)	(Jointly Administered)
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Debtors.	)	Honorable Jack B. Schmetterer
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MOTION OF THE DEBTOR FOR THE ENTRY OF AN ORDER: (A) APPROVING SETTLEMENT AND AUTHORIZING A PRIVATE SALE OF THE DEBTOR'S RESIDUAL ASSETS FREE AND CLEAR OF CERTAIN LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS; (B) SCHEDULING A SALE HEARING ON NOTICE TO ALL CREDITORS; (C) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES; AND (D) APPROVING THE FORM AND MANNER OF NOTICE OF SALE HEARING AND PROPOSED ASSUMPTION AND ASSIGNMENT

NOW COMES Quadrant 4 System Corporation, an Illinois corporation, debtor and debtor in possession (the "**Debtor**", the **"Company**", or "**Q4**"), by and through its undersigned counsel, and hereby requests the entry of an Order: (A) Approving Settlement and Authorizing a Private Sale of the Debtor's Residual Assets Free and Clear of Certain Liens, Claims, Encumbrances and Interests; (B) Scheduling a Sale Hearing on Notice to All Creditors; (C) Authorizing the Assumption and Assignment of Executory Contracts and Unexpired Leases; and (D) Approving the Form and Manner of Notice of Sale Hearing and Proposed Assumption and Assignment, all pursuant to Sections 105, 363 and 365 of the Bankruptcy Code and Rules 2002, 6004, 6006 and 9019 of the Federal Rules of Bankruptcy Procedure (the "**Motion**"). In support of the Motion, the Debtor respectfully states as follows:

[1] This case ("**Chapter 11 Case**"), filed on June 29, 2017, is being jointly administered with the pending Chapter 11 case of Quadrant 4 System Corporation's wholly owned subsidiary, Stratitude, Inc., a California corporation, (**"Stratitude"**), filed on October 13, 2017 as Case No. 17-30724, pursuant an order of this Court entered on October 19, 2017 [Docket No. 38].

I. INTRODUCTION

This Motion seeks the approval of a private sale under Section 363 of the United States Bankruptcy Code, 11 U.S.C §§ 101 *et seq.* (the "**Bankruptcy Code**") for the sale of the "Residual Software Platforms" (as defined below) to BIP Lender LLC ("**BIP**"), the Debtor's junior secured creditor. This Motion is being presented pursuant to that certain *Stipulation and Order Resolving Motion for Authority to Enter into Modification Agreement* entered by the Court on February 7, 2018 [Docket No. 351] (the "**Stipulation and Order**"). The Stipulation and Order provides, among other things, that "[t]he Debtor shall convey to BIP, in partial satisfaction of its secured junior subordinated claim (or, at the option of BIP, in whole satisfaction), those certain software assets identified as the QHIX and Empwr[2] software platforms." Stipulation and Order ¶ 4. Further, the Motion conveying the QHIX and EmpowHR software platforms – the "**Residual Software Platforms**" – to BIP is required to be filed on or before February 12, 2018. *Id.* As more fully set forth below, the Residual Software Platforms have been marketed by the Debtor and its professionals for over ten (10) months. No offer or letter of intent or interest for the Residual Software Platforms has ever been received. Further, this Motion is supported by the Debtor's senior lender, BMO Harris, Bank, N.A. (**"BMO"**) and BIP. The Official Committee of Unsecured Creditors in this Chapter 11 Case (**"Committee"**) has not yet indicated its support of this Motion and is reserving its rights with respect thereto.

While the Debtor is seeking to convey the Residual Software Platforms to BIP in accordance with the Stipulation and Order, the Debtor submits that a private sale is the most cost-effective and efficient manner in which to comply with the Stipulation and Order, is in the best interests of the Debtor's estate, and is therefore an appropriate exercise of the Debtor's business judgment under Section 363 of the Bankruptcy Code. Since the filing of the Chapter 11

[2] This technology is correctly spelled "EmpowHR".

Case, the Debtor has engaged in a series of going-concern sales of its various business units. Prior to the filing of the Chapter 11 Case and continuing thereafter, the Debtor marketed its business units for sale – including the assets comprising the Residual Software Platforms – with the efforts of its financial advisors, Silverman Consulting, Inc. (**"Silverman Consulting"**), and its investment bankers, Livingstone Partners, LLC ("**Livingstone**"). The Debtor has engaged both firms in the Chapter 11 Case pursuant to orders of the Court.

As this stage of the Chapter 11 Case, the Residual Software Platforms comprise substantially all of the Debtor's remaining assets together with the Debtor's right, title and interest into possible causes of action in favor of the estate. As more fully discussed below, the Debtor, after consultation with Silverman Consulting, Livingstone, BMO, BIP and the Committee, has determined that in order to maximize value for the benefit of its creditors, shareholders and other interested parties, a sale of the Residual Software Platforms to BIP needs to occur as expeditiously as possible.

First, the Debtor submits that BIP's credit offer of $1,000,000 (the "**Credit Bid**") represents fair market value of the Residual Software Platforms. As noted above and further explained below, the Residual Software Platforms were subject to intensive marketing efforts by the Debtor and its professionals. Notwithstanding those efforts, the Debtor did not receive any offers for the assets comprising the Residual Software Platforms. The Credit Bid, then, represents the best and highest offer received to date by the Debtor for the assets.

Second, the value of the Residual Software Platforms is at risk of imminent decline. The value of these assets are largely based on maintaining the Debtor's highly skilled third-party subcontractor workforce[3] (collectively, the **"Workforce"**) charged with servicing the Residual

[3] The people in the Workforce are individuals employed, or retained as independent contractors, by the Debtor's outside vendor in India commonly known as "**First Tek India**".

Software Platforms and maintaining relationships with customers using the Residual Software Platforms. Because of the technology skills held by the Workforce, these individuals are readily employable. The Debtor lacks the funding necessary to maintain the Workforce. As such, absent a quick and seamless transition of the Residual Software Platforms to BIP – an entity with the financial wherewithal to invest the necessary capital to maintain the Workforce – many in the Workforce will seek, and likely obtain, other jobs, leaving the Debtor with insufficient human resources to service customers using the Residual Software Platforms, thereby depressing the value of such assets.

In fact, due to the uncertainty facing the Debtor, a number of the individuals in the Workforce have already left First Tek India, thus making the urgency of the relief sought in this Motion even more acute. The Debtor's representatives have taken all reasonable steps to maintain continuity of the Workforce and sales, and with the consent of BMO, to fund all operating expenses on a current basis, including fees and costs owing to First Tek India under the parties' Master Service Agreement approved by order of the Court entered on August 1, 2017 [Docket No. 94]. Nonetheless, the need to expeditiously transition the operations and assets associated with the Residual Software Platforms is critical.

It is essential that the Debtor be able to convey its interest in the Residual Software Platforms as quickly as possible. Doing so is not only consistent with the Debtor's obligations under the Stipulation and Order, but also preserves the remaining value in these assets. The proposed private sale to BIP accomplishes both of these goals.

II. FACTUAL BACKGROUND

A. The Chapter 11 Case

1. On June 29, 2017 (the "**Petition Date**"), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code, commencing the Chapter 11 Case. Since the Petition Date, the Debtor has remained in possession of its assets and has continued to operate its businesses as a debtor in possession in accordance with sections 1107(a) and 1108 of the Bankruptcy Code.

2. On July 6, 2017, the Committee was appointed in the Chapter 11 Case.

3. The nature of the Debtor's business, the factual background relating to the commencement of the Chapter 11 Case, and further factual support for this Motion, are set forth in more detail in the *Declaration of Robert H. Steele in Support of Chapter 11 Petitions and First-Day Motions* [Docket No. 7] (the "**Declaration**") filed on the Petition Date and incorporated herein by reference.[4]

4. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334. Venue lies properly in this Court pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(M). The statutory predicates for the relief requested herein are Sections 105(a), 363(b) and 365(b) of the Bankruptcy Code, and the applicable rules are Rules 2002, 6004, 6006 and 9019 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**").

B. Prior Sales of the Debtor's Assets during the Chapter 11 Case

5. Since the Petition Date, the Debtor has worked to sell substantially all its assets, consisting of six (6) business units, each commonly referred to as U.S. Solutions, Hybrid

[4] Any capitalized terms not otherwise defined in the Motion shall have the same meaning as ascribed in the Declaration.

Solutions, India Solutions (together, the "**Solutions Units**"), Legacy Staffing, QEDU Education Platform, and QHIX Healthcare Platform (the "**Business Units**"). On August 14, 2017, the Debtor conducted auctions which resulted in the identification of purchasers for its Solutions Units, Legacy Staffing, and QEDU Education Platform business units. Those purchasers entered into Asset Purchase Agreements with the Debtor, and the sales contemplated therein were respectively closed on August 18 and August 28, 2017. The Court entered three orders each dated August 18, 2017, confirming the sales and authorizing the sale closings of the Debtor's Solutions Units, QEDU Education Platform, and Legacy Staffing Business Units [Docket Nos. 123, 124 and 126, respectively].

6. Following the Court-approved payments of various net sales proceeds to BMO in the Chapter 11 Case, the principal balances owing to BMO and BIP (collectively, the **"Secured Lenders"**) under their applicable loan documents by the Debtor and Stratitude, jointly and severally, are approximately $9.5 million and $5 million, respectively, for a total of approximately $14.5 million, exclusive of interest, costs and fees. All such indebtedness is secured by liens in and to substantially all of the respective assets of the Debtor and Stratitude, including the Residual Software Platforms, granted by the Debtor and Stratitude to BMO and BIP as collateral security.

C. The Residual Software Platforms

7. The assets sought to be offered for sale and sold pursuant to this Motion (collectively, the **"Acquired Assets"**) can be summarized as follows[5]:

[5] The Debtor would note that it examined whether any of the customer information to be transferred to BIP in connection with the Acquired Assets qualifies as "personally identifiable information" under Section 101(41A) of the Bankruptcy Code (**"PII"**), and does not believe any PII is included among the Acquired Assets. In inquiring as to whether any of the information qualified as such, the Debtor's management spoke with an attorney who has served as a consumer privacy ombudsman in numerous chapter 11 cases, including in this District.

a. All of the Debtor's right, title and interest in and to all customer contracts, including, without limitation, statements of work and purchase orders to the Debtor Seller from its Q4 Health Business customers which are outstanding as of the Closing (collectively, the **"Customer Contracts"**), and to the extent any such Customer Contracts constitute executory contracts under Section 365 of the Bankruptcy Code, subject to the terms and conditions concerning "Assumed Contracts", as defined, and as set forth, in the "APA", (as defined below);

b. All of the following pertaining to the Q4 Health Business and the Acquired Assets, wherever located: historical revenue information per customer; customer files, lists and sales records; supplier files, lists, records and literature; marketing, advertising and promotional materials; records of salesman commissions or other compensation; business plans; all data and other information stored on hard drives (including those located on remote servers, whether operated by Seller or by third party providers); discs, tapes or other media; personnel records for any former employees of Seller as of the Closing who are employed by Buyer after the Closing; and correspondence and other electronic transmissions relating to any and all of the foregoing, but excluding: (i) all books, records, financial information and documents pertaining to any division, unit or part of the Business, excluding only the Q4 Health Business; (ii) personnel files for any former employees of Seller as of the Closing who are not employed by Buyer within fourteen (14) days from and after the Closing; (iii) business organizational documents; and (iv) subject to the post-Closing obligations set forth in the APA, financial records, income tax returns, checkbooks, cancelled checks, and any other documentation necessary for Seller to conclude the administration of the Chapter 11 Case, including, without limitation, all books, records and documents necessary to prosecute any and all "Causes of Action", as defined below;

c. All trade and other receivables and rights to payments arising from products and services sold in the operation of the Q4 Health Business;

d. All intangible assets and intellectual property pertaining solely to the Q4 Health Business, including, without limitation, the Residual Software Platforms, and owned software (source code and object code), all patents, copyrights, and trade name rights, to the extent assignable and transferable under applicable law;

e. All of Seller's right, title and interest in and to the names "QHIX", "EmpowHR", and any variants or usage thereof;

f. The goodwill associated with the Q4 Health Business;

g. All sales and marketing materials, computer servers, displays and display equipment (including the trade show booth), wherever located, together with all unexpired warranties of manufacturers, vendors or other third parties, if any;

h. Subject to the to the terms and conditions of paragraph 5 below concerning Assumed Contracts, all of Seller's right, title and interests in and to all permits, licenses and approvals, to the extent they are assignable, if any, including, without limitation, all licenses listed in the APA; and

i. All of Seller's rights, title and interest in and to any and all other Assumed Contracts subject to the terms and conditions of the APA.

D. Liens on the Acquired Assets

8. The Acquired Assets are subject to the pre-petition secured claims of:

a. BMO pursuant to that certain Credit Agreement dated as of July 1, 2016, which provided Q4 with a credit facility of up to $25,000,000 as evidenced, by among other things, a : (i) $7,000,000 Revolving Credit Facility; (ii) $13,000,000 Term Loan; and (iii) $5,000,000 Cap Software Facility, as amended on November 3, 2016 (collectively, the **"BMO Loan"**); and

b. BIP Lender, LLC, as collateral agent for BIP Quadrant 4 Debt Fund I, LLC, as lender (**"BIP Lender"**)[6] which provided Q4 with that certain Senior Subordinated Credit Agreement dated November 3, 2016 in the principal amount of $5,075,000.

9. The Acquired Assets are also subject to the post-petition secured claims of BMO arising out of that certain *Final Order (I) Authorizing Secured Post-Petition Financing Pursuant to 11 U.S.C. § 364, (II) Authorizing Use of Cash Collateral Pursuant to 11 U.S.C. § 363, and (III) Granting Adequate Protection Pursuant to 11 U.S.C. §§ 361, 363 and 364*, entered on September 7, 2017 [Docket No. 162] (**"Final Cash Collateral Motion"**).

[6] BIP Lender is affiliated with Buckhead Investment Partners, a wealth management company based in Atlanta, Georgia, www.buckheadinvestments.com

E. The Modification Agreement with TriZetto

10. On January 16, 2018, the Debtor filed that certain *Motion of Debtor for Authority to Enter into Modification Agreement with TriZetto Corporation, and for Shortened Notice* [Docket No. 269] (**"TriZetto Settlement Motion"**), seeking Court approval of that certain Modification Agreement between the Debtor and Cognizant TriZetto Software Group, Inc. (f/k/a TriZetto Corporation ("**TriZetto**").

11. BIP and the Committee each filed objections to the TriZetto Settlement Motion [Docket Nos. 280 and 284, respectively]. Subsequently, the Committee withdrew its objection [Docket No. 337], and pursuant to the Stipulation and Order, BIP withdrew its objection. In addition to the Stipulation and Order resolving the objection of BIP, the Court entered an *Order Approving Modification Agreement* on February 7, 2018 [Docket No. 352].

F. The Stipulation and Order

12. As explained above, in connection with resolution of the TriZetto Settlement Motion, including the withdrawal of BIP's objection thereto, the Debtor, BIP, BMO and the Committee entered into the Stipulation and Order. This Motion is being filed as part of the settlement set forth in the Stipulation and Order.

13. In addition to the filing of a motion to convey the Residual Software Platforms to BIP, the Stipulation and Order also provides, that, in connection with such conveyance, "BMO shall . . . otherwise subordinate its right to credit bid with respect to the Residual Software Platforms, for the benefit of BIP. Further, the Stipulation and Order contemplates that the Residual Software Platforms shall be transferred to BIP free and clear of all liens, provided, however, that BMO shall maintain its liens on the Acquired Assets. *See* Stipulation and Order ¶ 5(c).

G. Marketing of the Residual Software Platforms

14. Livingstone was initially engaged by the Debtor on or about February 14, 2017. Its services were officially suspended by the Debtor's Board of Directors on or about March 8, 2017, during the Debtor's negotiations of a forbearance agreement with its first-position secured lender, BMO. Livingstone was reinstated in or around early to mid-April 2017. Throughout its engagement, Livingstone's activities in connection with the Debtor's marketing efforts with respect to the QHIX Healthcare Platform Business Unit, inclusive of the Residual Software Platforms and other Acquired Assets, have included the following:

a. Worked closely with the Debtor's management and Silverman Consulting to analyze the QHIX Healthcare Platform;

b. Participated in multiple strategy session (meetings/calls) with the Debtor and the Debtor's other advisors to discuss the optimal strategy to maximize asset values, including transaction structure considerations, process considerations, timing issues, data sufficiency, etc.;

c. Worked with the Debtor's management and Silverman Consulting to establish the Data Room to facilitate potential buyer due diligence;

d. Delivered a preliminary list of potential buyers to the Debtor;

e. Participated in meetings and on conference calls with BMO representatives;

f. Prepared a teaser ad to be provided to potential buyers;

g. Prepared a detailed Confidential Information Presentation to provide to those potential buyers that executed confidentiality agreements;

h. Reviewed and help negotiate confidentiality agreements with potential buyers; and

i. Contacted over 230 potential buyers for Q4 Business Units, which included approximately 90 that were either (i) contacted specifically for the QHIX Healthcare Platform due to being an industry participant or (ii) expressed a direct interest in the QHIX Healthcare Platform.

15. As part of the aforementioned efforts, Livingstone presented the Debtor's QHIX Healthcare Platform Business Unit to potential buyers as four distinct assets for purchase

("**Target Assets**") in which a potential buyer could acquire any combination of the Target Assets including the entire QHIX Healthcare Platform:

a. The Source Code License and Services Agreement dated March 2, 2016 between the Debtor and TriZetto;

b. QHIX product, technology and commercial business (one of the Residual Software Platforms);

c. EmpowHR product, technology and commercial business (the other Residual Software Platform); and

d. License the QHIX and/or EmpowHR technology.

16. Approximately twenty-five (25) potential buyers and their advisors received access to the Data Room to conduct detailed due diligence on the QHIX Healthcare Platform. Livingstone hosted and/or facilitated multiple different buyers' for diligence sessions calls, product demos, and meetings with the Debtor's management. Livingstone also worked closely with the Debtor's management and Silverman Consulting to evaluate non-binding indications of interest that have been received by the Debtor.

17. Despite the efforts of Livingstone and Silverman, and companion marketing efforts conducted directly by Mr. Steele, the Debtor did not receive any offers for purchase of the QHIX Healthcare Platform or any acceptable offers in connection with the distinct Target Assets – including the Residual Software Platforms.

18. To date, the Debtor's interest in the Residual Software Platforms have not attracted any specific offers – until the Debtor's receipt of BIP's Credit Bid, as set forth below.

III. THE BIP CREDIT BID

19. The Debtor has received a credit offer of $1,000,000 from BIP. A copy of the proposed asset purchase agreement between the Debtor and BIP (the "**APA**") is attached hereto as, and substantially in the form of, Exhibit A and made a part hereof[7].

20. In consultation with Silverman Consulting and Livingstone, the Debtor evaluated the Credit Bid in light of the Debtor's marketing efforts regarding the Residual Software Platforms and the lack of alternative offers for same. In its reasonable business judgment, the Debtor concluded that the Credit Bid represents the highest and best bid to purchase the Residual Software Platforms.

21. The APA can be summarized as follows:

a. Purchase of Acquired Assets. BIP will acquire all of the Debtor's right, title and interest in and to the Acquired Assets, free and clear of all liens, claims, encumbrances and interests, provided, however, that BMO shall maintain its liens on the Acquired Assets pursuant to the Stipulation and Order.

b. Purchase Price. The consideration for the Residual Software Platforms (**"Purchase Price"**) shall be the sum of a credit payment in the amount of $1,000,000.00.

c. Assumed Liabilities. BIP will assume those liabilities or obligations arising from and after the Closing out of, under, or related to the Acquired Assets as provided for in the APA.

d. Representations and Warranties. The APA contains such representations and warranties of the Debtor as are customary for sales of assets in a Chapter 11 case. All representations and warranties shall terminate within one (1) year of the Closing. Except as largely set forth in the APA, the Acquired Assets are being sold "AS IS, WHERE IS".

[7] For purposes of full disclosure, BIP has approached the Debtor's CEO, Robert H. Steele, with the possibility of working with BIP under some contractual arrangement, as yet undefined, to assist to BIP (and BMO) in maximizing the value of the Residual Software Platforms and intellectual property given his extensive knowledge and experience in the sales and marketing of these assets. No specifics have been offered, and Mr. Steele has not indicated any willingness to date to accept any such arrangement. Should further details become known prior to the Sale Hearing, they will be disclosed to the parties and the Court in the appropriate manner.

e. Conditions of Closing / Termination Events. The APA requires, among other things as set forth therein, the Debtor to: (i) obtain the entry of the "Sale Order", as defined below, following all requisite and appropriate notice to the creditors and other interested parties in the Chapter 11 Case, and such other parties as are deemed necessary; and (ii) obtain any necessary approvals and consummate the transactions contemplated in the APA ("**Closing**"). In addition thereto, the APA contains such other closing conditions and termination events which are customary for transactions of this type and size.

f. Executory Contracts. There are various executory contracts and unexpired leases, which BIP is requiring be assumed and assigned at Closing. The APA has, or will have, a list of executory contracts/unexpired leases to be assumed and assigned.

IV. PROPOSED SALE PROCESS

22. The Debtor requests the entry of an order (the "**Sale Procedures Order**") in substantially the form filed herewith and incorporated herein: (a) approving the private sale process as set forth in this Motion (**"Sale Process**"); (b) scheduling a subsequent hearing to consider the sale of the Acquired Assets; (c) authorizing the assumption and assignment of executory contracts and unexpired leases; (d) approving the form and manner of the "Notice of Sale", as defined below, attached hereto as Exhibit B; and (e) approving the form and manner of the "Assumption/Assignment Notice" as defined below, attached hereto as Exhibit C.

23. The Debtor also requests that at the Sale Hearing, the Court enter an order ("**Sale Order**"), *inter alia*:, (a) authorizing the Debtor to sell the Acquired Assets to BIP free and clear of any and all liens, claims, encumbrances and interests pursuant to 11 U.S.C. §§ 105 and 363(b), subject to the liens of BMO pursuant to the Stipulation and Order; (b) granting good-faith purchaser protections to BIP pursuant to 11 U.S.C. § 363(m); and (c) granting all relief requested in the Sale Motion and such other relief as may be warranted under the circumstances.

24. In order to facilitate the Sale Process, the Debtor, in consultation with Silverman Consulting, Livingstone, BMO and the Committee, has developed the sale procedures for use in connection with the sale of the Acquired Assets (the "**Sale Procedures**").

25. The Debtor proposes the following Sale Procedures:

a. **Notice.** A notice of the proposed private sale to BIP on account of its Credit Bid shall be sent to all creditors in the Chapter 11 Case via First-Class Mail, postage prepaid. Assuming entry of the Sale Procedures Order on February 16, 2018, the notice of sale will be sent to all creditors on twenty-one (21) days' notice of the Sale Hearing (defined below).

b. **Sale Hearing.** A sale hearing to approve the Credit Bid and APA (the "**Sale Hearing**") will be held before the Honorable Jack B. Schmetterer, United States Bankruptcy Judge, in the United States Bankruptcy Court, Northern District of Illinois, Eastern Division, in Courtroom 682 in the Dirksen Federal Building, 219 S. Dearborn Street, Chicago, Illinois at **11:00 a.m. (Central time) on Monday, March 12, 2018,** or such other time as may be ordered by the Court and noticed by the Debtor to all creditors.

c. **Sale Objections.** Any objection to the sale of the Acquired Assets must be in writing and filed at least two (2) days prior to the Sale Hearing.

V. ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

26. As part of the Motion, the Debtor seeks authority to assume and assign the executory contracts and unexpired leases to be identified by BIP. At least ten (10) days prior to the "Sale Hearing" (as defined below), the Debtor shall send notice, by facsimile or next-business day delivery, to all non-debtor parties to any executory contracts or unexpired leases which the Debtor may elect to assume and assign in conjunction with the sale of the Acquired Assets (the "**Contracts and Leases**", and each, a "**Contract/Lease**"). The Contracts and Leases include those agreements which have been identified by BIP as Contracts and Leases which they would have the Debtor assume and assign in connection with BIP's proposed purchase of the Acquired Assets (collectively, the **"Assumed Contracts**"). The Assumed Contracts will likely consist of, among others: (a) certain intellectual property licenses of which a Debtor is licensee or licensor; (b) the Customer Contracts, including statements of work and purchase orders to

Seller from the Business customers which are outstanding as of the Closing; and (c) certain contracts associated with the operation of the Q4 Health Business.

27. Because of the need to close any transaction as quickly as possible in order to minimize any diminution in the value of the Acquired Assets, the Debtor proposes the following procedures for assuming and assigning executory contracts and unexpired leases:

a. At least ten (10) days prior to the Sale Hearing, the Debtor will file a *Notice of Proposed Assumption and Assignment of Executory Contracts and Unexpired Leases* in the form attached hereto as Exhibit C (the **"Assumption/Assignment Notice"**) with the Court and serve same on each non-debtor party to the Contracts and Leases. The Assumption/Assignment Notice shall: (i) identify BIP; (ii) state the cure amounts that the Debtor believes are necessary to assume and assign such Contracts and Leases pursuant to Section 365 of the Bankruptcy Code (the "**Cure Amount(s)**"); and (iii) notify the non-debtor party that such party's Contract/Lease may be assumed and assigned to BIP as purchaser of the Acquired Assets (the **"Proposed Assumption/Assignment"**).

b. Any objection of a non-debtor party to a Contract/Lease to the Cure Amount set forth in the Assumption/Assignment Notice or to the Proposed Assumption/Assignment of such Contract/Lease ("**Assignment Objection(s)**") must be in writing and filed with the Bankruptcy Court at least two (2) days before the Sale Hearing. Unless the non-debtor party to a Contract/Lease timely files an Assignment Objection to: (i) its scheduled Cure Amount and/or (ii) the Proposed Assumption/Assignment, then such non-debtor party: (A) will be forever barred from objecting to the Cure Amount and from asserting any additional cure or other amounts with respect to such Contract/Lease, and the Debtor shall be entitled to rely solely upon the Cure Amount; and (B) will be deemed to have consented to the assumption, assignment and/or transfer of such Contract/Lease, and will be forever barred and estopped from asserting or claiming against the Debtor, BIP, or any other assignee of the relevant Contract/Lease that: (1) any additional amounts are due or defaults exist, or conditions to assumption, assignment and/or transfer must be satisfied, under such Contract/Lease; or (2) BIP has failed to provide adequate assurance of future performance as required by Section 365 of the Bankruptcy Code.

c. In the event that the Debtor and any objecting party are unable to consensually resolve any Assignment Objection prior to the Sale Hearing, the Debtor requests that the Court resolve any such Assignment Objection at the Sale Hearing or as soon thereafter as practicable.

d. At the Sale Hearing, the Debtor shall request entry of an order approving the assumption and assignment of any Contracts and Leases to BIP upon terms which BIP agrees to accept and assume.

28. The Debtor submits that the foregoing procedures are fair and appropriate under the circumstances. Non-debtor parties to the Contracts and Leases will receive at least ten (10) calendar days' notice of the potential assumption, proposed Cure Amount, and the prospective purchaser (BIP). The Debtor believes with respect to most of the Contracts and Leases, little to no Cure Amount is required.

VI. AUTHORITY FOR RELIEF REQUESTED

A. A Private Sale is Permissible under the Bankruptcy Code and Bankruptcy Rules and Appropriate under the Circumstances and arises from the terms and conditions of the Stipulation.

29. As a threshold matter, the Debtor would note that private sales, such as the proposed sale of the Acquired Assets to BIP, are permissible under the Bankruptcy Code and Bankruptcy Rules. Section 363 of the Bankruptcy Code does not specify the manner of the proposed sale, be it public auction or private sale. Moreover, Bankruptcy Rule 6004(f) provides that sales outside the ordinary course of business may be by private sale. See Fed. R. Civ. P. 6004(f)(1); *see also In re Wieboldt Stores, Inc.*, 92 B.R. 309, 312 (N.D. Ill. 1988) ("Section 363(b) is not limited to sales involving competitive bidding.").

30. "It is within the discretion of the trustee [or debtor in possession] to determine whether a public auction or private sale is appropriate." 10 Collier on Bankruptcy ¶ 6004.09 (Richard Levin & Henry J. Sommer eds., 16th ed. 2017). "A large measure of discretion is available to a bankruptcy court in determining whether a private sale should be approved. The court should exercise its discretion based on the facts and circumstances of the proposed sale." *In re Embrace Systems Corp.*, 178 B.R. 112, 123 (Bankr. W.D. Mich. 1995) (citation omitted).

31. As with any sale under Section 363, a private sale of assets "is appropriate if all provisions of § 363 are followed, the bid is fair, and the sale is in the best interests of the estate and its creditors." *Embrace Systems Corp.*, 178 B.R. at 123. Be it by public auction or private sale, "a debtor must demonstrate that the proposed purchase price is the highest and best offer." *Id.* (citing *In re Integrated Resources, Inc.*, 135 B.R. 746, 750 (Bankr. S.D.N.Y. 1992)). The debtor can satisfy its burden in this regard by showing that the marketing of the asset in question has been diligent or sufficient. *See id.*

32. As explained in detail above (*see supra* II.G), the Debtor, with the assistance of its professionals, undertook extensive marketing efforts involving the Acquired Assets that lasted over 10 months. Over that period of time, hundreds of prospective buyers were contacted, with a data room of information made available to those signing NDA's. Despite those efforts, the Debtor was unable to secure any bids for the Acquired Assets. Indeed, the Credit Bid of BIP represents the highest and best offer obtained by the Debtor for the assets.

33. At this point in time in the Chapter 11 Case, and given the amount of the BIP Credit Bid, there is no further reason to seek competing bids for the Acquired Assets. The Debtor believes that the Sale Process proposed herein provides the best, and only, way to maximize the value of the Acquired Assets, thus benefiting all creditors, the equity security holder and other parties in the interest in the Chapter 11 Case.

34. Bankruptcy Rule 9019(a) provides in relevant part that, "[o]n motion by the [debtor in possession] and after notice and a hearing, the court may approve a compromise or settlement." Fed. R. Bankr. P. 9019(a). Compromises are a normal part of the bankruptcy process. *Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968). As a matter of policy, "[c]ompromises are tools for expediting the

administration of the case and reducing administrative costs and are favored in bankruptcy." *In re Quay Corp*., 372 B.R. 378, 382 (Bankr. N.D. Ill. 2007) (citing *Fogel v. Zell*, 221 F.3d 955, 960 (7th Cir. 2000)).

35. The benchmark for determining the propriety of a bankruptcy settlement under Bankruptcy Rule 9019(a) is whether the settlement is in the best interests of the estate. *In re Holly Marine Towing, Inc.*, 669 F.3d 796, 801 (7th Cir. 2012); *In re Doctors Hosp. of Hyde Park, Inc.*, 474 F.3d 421, 426 (7th Cir. 2007).

36. In determining whether a proposed settlement is in the best interests of the estate, neither an evidentiary hearing nor a rigid mathematical analysis is required. *Depoister v. Mary M. Holloway Found*., 36 F.3d 582, 586, 588 (7th Cir. 1994); *In re Energy Coop., Inc.*, 886 F.2d 921, 928-29 (7th Cir. 1989). Rather, the bankruptcy court must determine whether the proposed settlement "falls into the reasonable range of possible litigation outcomes." *Holly Marine Towing*, 669 F.3d at 801 (internal citation omitted).

37. The settlement embodied in the APA falls into the reasonable range of possible outcomes and, therefore, is in the best interests of both the Debtor's estate and its creditors. Pursuant to the terms of the APA, the Debtor's estate will gain a guaranteed sum of $1,000,000 for the Acquired Assets following 10 months of aggressive, but unsuccessful, professional marketing efforts for such assets.

38. In addition to significant benefit of the consideration to be received under the APA, the Debtor's estate will also be relieved of the potential costs, risks, and delays of that could otherwise arise from a non-consensual disposition of the Acquired Assets.

39. For all of the foregoing reasons, the APA is in the best interests of the estate and creditors and should be approved by the Court.

B. The Proposed Sale of the Acquired Assets Satisfies the Business Judgment Rule.

40. Section 363 of the Bankruptcy Code provides that a debtor, "after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b). To approve the use, sale or lease of property outside the ordinary course of business, there must be some "articulated business justification." *Fulton State Bank v. Schipper (In re Schipper),* 933 F.2d 513, 515 (7th Cir. 1991) (internal citation omitted); *Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.),* 722 F.2d 1063, 1070 (2d Cir. 1983); *see also Stephens Indus., Inc., v. McClung*, 789 F.2d 386, 389-90 (6th Cir. 1986); *In re Abbotts Dairies of Pa., Inc.*, 788 F.2d 143, 145-47 (3d Cir. 1986); *In re Del. & Hudson Ry. Co.*, 124 B.R. 169, 175-76 (D. Del. 1991); *In re Efoora, Inc.*, 472 B.R. 481, 488 (Bankr. N.D. Ill. 2012); *In re Telesphere Commc'ns, Inc.*, 179 B.R. 544, 552 (Bankr. N.D. Ill. 1999).

41. Once a valid business justification made in the ordinary course of business is established, the business judgment rule "is a presumption that in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the Debtor." *In re S.N.A. Nut Co.*, 186 B.R. 98 (Bankr. N.D. Ill. 1995) (internal citation omitted). Similarly, a court will defer to the debtor's judgment to make a sale outside the ordinary course of business pursuant to Section 363, when the debtor has "sound business reasons for making the sale." *Schipper*, 933 F.2d at 515; *see also In re MF Global Inc.*, 467 B.R. 726, 730 (Bankr. S.D.N.Y. 2012) ("If a valid business justification exists, then a strong presumption follows that the agreement at issue was negotiated in good faith and is in the best interests of the estate; the burden of rebutting that presumption falls to parties opposing the transaction.").

42. Indeed, when applying the "business judgment" rule, courts show great deference to the debtor's decision-making. *See Summit Land Co. v. Allen (In re Summit Land Co.)*, 13 B.R. 310, 315 (Bankr. D. Utah 1981). Therefore, the relief requested in this Motion should be granted if the Debtor demonstrates a sound business justification therefor. *See Schipper*, 933 F.2d at 515; *Lionel*, 722 F.2d at 1071; *Del. Hudson Ry.*, 124 B.R. at 179.

43. As explained above, the Debtor has sound business justifications for selling the Acquired Assets at this time. Without the filing of this Motion and the commencement of the Sale Process requested herein, the Debtor does not have the resources necessary to maintain the value and viability of the Q4 Health Business. Moreover, the value of the Q4 Health Business is predicated on an expeditious and seamless transition of the Customer Contracts and customer relationships related thereto. The cessation of the Q4 Health Business will lead to an immediate, irreparable and significant decline in the value of the Acquired Assets. The Debtor therefore has determined, based upon its business judgment, the most viable option for maximizing the value of its estate is through a prompt sale of the Acquired Assets.

44. Based upon these factors and those discussed above, the Debtor has demonstrated a sound business justification for the proposed sale of the Acquired Assets pursuant to the Sale Procedures.

C. To the Extent Applicable, the Sale Satisfies the Requirements of Section 363(f) of the Bankruptcy Code for a Sale Free and Clear of Liens, Claims, Encumbrances and Interests.

45. Under Section 363(f) of the Bankruptcy Code, a debtor in possession may sell property free and clear of any lien, claim, or interest in such property if, among other things:

(a) applicable nonbankruptcy 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 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).

46. Because Section 363(f) is drafted in the disjunctive, satisfaction of any one of its five requirements will be sufficient to permit the sale of the Acquired Assets free and clear of any and all liens, claims, encumbrances and interests. *In re Terrace Chalet Apartments, Ltd.*, 159 B.R. 821, 827 (N.D. Ill. 1993). The Debtor believes that the Secured Lenders are the only entities holding liens on the Acquired Assets. With respect to BMO, the Debtor's senior secured lender, Section 363(f) is inapplicable insofar as the Acquired Assets are being sold subject to BMO's liens. *See* Stipulation and Order ¶ 5(c).

47. Based upon the foregoing, the sale should be approved under Section 363(f) of the Bankruptcy Code.

D. <u>The Sale Satisfies the Requirements of Bankruptcy Code Section 363(m) for a Sale Made in Good Faith.</u>

48. Section 363(m) reflects that the Bankruptcy Code strongly favors finality of sale orders, and protection of good-faith purchasers to maximize the value of the assets for sale, which benefits both the debtor and creditors. *See Hower v. Molding Sys. Eng'g Corp*., 445 F.3d 935, 938 (7th Cir. 2006).

49. "The requirement that a purchaser act in good faith, of course, speaks to the *integrity of his conduct in the course of the sale proceedings*. 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." *In re Andy Frain Servs., Inc.*, 798 F.2d 1113, 1125 (7th Cir. 1986) (quoting *In re Rock Indus. Mach. Corp.*, 572 F.2d 1995, 1198 (7th Cir. 1978)).

50. In the present case, the Stipulation and Order represents arms' length and good-faith negotiations and discussions between representatives of the Debtor, BMO, BIP and the Committee. Further, the APA is the result of the rigorous, arms-length, good-faith negotiations between the Debtor and BIP, in consultation with BMO and the Committee. To the best of the Debtor's management's knowledge, information and belief, BIP and the Debtor are unrelated parties.

E. <u>The Assumption and Assignment of Executory Contracts and Unexpired Leases Should Be Authorized.</u>

51. Section 365(f)(2) of the Bankruptcy Code provides that:

> [t]he trustee may assign an executory contract or unexpired lease of the debtor only if–
>
> (A) the trustee assumes such contract or lease in accordance with the provisions of this Section; and
>
> (B) adequate assurance of future performance by the assignee of such contract or lease is provided, whether or not there has been a default in such contract or lease.

11 U.S.C. § 365(f)(2).

52. Under Section 365(a), a debtor, "subject to the court's approval, may assume or reject any executory contract or unexpired lease of the debtor." 11 U.S.C. § 365(a). Section 365(b)(1), in turn, codifies the requirements for assuming an unexpired lease or executory contract of a debtor. This subsection provides as follows:

> (b)(1) If there has been a default in an executory contract or unexpired lease of the debtor, the trustee may not assume such contract or lease unless, at the time of assumption of such contract or lease, the trustee–

> (A) cures, or provides adequate assurance that the trustee will promptly cure, such default . . . ;
>
> (B) compensates, or provides adequate assurance that the trustee will promptly compensate, a party other than the debtor to such contract or lease, for any actual pecuniary loss to such party resulting from such default; and
>
> (C) provides adequate assurance of future performance under such contract or lease.

11 U.S.C. § 365(b)(1).

53. The meaning of "adequate assurance of future performance" depends on the facts and circumstances of each case, but should be given a "practical, pragmatic construction." *In re Res. Tech. Corp.*, 624 F.3d 376, 383 (7th Cir. 2010) (internal citation omitted). The required assurance "will fall considerably short of an absolute guarantee of performance." *Id.* (quoting *Carlisle Homes, Inc. v. Azzari (In re Carlisle Homes, Inc.)*, 103 B.R. 524, 538 (Bankr. D.N.J. 1988)); *see also In re Bon Ton Rest. & Pastry Shop, Inc.*, 53 B.R. 789, 803-04 (Bankr. N.D. Ill. 1985).

54. Among other things, adequate assurance may be provided by demonstrating the assignee's financial health and reputation. *Res. Tech.*, 624 F.3d at 383; *see also, e.g., In re Bygaph, Inc.*, 56 B.R. 596, 605-06 (Bankr. S.D.N.Y. 1986) (finding adequate assurance where prospective assignee of lease from debtor had financial resources and expressed its willingness to devote sufficient funding to business in order to give it strong likelihood of succeeding).

55. To the extent that any defaults exist under any of the Contracts and Leases that are to be assumed and assigned in connection with the sale of the Acquired Assets, the Debtor will either have any such default cured at Closing as a condition of such assumption and assignment, or obtain consent to the assumption and assignment on such modified terms as may be agreed to by the non-debtor party to such Contract and Lease. Moreover, the Debtor will

adduce facts at the Sale Hearing demonstrating the financial wherewithal of BIP, its willingness and ability to perform under the proposed Contracts and Leases to be assumed and assigned to it.

56. The Sale Hearing therefore will provide the Court and other interested parties ample opportunity to evaluate and, if necessary, challenge the ability of BIP to provide adequate assurance of future performance under the Contacts and Leases to be assumed and assigned. The Court therefore should have a sufficient basis to authorize the Debtor to assume and assign the Contracts and Leases as will be set forth pursuant to the APA.

VII. NOTICE

57. On February 12, 2018, the Debtor served notice of the Motion and a copy of the Motion with all exhibits, via CM/ECF filing, facsimile, and/or overnight delivery,[8] upon the following persons and/or entities: (a) the Office of the United States Trustee for the Northern District of Illinois; (b) counsel for the Secured Lenders; (c) counsel to the Committee; and (d) all other entities that have filed requests for notices pursuant to Bankruptcy Rule 2002 (collectively, the "**Notice Recipients**"). Under the circumstances present in this Chapter 11 Case, the Debtor requests that the foregoing notice be deemed adequate and reasonable under the Bankruptcy Code and Bankruptcy Rules for purposes of the entry of the Bidding Procedures Order and the commencement of the Sale Process.

58. Bankruptcy Rules 2002(a)(2) and 6004(a) require that notice of a proposed sale of substantially all of a debtor's assets be sent to all creditors. The Debtor proposes it serve that notice of the entry of the Sales Procedures Order requested herein and notice of the Sale Hearing in accordance with Bankruptcy Rules 2002(a)(2) and 6004, to the following persons: (a) the Notice Recipients; (b) all persons or entities reasonably known by the Debtor to have a lien on

[8] For those entities that filed requests for notices pursuant to Bankruptcy Rule 2002, notice of the Motion and a copy thereof was also provided by e-mail delivery to extent an e-mail address was available.

any of the Acquired Assets to be sold; (c) all counterparties to the Contracts and Leases; (d) all taxing authorities and other governmental units identified in the Debtor's creditors matrix; (e) any other applicable state taxing authorities for each state where the Acquired Assets are located; and (f) all other creditors in the Chapter 11 Case.

59. Pursuant to Bankruptcy Rule 2002(m), the Debtor asserts that it would be impracticable to forward this Motion in its entirety to all of its unsecured creditors listed in its creditors matrix on file herein, and therefore request that the notice of the Sale Hearing be made by delivering to each creditor by U.S. Mail, postage prepaid, a copy of the *Notice of Settlement and Private Sale of Assets and Intended Assumption and Assignment of Executory Contracts and Unexpired Leases in Connection Therewith* in the form attached hereto as Exhibit B ("**Notice of Sale**"), within one (1) business day of entry of the Sales Procedures Order, and that such notice be deemed adequate and reasonable under the Bankruptcy Code and Bankruptcy Rules.

VIII. CONCLUSION

WHEREFORE, Quadrant 4 System Corporation, debtor and debtor in possession herein, respectfully requests the entry of an order: (A) authorizing a private sale of the Debtor's Residual Software Platforms and other Acquired Assets free and clear of liens, claims, encumbrances and interests, except as provided in the Stipulation and Order; (B) scheduling a sale hearing on notice to all creditors; (C) authorizing the assumption and assignment of executory contracts and unexpired leases; (D) approving the form and manner of notice of sale hearing and proposed

assumption and assignment; and (E) awarding such other and further relief as is requested herein or is otherwise just and equitable.

Respectfully submitted,

QUADRANT 4 SYSTEM CORPORATION

By: /s/ Chad H. Gettleman
One of its attorneys

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EXHIBIT A

SETTLEMENT AND ASSET PURCHASE AGREEMENT

THIS SETTLEMENT AND ASSET PURCHASE AGREEMENT (this "**Agreement**") is made as of February _____, 2018 (the "**Effective Date**") by and between QUADRANT 4 SYSTEM CORPORATION, an Illinois corporation ("**Seller**"), and BIP LENDER, LLC, as collateral agent for BIP QUADRANT 4 DEBT FUND I, LLC, or its nominee ("**Buyer**", and together with Seller, the "**Parties**").

W I T N E S S E T H:

A. WHEREAS, on June 29, 2017, Seller filed a voluntary petition for relief commencing a case under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. 101 *et seq*. (the "**Bankruptcy Code**"), designated as Case Number 17-19689 (the "**Chapter 11 Case**") in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the "**Bankruptcy Court**");

B. WHEREAS, this Agreement is being entered into pursuant to that certain Stipulation and Order Resolving Motion For Authority To Enter Into Modification Agreement entered in the Chapter 11 Case on February 7, 2018 [Docket No. 351] (**"Stipulation"**);

C. WHEREAS, Seller is and/or was engaged in the information technology sector as a provider of: (1) cloud based, multi-tenant platforms and products to the health insurance, media and education industries; and (2) consulting and staffing services to a variety of industries (collectively, the "**Business**");

D. WHEREAS, one unit of the Business which remains in operation as of the date hereof is commonly referred to as "Q4 Health", which provides cloud based, multi-tenant platforms and products to facilitate enrollment, administration, private exchange and hybrid exchange solutions for healthcare and other benefits using human resources, facilities and hardware and software assets located in the United States and India (collectively, the **"Q4 Health Business"**);

E. WHEREAS, at present, the Q4 Health Business is comprised of two (2) components of its operations and services (collectively, the **"Residual Software Platforms"**): (1) QHIX software platform, subject to the rights in the QHIX Software Platform granted to TriZetto Corporation pursuant to that certain Source Code License and Services Agreement between Seller and TriZetto Corporation, as amended by that certain Modification Agreement (Source Code License and Services Agreement) dated as of January 15, 2018, and approved by that certain Order Approving Modification Agreement entered in the Chapter 11 Case on February 7, 2018 [Docket No. 352]; and (2) the EmpowHR software platform;

F. WHEREAS, prior to, and continuing after the commencement of the Chapter 11 Case, Seller has solicited offers to purchase the "Acquired Assets", as defined below, in order to permit a purchaser the ability to operate the Business, either in whole or by individual or a combination of one or more business units;

G. **WHEREAS**, Seller has retained the brokerage firm of Livingstone Partners, LLC as its exclusive broker to market and solicit offers to purchase Seller's assets necessary to operate the Business (**"Livingstone"**);

H. **WHEREAS,** Seller does not own the human resources, facilities or hardware assets located in India utilized for Seller's Q4 Health Business, all of which to the best of Seller's knowledge, information and belief, were owned by Quadrantfour Software Q4 Health (Pvt.) Limited, an Indian limited company (**"Q4 India"**) at the commencement of the chapter 11 Case and continuing until in or around late July, 2017, and thereafter, were owned by First Tek Services Private Limited (**"First Tek India"**). To the best of Seller's knowledge, information and belief, Q4 India and First Tek India are totally separate and independent entities from each other and Seller, under different management, ownership and control;

I. **WHEREAS,** pursuant to the terms and conditions of the Stipulation, this Agreement, Sections 105 and 363 and all other applicable provisions of the Bankruptcy Code, and Bankruptcy Rules 6004, 6006 and 9019, and all other applicable provisions of the Bankruptcy Rules, Seller desires to sell the Acquired Assets, in bulk, to Buyer, and Buyer desires to purchase from Seller the Acquired Assets, in bulk, upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the Parties do hereby agree as follows:

1. **Purchase and Sale of Acquired Assets.** Subject to the terms and conditions of this Agreement, Seller shall sell to Buyer, in bulk, and Buyer shall purchase from Seller, in bulk, at the "Closing", as defined below, the following assets owned by Seller, wherever located and whenever acquired, necessary to operate the Q4 Health Business (collectively, the **"Acquired Assets"**):

(a) All of Seller's right, title and interest in and to certain customer contracts, with the exception of those contracts to be designated by Buyer on Schedule 1A at the time of Closing, including, without limitation, statements of work and purchase orders to Seller from its Q4 Health Business customers which are outstanding as of the Closing (collectively, the **"Customer Contracts"**), and to the extent any such Customer Contracts constitute executory contracts under Section 365 of the Bankruptcy Code, subject to the terms and conditions concerning "Assumed Contracts", as defined, and as set forth, in paragraph 5 below;

(b) All of the following pertaining to the Q4 Health Business and the Acquired Assets, wherever located: historical revenue information per customer; customer files, lists and sales records; supplier files, lists, records and literature; marketing, advertising and promotional materials; records of salesman commissions or other compensation; business plans; all data and other information stored on hard drives (including those located on remote servers, whether operated by Seller or by third party providers); discs, tapes or other media; personnel records for any former employees of Seller as of the Closing who are employed by Buyer after the Closing; and correspondence and other electronic transmissions relating to any and all of the foregoing (collectively, the **"Books and Records"**), but excluding: (i) all books, records,

financial information and documents pertaining to any division, unit or part of the Business, excluding only the Q4 Health Business; (ii) personnel files for any former employees of Seller as of the Closing who are not employed by Buyer within fourteen (14) days from and after the Closing; (iii) business organizational documents; and (iv) subject to the post-Closing obligations set forth in paragraph 17(a) below, financial records, income tax returns, checkbooks, cancelled checks, and any other documentation necessary for Seller to conclude the administration of the Chapter 11 Case, including, without limitation, all books, records and documents necessary to prosecute any and all "Causes of Action", as defined below (collectively, the **"Excluded Books and Records"**);

(c) All trade and other receivables and rights to payments arising from products and services sold in the operation of the Q4 Health Business (collectively, the **"Receivables"**);

(d) All intangible assets or intellectual property pertaining solely to the Q4 Health Business, including, without limitation, the Residual Software Platforms, and owned software (source code and object code), patents, copyrights and trade name usage, to the extent assignable and transferable under applicable law;

(e) All of Seller's right, title and interest in and to the names "QHIX", "EmpowHR", and any variants or usage thereof;

(f) The goodwill associated with the Q4 Health Business;

(g) All sales and marketing materials, computer servers, displays and display equipment (including the trade show booth), wherever located, together with all unexpired warranties of manufacturers, vendors or other third parties, if any (collectively, the **"Fixed Assets"**);

(h) Subject to the to the terms and conditions of paragraph 5 below concerning Assumed Contracts, all of Seller's right, title and interests in and to all permits, licenses and approvals, to the extent they are assignable, if any, including, without limitation, all licenses listed on Exhibit A attached hereto and made a part hereof (collectively, the **"Licenses"**); and

(i) All of Seller's rights, title and interest in and to any and all other Assumed Contracts subject to the terms and conditions of paragraph 5 below.

2. Excluded Assets. Anything herein to the contrary notwithstanding, Seller shall retain and shall not sell, convey, transfer, assign or deliver to Buyer any interest in the following assets and properties of Seller, and Buyer hereby acknowledges that it does not have nor will it acquire at Closing or thereafter an interest of any kind whatsoever in the following assets and properties of Seller (collectively, the **"Excluded Assets"**): (a) excluding only the Acquired Assets used in the Q4 Health Business, any and all tangible and intangible personal property assets of any kind or nature whatsoever owned by Seller and used in connection with any and all divisions, units or parts of the Business; (b) any cash or cash equivalents whatsoever, whether on hand, in banks or elsewhere; (c) Excluded Books and Records; (d) causes of action and litigation rights existing as of the Closing in favor of Seller, including any and all causes of

action arising under Sections 510 and 544-553 of the Bankruptcy Code (collectively, the **"Causes of Action"**); (e) all tax refunds whenever arising, and all rights or other tax benefits arising from Seller's net operating losses arising prior to the Closing; (f) all non-transferable prepaid expenses and deposits arising in connection with the Business; (g) any right, title or interest in and to any insurance policies and/or cash surrender values thereunder or premium refunds therefrom; (h) all executory contracts and unexpired leases which are not Assumed Contracts; (i) all contract rights, title or interests, including, any refunds or credits, arising out of, under or related to the Excluded Assets, if any; and (j) any and all furniture, fixtures, machinery, equipment and other fixed assets pertaining to the Business, wherever located.

3. Deposit; Purchase Price; Allocation.

(a) Purchase Price. The purchase price for the Acquired Assets (**"Purchase Price"**) shall be the sum of: (i) One Million Dollars ($1,000,000.00) (**"Closing Payment"**); and (ii) the Assumed Liabilities. The closing Payment shall be payable to Seller at the closing by credit bid pursuant to section 363(k) of the Bankruptcy Code of Buyer's previously allowed secured claims under that certain Final Order (I) Authorizing Secured Post-Petition Financing Pursuant to 11 U.S.C. § 364, (II) Authorizing Use of Cash Collateral Pursuant to 11 U.S.C. § 363, and (III) Granting Adequate Protection Pursuant to 11 U.S.C. §§ 361, 363 and 364, entered on September 7, 2017 [Docket No. 162] (**"Final Cash Collateral Order"**).

(b) The Parties agree that the allocation of the Purchase Price among the Acquired Assets shall be as reasonably agreed to in writing between the Parties.

4. Method of Sale; Bankruptcy Court Approval. Pursuant to the Stipulation and provided that this Agreement is executed by all Parties, Seller shall file a motion in the Chapter 11 Case on February 12, 2018 seeking the entry of order: (a) requesting the scheduling of a hearing to be held in the Chapter 11 Case as soon as practicable, on 21 days' notice to all creditors (**"Sale Hearing"**) to approve a private sale of the Acquired Assets to Buyer pursuant to this Agreement free and clear of liens, claims, encumbrances and interests; and (b) for such other relief as is necessary, reasonable and customary in connection therewith (**"Sale Motion"**).

5. Assumption of Executory Contracts and Unexpired Leases.

(a) Seller agrees to seek authority to assume and assign to Buyer, any and all executory contracts and unexpired leases to which Seller is a party, and which Buyer identifies to Seller at least ten (10) days prior to the Sale Hearing, that Buyer wishes to assume (collectively, the **"Proposed Assumed Contracts"**).

(b) If Buyer, in its sole discretion, elects to waive the condition precedent regarding Seller's assumption of any Proposed Assumed Contracts, Buyer shall have confirmed such waiver(s) in writing on or before the Sale Hearing.

(c) Buyer shall pay all Cure Costs as a condition of all Assumed Contracts being assigned to Buyer pursuant to the Sale Order at the Closing, unless otherwise ordered by the Bankruptcy Court.

6. Closing.

(a) Closing Date. Provided that this Agreement is approved by order of the Bankruptcy Court at the Sale Hearing, then subject to the terms and conditions of this Agreement, as may be amended at the Sale Hearing, the consummation of the transactions contemplated herein (the **"Closing"**), shall take place at A&G's offices at 10:00 a.m. (Central time) on the first (1st) business day following the entry of the Sale Order, or such other location, time and date as shall be mutually agreed upon by the Parties, but in no event later than March 16, 2018 (**"Outside Date"**). The time of the Closing shall be deemed to be effective as of 12:01 a.m. (Central time) on the date of the Closing.

(b) Seller's Deliveries at Closing. At the Closing, Seller shall execute and deliver or cause to be executed and delivered to Buyer the following:

(i) A duly executed quitclaim bill of sale and assignment for all of the Acquired Assets, provided that Buyer may elect to have separate quitclaim bills of sale and assignment for individual categories of Acquired Assets and/or Licenses and/or Assumed Contracts;

(ii) Copies of all consents, waivers and approvals necessary to consummate the transactions contemplated herein;

(iii) A copy of the entered Sale Order;

(iv) Excluding the liens in and to the Acquired Assets in favor of BMO Harris Bank, N.A. (**"BMO"** or **"BMO Liens"**) pursuant to the Final Cash Collateral Order, which shall continue in full force and effect in accordance with the Stipulation, UCC termination statements as to all of the Acquired Assets sold to Buyer in recordable form and, if necessary, executed by the appropriate officer(s) of all secured parties holding liens therein, if any, with the cost of recordation to be at Buyer's sole cos.

(v) Copies or originals of all the Books and Records;

(vi) Originals of the Assumed Contracts, and if unavailable, true and correct copies thereof;

(vii) A certified resolution of Seller's Board of Directors authorizing the execution, delivery and performance of this Agreement;

(viii) If requested by Buyer, notices in a form reasonably satisfactory to Buyer executed by Seller's Chief Executive Officer to each Q4 Health Business customer or account debtor of Seller, as the case may be, of the sale of the Acquired Assets and/or Buyer's right to collect sales proceeds on all Receivables; and

(ix) Such other instruments and documents as Buyer shall reasonably request to consummate the transactions contemplated in this Agreement.

(c) Buyer's Deliveries at Closing. At the Closing, Buyer shall execute and deliver or cause to be executed and delivered to Seller the following:

(i) A certified resolution of Buyer's Board of Directors, or manager and member(s), as the case may be, authorizing the execution, delivery and performance of this Agreement;

(ii) Countersignatures to the documents described in subparagraphs (b)(i)-(iii) above acknowledging receipt of any such property conveyed thereby; and

(iii) Such other instruments and documents as Seller shall reasonably request to consummate the transactions contemplated in this Agreement.

7. Delivery and Condition of the Acquired Assets.

(a) Immediately upon completion of the Closing, Seller shall have fully and completely turned over to Buyer the possession, custody and control of the Acquired Assets wherever located. Buyer agrees that from and after the Closing, Buyer shall be solely responsible and liable for any loss, cost, damages, expenses or liabilities of any kind or nature whatsoever arising out of, under or related to Buyer's storage, use, removal, sale, transfer, conveyance or other disposition of the Acquired Assets, and accordingly, Seller is not assuming and shall not be liable or responsible for any or all such liabilities or obligations. Legal title to, and all risk of loss for, the Acquired Assets shall be transferred to Buyer effective upon the Closing. Subject only to the Assumed Liabilities, Seller agrees that it shall be solely responsible and liable for any loss, cost, damages, expenses or liabilities of any kind or nature whatsoever arising out of, under or related to the Acquired Assets prior to Closing, and accordingly, Buyer is not assuming and shall not be liable or responsible for any or all such liabilities or obligations.

(b) Subject to the express terms and conditions of this Agreement, Buyer agrees that it is purchasing and shall take possession of the Acquired Assets at the Closing in their **AS IS, WHERE IS** condition, with all latent or patent faults, and acknowledges that it has previously been given the opportunity to and has conducted such investigations and inspections of the Acquired Assets as Buyer has deemed necessary or appropriate for the purposes of this Agreement.

(c) EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THIS AGREEMENT, BUYER ACKNOWLEDGES AND AGREES THAT SELLER HAS NOT MADE, AND HEREBY DOES NOT MAKE OR INTEND TO MAKE, ANY EXPRESS OR IMPLIED REPRESENTATIONS, STATEMENTS, WARRANTIES, OR CONDITIONS OF ANY KIND OR NATURE WHATSOEVER CONCERNING THE ACQUIRED ASSETS, INCLUDING WITHOUT LIMITATION OF THE GENERALITY OF THE FOREGOING, THE OWNERSHIP, CONDITION, WORKING ORDER, SUFFICIENCY, QUANTITY AND/OR QUALITY OF ANY OR ALL OF THE ACQUIRED ASSETS; THE ASSIGNABILITY OF THE INTANGIBLE ASSETS OR ANY OF THEM; THE ABILITY TO USE THE TELEPHONE NUMBERS; SELLER'S EQUITY SECURITY HOLDERS, CREDITORS, EMPLOYEES, ASSETS, LIABILITIES, BUSINESS (INCLUDING THE Q4 HEALTH BUSINESS), OPERATIONS, PROFITABILITY OR LACK THEREOF,

PROJECTIONS, ESTIMATES, BUDGETS, Q4 INDIA, FIRST TEK INDIA, OR ANY OTHER MATTERS OF ANY KIND OR NATURE WHATSOEVER ARISING OUT OF, UNDER OR RELATED TO THE ACQUIRED ASSETS AND/OR THE MATTERS LEADING UP TO THIS AGREEMENT; THE COMPLETENESS OR ACCURACY OF SELLER'S PAST OR PRESENT FINANCIAL STATEMENTS, BOOKS AND RECORDS AND OTHER FINANCIAL INFORMATION; OR ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

8. Conditions Precedent to the Obligations of Buyer. All obligations of Buyer hereunder are subject to the fulfillment, at or prior to the Closing, of each of the conditions precedent set forth below or otherwise contained herein:

(a) The representations and warranties of Seller contained herein shall be true and correct on and as of Closing in all material respects, with the same force and effect as though made on and as of said date, except as affected by the transactions contemplated hereby (except those representations and warranties that address matters only as of a specified date, which shall be true and correct in all respects as of that specified date).

(b) Seller shall have performed all of its obligations and agreements, and complied with all of its covenants herein, to be performed and complied with by Seller at the Closing or such earlier date as herein specified. At the Closing, Seller shall deliver possession of the Acquired Assets to Buyer as set forth herein.

(c) There shall have been no material and adverse change in the Acquired Assets from the date hereof until the Closing except as disclosed, and reasonably acceptable to, Buyer.

(d) The Bankruptcy Court shall have entered an order, in form and manner reasonably acceptable to Buyer: (i) approving the sale, transfer and assignment of the Acquired Assets to Buyer upon the terms and conditions set forth in this Agreement (or as may have been amended with the consent of the Parties hereto at the Sale Hearing), free and clear of any and all liens, claims and encumbrances (excluding the BMO Liens and the Assumed Liabilities); (ii) finding that the notice of the proposed sale of the Acquired Assets sent by Seller, and the service thereof, were sufficient under the circumstances; (iii) containing a finding that all requirements imposed by Section 363(f) of the Bankruptcy Code for the sale of the Acquired Assets free and clear of all liens, claims and encumbrances (other than Assumed Liabilities) have been satisfied; (iv) containing a finding that Buyer is a good faith purchaser pursuant to Section 363(m) of the Bankruptcy Code; (v) containing a finding that Buyer and Seller did not engage in any conduct which would allow this Agreement to be set aside pursuant to Section 363(n) of the Bankruptcy Code; (vi) containing a finding that the terms and provisions of this Agreement are fair and reasonable; (vii) authorizing the assumption and assignment of the Assumed Contracts to Buyer; (viii) authorizing the Buyer's use of the Individual Customer Information; and (ix) containing such other findings and granting such other relief as is necessary, reasonable and customary in connection therewith (**"Sale Order"**).

9. Conditions Precedent to the Obligations of Seller. All obligations of Seller hereunder are subject to the fulfillment, at or prior to the Closing, of each of the conditions precedent set forth below or otherwise contained herein:

(a) The representations and warranties of Buyer herein contained shall be true and correct on and as of the Closing in all material respects, with the same force and effect as though made on and as of said date, except as affected by the transactions contemplated hereby (except those representations and warranties that address matters only as of a specified date, which shall be true and correct in all respects as of that specified date).

(b) Buyer shall have performed all of its obligations and agreements, and complied with all of its covenants herein to be performed and complied with by Buyer at the Closing or such earlier date as herein specified. At the Closing, Buyer shall take possession of the Acquired Assets as contemplated herein.

(c) The Sale Order shall have been entered by the Bankruptcy Court.

10. Covenants. Between the date hereof and the Closing, Seller and Buyer hereby covenant and agree, as the case may be, as follows:

(a) Seller shall not sell, lease, transfer, convey, assign or dispose of in any manner whatsoever, any of the Acquired Assets, except in the ordinary course of Seller's Business consistent with past practices.

(b) Seller agrees to maintain and preserve the Acquired Assets prior to the Closing in their present state and condition in all material respects, subject to ordinary wear and tear, and sales in the ordinary course of the Business consistent with past practices. Seller will pay in full, in the ordinary course of its Business, all charges, bills and invoices for utilities, labor, goods, materials and services of any kind relating to the Acquired Assets for the period during Seller's ownership of the Acquired Assets, unless Seller contests same in good faith.

(c) Seller agrees to maintain the Books and Records in a complete and accurate manner on a basis consistent with past bookkeeping and accounting practices of Seller.

(d) Each of the Parties agrees not to knowingly take, or fail to take, any action which by reason of taking or such failure to take would make any representations or warranties of each Party herein materially untrue, inaccurate or otherwise misleading.

(e) Each of the Parties agrees to take all business organizational and other action necessary to consummate and carry out the transactions contemplated herein, subject to the terms and conditions of this Agreement, and to use all commercially reasonable diligence to obtain the entry of the Sale Order.

(f) Seller will: (i) not subject the Acquired Assets or any portion thereof to any additional liens, encumbrances, covenants, restrictions, conditions, or similar matters which will not be eliminated prior to the Closing; and (ii) promptly advise Buyer in writing of: (A) any litigation or notice received with respect to the Acquired Assets or any portion of the Acquired Assets of which Seller has actual knowledge; (B) any hearings, meetings, developments and

other matters pertaining to the Acquired Assets of which Seller has actual knowledge; or (C) any material changes of facts or conditions with respect to the Acquired Assets of which Seller has actual knowledge and that causes or is likely to cause any of Seller's representations or warranties to be inaccurate in any material respect.

11. Seller's Representations and Warranties. Seller represents and warrants to Buyer, with the intent and understanding that Buyer is expressly relying thereon as a material inducement to enter into this Agreement as follows:

(a) Seller is a corporation duly organized, validly existing, in good standing under the laws of the State of Illinois.

(b) Subject only to the entry of the Sale Order, no further approval, consent or other action by any person or entity is required for Seller to consummate the transactions contemplated by this Agreement. Seller agrees to use reasonable commercial diligence to obtain the entry of the Sale Order.

(c) Seller has executed this Agreement subject to the terms and conditions of the Sale Order, provided however, that if this Agreement is approved by the Sale Order, then such execution hereof by Seller shall not be deemed conditional in any respect, subject to all other terms and conditions of this Agreement and the Sale Order.

(d) Subject only to the entry and terms of the Sale Order, Seller has full power and authority to execute and perform this Agreement and all documents and instruments to be executed by Seller pursuant to this Agreement. This Agreement, and all documents related hereto, have been, or will be, executed and delivered by duly authorized representatives of Seller. Upon the execution hereof by the Parties, this Agreement shall constitute a legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms, subject only to the entry and terms of the Sale Order.

(e) No consent, authorization, order or approval of, or filing or registration with, any governmental commission, board or other regulatory body of the United States or any state or political subdivision thereof is required for or in connection with the consummation by Seller of the transactions contemplated by this Agreement; provided, however, that Seller makes no representations or warranties as to Buyer's ability to obtain any licensing, approval, consent or order of such governing or regulatory body or otherwise.

(f) Neither the execution and delivery of this Agreement by Seller, nor the consummation by Seller of the transactions contemplated hereby, will conflict with or result in a breach of any of the terms, conditions or provisions of Seller's organizational documents, or of any statute or administrative regulation, or of any order, writ, injunction, judgment or decree of any court or governmental authority or of any arbitration award to which Seller is a party or by which Seller is bound.

(g) Seller has good and marketable title to all of the Acquired Assets being sold, transferred, conveyed and assigned to Buyer.

12. Buyer's Representations and Warranties. Buyer represents and warrants to Seller, with the intent and understanding that Seller is expressly relying thereon as a material inducement to enter into this Agreement as follows:

(a) Buyer is a _____ duly organized and validly existing under the laws of the State of _____.

(b) Buyer has full power and authority, and financial wherewithal, to execute and perform this Agreement and all documents and instruments to be executed by Buyer pursuant to this Agreement. This Agreement, and all documents related hereto, have been, or will be, executed and delivered by a duly authorized representative of Buyer. Upon the execution hereof by the Parties, this Agreement shall constitute a legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms.

(c) No consent, authorization, order or approval of, or filing or registration with, any governmental commission, board or other regulatory body of the United States or any state or political subdivision thereof is required for or in connection with the consummation by Buyer of the transactions contemplated by this Agreement.

(d) Neither the execution and delivery of this Agreement by Buyer, nor the consummation by Buyer of the transactions contemplated hereby, will conflict with or result in a breach of any of the terms, conditions or provisions of Buyer's organizational documents, or of any statute or administrative regulation, or of any order, writ, injunction, judgment or decree of any court or governmental authority or of any arbitration award to which Buyer is a party or by which Buyer is bound.

(e) Buyer agrees that it has or shall be deemed to have completed all of its due diligence efforts regarding the Q4 Health Business and the Acquired Assets and/or to have waived further due diligence requirements upon the Effective Date.

13. Liabilities Assumed/Not Assumed.

(a) Assumed Liabilities. Effective upon, and from and after Closing, in addition to those liabilities of Seller expressly assumed by Buyer hereunder, Buyer shall be solely liable and responsible for all of the following obligations, all of which shall survive the closing (collectively, the **"Assumed Liabilities"**):

(i) Any or all liabilities or obligations of any kind or nature whatsoever arising from and after the Closing out of, under, or related to the Acquired Assets;

(ii) Any and all loss, cost, claim, liability, damage and expense of any kind whatsoever (including, without limitation, reasonable attorney's fees, legal and other expenses incurred by Buyer in connection therewith), that Buyer may at any time suffer, sustain, incur, realize or become subject to which arises out of, under, or relates to the Acquired Assets and/or the use thereof from and after the Closing;

(iii) All costs and expenses to be incurred in connection with the fulfillment of the Customer Contracts and other Assumed Contracts;

(iv) All Cure Costs due and owing under the Assumed Contracts assigned to, and assumed by, Buyer at Closing;

(v) All employment claims, charges or grievances by any present or former employees of Seller with respect only to claims arising out of, under, or related to Buyer's employment of such employees from and after the Closing, it being understood by the Parties that Buyer shall have the right, in its sole discretion, but not the obligation, to make offers of employment to any or all of Seller's former and/or current employees upon such terms as Buyer sees fit, in its sole and absolute discretion, with any and all such offers of employment, if any, commencing only after the Closing;

(vi) Any and all loss, costs, damages, expenses or liabilities of any kind or nature whatsoever incurred from and after the Closing and arising out of, under or related to: (A) Buyer's storage, use, removal, sale, transfer, conveyance or other disposition of the Acquired Assets; and (B) any damage caused to the Acquired Assets by Buyer's representatives in connection with the use, storage and/or removal of the Acquired Assets, including any and all costs of repair or remediation required as a result thereof; and

(vii) Buyer shall indemnify Seller, and hold Seller harmless, from and against any and all losses, costs, damages, expenses, liabilities, claims, demands, and causes of action, of any kind or nature, relating to the Assumed Liabilities.

(b) Unassumed Liabilities. Except as is expressly provided in the preceding paragraph concerning the Assumed Liabilities, and notwithstanding anything to the contrary contained in this Agreement or otherwise, Buyer is not assuming, nor shall it in any way be liable or responsible for, any liabilities, obligations or debts relating to the Business or the Acquired Assets prior to Closing, whenever arising and whether known or unknown, primary or secondary, direct or indirect, absolute or contingent, contractual, tortious or otherwise (collectively, the **"Unassumed Liabilities"**), including, without limitation of the generality of the foregoing:

(i) All operating costs and expenses incurred and unpaid by Seller arising out of, under or related to the Business, including, without limitation, the Q4 Health Business, prior to Closing;

(ii) Any claims or pending litigation or proceedings relating to any action with respect to the operation of the Business or the Acquired Assets prior to the Closing;

(iii) Any obligations or liabilities of Seller under any employee pension, retirement, health, disability, or other benefit plans for occurrences or conditions existing prior to the Closing;

(iv) All employment claims, charges or grievances by any present or former employees of Seller with respect only to claims arising out of, under, or related to Seller's employment of such employees prior to the Closing;

(v) Any liability of Seller for income, transfer, sales, use, and other tax, fee, or assessment arising in connection with the consummation of the transactions contemplated hereby;

(vi) Any obligations or liabilities caused by, arising out of, or resulting from any action or omission of Seller, its employees, agents, representatives or contractors;

(vii) Any obligations or liabilities of any kind or nature whatsoever, whether oral or written, to any current or former employee, representative, agent, insider, officer, member or manager of Seller for any employee benefit plans and/or any employment related matters of any kind or nature whatsoever, including, without limitation, salesmen commissions, the employment (or the termination of employment) of any employees of Seller including WARN Act obligations wages, severance or similar termination benefits, vacation, sick leave and/or health insurance matters to any and all of Seller's employees;

(viii) All obligations of Seller under any federal state or local laws, statutes, by-laws, regulations or ordinances relating to occupational safety, health, product liability and transportation;

(ix) Any other obligations of Seller not expressly assumed by Buyer under this Agreement; and

(x) Seller shall retain all Unassumed Liabilities, and shall defend, indemnify and hold harmless Buyer from and against any liability, damage, loss, cost or expense incurred by Buyer in connection with any Unassumed Liabilities by means of an administrative claim if, and to the extent, allowed by order of the Bankruptcy Court in accordance with Section 503 of the Bankruptcy Code, provided however, that Seller reserves the right to contest same in good faith, and provided further, that Buyer shall have no recourse to pursue individual officers, employees, agents, representatives, managers or members of Seller, directly or indirectly, for any such indemnification claims and hereby expressly waives same.

14. Termination and Remedies. This Agreement and the transactions contemplated herein may be terminated prior to Closing pursuant to any of the following:

(a) By Buyer if the Sale Order has not been entered on or before Outside Date;

(b) By the mutual written consent of Seller and Buyer, in which case, this Agreement shall be null and void and of no legal effect upon the date of the execution of such mutual written consent, and each of the Parties shall otherwise suffer their own losses, costs, expenses or damages arising out of, under or related to this Agreement;

(i) By either of the Parties if the other Party materially defaults under this Agreement or the Closing of this Agreement, if approved by the Bankruptcy Court pursuant to the terms of the Sale Order, shall not have occurred at or before the Outside Date; provided, however, that the right to terminate this Agreement under this subparagraph shall not be available to any Party whose failure to fulfill any of its obligations under this Agreement has been the cause of or resulted in the failure of the Closing to occur on or prior to the aforesaid

date, provided however, that if Buyer is not in default hereunder and Seller fails to make the required deliveries at the Closing or materially defaults under this Agreement with no fault of Buyer, then Buyer shall have the right to: (A) terminate this Agreement and thereupon this Agreement shall be null and void and of no legal effect whatsoever, and each of the Parties shall otherwise suffer their own losses, costs, expenses or damages arising out of, under or related to this Agreement; (B) pursue the remedy of specific performance of this Agreement in the Bankruptcy Court, at its sole cost and expense; or (C) waive or agree to modify, in Buyer's sole and absolute discretion, the occurrences causing Seller's inability to consummate the transactions contemplated herein, after which Buyer shall be required to consummate the transactions contemplated herein.

(ii) If Seller is not in default hereunder, and Buyer in default hereunder fails or refuses to close for any reason, then Seller, as its sole remedy, shall be entitled to retain the Deposit as liquidated damages for Buyer's default.

15. Brokers. Livingstone is the exclusive sales agent for Seller. Excluding only Seller's retention of Livingstone, the Parties warrant to each other that they have not engaged, consented to, or authorized any other broker, investment banker, or other third party to act on their behalf, directly or indirectly, as a broker or finder in connection with the transactions contemplated by this Agreement, and that no such other third party is entitled to any fee or compensation in connection with this Agreement or the transactions contemplated hereby by reason of any action of it. Seller shall have the sole responsibility for the payment of any and all compensation to Livingstone in accordance with the underlying engagement agreement between Seller and Livingstone. Seller and Buyer shall indemnify, defend and hold harmless the other from any and all claims of any broker, investment banker, or other broker or finder, arising by, through or under either of them in connection with this transaction, it being agreed that Seller's indemnity will include any obligations owing to Livingstone. The obligations of the Parties under this paragraph will survive the Closing or any termination of this Agreement.

16. Risk of Loss. If a material portion of the Acquired Assets (ten percent (10%) or more of the aggregate replacement cost thereof) shall be damaged by fire or elements or other cause prior to the Closing, Buyer may (a) terminate this Agreement in writing at its election, in which case, Buyer shall receive back the Deposit as its sole remedy which shall occur within three (3) business days after the date of such termination, and each of the Parties shall otherwise suffer their own losses, costs, expenses or damages arising out of, under or related to this Agreement, and neither Party will have any further right or obligation under this Agreement, except for the covenants contained in this Agreement which expressly survive the termination of this Agreement or Closing, as the case may be, with each party to suffer their own losses, costs, expenses and damages, except as otherwise set forth in this Agreement, or (b) elect to retain the insurance proceeds relating thereto as its sole remedy, and shall be required to close the transactions as otherwise herein contemplated.

17. Further Assurances; Post-Closing Obligations.

(a) Seller and Buyer shall each make their respective books and records (including work papers in the possession of their respective accountants) with respect to the Q4 Health Business and Acquired Assets available for inspection by the other Party, or by its duly

accredited representatives, for reasonable business purposes at all reasonable times during normal business hours, for a three (3) year period after the Closing, with respect to all transactions of Seller occurring prior to and relating to the Closing. As used in this subparagraph, the right of inspection includes the right to make extracts or copies. The representatives of a Party inspecting the records of the other Party shall be reasonably satisfactory to the other Party.

(b) For a period of ninety (90) days after the Closing, Buyer shall, at no cost to Seller, for purposes of Seller's continuing efforts to complete the administration of Seller's estate in the Chapter 11 Case, make reasonably available to Seller during all normal business hours: (1) all Fixed Assets wherever located; and (2) any employees of Seller that Buyer hires.

(c) From and after the Closing, the Parties shall execute such further documents, and perform such further acts, as may be necessary to transfer and convey the Assets to Buyer on the terms herein contained and to otherwise comply with the terms of this Agreement and consummate the transactions contemplated hereby.

18. Entire Agreement. This Agreement, including those documents identified herein or to be appended hereto as Exhibits constitutes the entire contract between the Parties relating to the subject matter hereof and is the final and complete expression of their intent. No prior or contemporaneous negotiations, promises, agreements, covenants, or representations of any kind or nature, whether made orally or in writing, have been made by the Parties, or any of them, in negotiations leading to this Agreement or relating to the subject matter hereof, which are not expressly contained herein, or which have not become merged and finally integrated into this Agreement; it being the intention of the Parties hereto that in the event of any subsequent litigation, controversy, or dispute concerning the terms and provisions of this Agreement, no Party shall be permitted to offer to introduce oral or extrinsic evidence concerning the terms and conditions hereof that are not included or referred to herein and not reflected in writing. This Agreement can be changed, modified or amended only by a writing executed by the Parties. Except as expressly provided herein, no conditions of any kind or nature exist to the legal effectiveness of this Agreement which shall be in full force and effect immediately upon execution and delivery by the Parties hereto.

19. Survival of Representations and Warranties. The warranties and representations of the Parties hereto as expressed herein shall survive the Closing for a period of one (1) year from the Closing.

20. Notices. All notices required or permitted to be given hereunder shall be in writing and may be delivered by hand, electronically, by nationally recognized private courier, or by United States mail. Notices delivered by mail shall be deemed given five (5) business days after being deposited in the United States mail, postage prepaid, registered or certified mail. Notices delivered by nationally recognized private courier (such as Federal Express) shall be deemed given on the date received, as verified by a nationally recognized private courier. Notices delivered by hand, electronically, or by facsimile shall be deemed given on date received; provided, however, that a notice delivered by facsimile or e-mail shall only be effective if such notice is also delivered by hand, by nationally recognized private courier, or

deposited in the United States mail, postage prepaid, registered or certified mail on or before two (2) business days after its delivery by facsimile or e-mail. All notices shall be addressed as follows (or to such other address as any party shall have advised the others in writing):

If to Seller addressed to:

Quadrant 4 System Corporation
1501 E. Woodfield Rd., Suite 205 S
Schaumburg, IL 60173
Attention: Mr. Robert H. Steele, CEO (Robert.steele@qfor.com)

With a copy (which shall not constitute notice) to:

Adelman & Gettleman, Ltd.
53 West Jackson Blvd., Suite 1050
Chicago, IL 60604
Attention: Chad H. Gettleman, Esq. (chg@ag-ltd.com)
Nathan Q. Rugg, Esq. (nqr@ag-ltd.com)
Phone: (312) 435-1050
Facsimile: (312) 435-1059

and

Nixon Peabody, LLP
Three First National Plaza
70 West Madison Street, Suite 3500
Chicago, IL 60602
Attention: Gary I. Levenstein, Esq. (gilevenstein@nixonpeabody.com)
David R. Brown, Esq. (drbrown@nixonpeabody.com)
Phone: (312) 977-4400
Facsimile: (312) 977-4405

If to Buyer addressed to:

Mr. Todd E. Knudsen (tknudsen@bipcapital.com)
Chief Financial Officer
BIP Capital
Piedmont Center
3575 Piedmont Road
Building 15, 7th Floor, Suite 730
Atlanta, GA 30305
Phone: (678) 528-7951

With a copy (which shall not constitute notice) to:

Peter J. Haley, Esq. (peter.haley@nelsonmullins.com)
Nelson Mullins Riley & Scarborough, LLP
One Post Office Square
Boston, MA 02109-2127
Phone: (617) 217-4714

and/or to such other respective addresses and/or addressees as may be designated by notice given in accordance with the provisions of this paragraph.

21. No Contract until Execution. Subject to the provisions of this Agreement and the entry of the Sale Order, this Agreement shall become valid and binding only after it is executed and delivered by the Parties. Until execution hereof, it is the intention of the Parties that: (a) no agreement, contract, offer of agreement or proposal arises; and (b) no estoppel is created by the submission of any draft hereof or any other conduct of the Parties.

22. Expenses. Subject to the terms and conditions of this Agreement, each Party hereto shall bear all fees and expenses incurred by such Party in connection with, relating to or arising out of the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including, without limitation, attorneys', accountants' and other professional fees and expenses.

23. Non-Waiver. The failure in any one or more instances of a Party to insist upon performance of any of the terms, covenants or conditions of this Agreement, to exercise any right or privilege in this Agreement conferred, or the waiver by said Party of any breach of any of the terms, covenants or conditions of this Agreement, shall not be construed as a subsequent waiver of any such terms, covenants, conditions, rights or privileges, but the same shall continue and remain in full force and effect as if no such forbearance or waiver had occurred. No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving Party.

24. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the Parties hereto, and their successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to convey on any person other than the Parties hereto, and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, including, without limitation, third party beneficiary rights.

25. Amendments. This Agreement and all of the terms and conditions herein shall in no way be altered, amended or modified by except pursuant to written agreement of Buyer and Seller.

26. Assignability. This Agreement shall not be assignable by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld.

27. Applicable Law. This Agreement shall be governed and controlled as to validity, enforcement, interpretation, construction, effect and in all other respects by the internal laws of the State of Illinois applicable to contracts made in that State. Any disputes arising under this Agreement shall be brought in the Bankruptcy Court.

28. Prevailing Party Fees. Each Party shall be responsible for the fees of its counsel, provided, however, if any action is brought by either Party in respect to its rights under this Agreement, the substantially prevailing party will be entitled to recover reasonable attorneys' fees and court costs from the non-prevailing Party as determined by the Bankruptcy Court.

29. Severability. If any provision of this Agreement shall be judicially determined to be unenforceable or invalid, the remainder of this Agreement shall be unaffected to the greatest extent possible.

30. Headings. The headings contained in this Agreement are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement.

31. Time of Essence. Time is of the essence to this Agreement.

32. Counterparts. This Agreement, and any document or instrument executed pursuant hereto, may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. An electronically transmitted copy shall be treated as an original.

33. Construction of Terms. This Agreement has been drafted jointly by the Parties in full consultation with their respective attorneys, and no ambiguity in this Agreement shall be interpreted or construed against any of the Parties.

34. Recitals. The recitals hereinbefore set forth constitute an integral part of this Agreement, evidencing the intent of the Parties in executing this Agreement, and describing the circumstances surrounding its execution. Accordingly, said recitals are by express reference made a part hereof, and this Agreement shall be construed in the light thereof.

Signatures Page Follows

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first above written.

SELLER:

QUADRANT 4 SYSTEM CORPORATION

By:_____
Its:_____

BUYER:

_____

By:_____
Its:_____

EXHIBIT B

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
	)	
QUADRANT 4 SYSTEM CORPORATION, et al[1],	)	Case No. 17-19689
	)	(Jointly Administered)
	)	
Debtors.	)	Honorable Jack B. Schmetterer
	)	
	)	**Hearing Date: _____ __, 2018**
_____	)	**Hearing Time: _____ a.m.**

NOTICE OF SETTLEMENT AND PRIVATE SALE OF ASSETS AND INTENDED ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES IN CONNECTION THEREWITH

TO: THE OFFICE OF THE UNITED STATES TRUSTEE, THE CREDITORS OF THIS ESTATE, THE NON-DEBTOR PARTIES TO EXECUTORY CONTRACTS AND UNEXPIRED LEASES, AND OTHER PARTIES IN INTEREST:

PLEASE TAKE NOTICE AS FOLLOWS:

l. Chapter 11 Filing - On June 29, 2017, (the **"Petition Date"**), Quadrant 4 System Corporation (**"Debtor"**) filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code (the **"Chapter 11 Case"**). Since then, the Debtor has remained in possession of its assets and has continued to operate its business as a debtor in possession in accordance with 11 U.S.C. §§ 1107 and 1108. The Debtor has all of the rights and powers of a trustee in bankruptcy pursuant to 11 U.S.C. § 1107(a).

2. Sale Motion – On February 12, 2018, the Debtor filed a *Motion of the Debtor for the Entry of an Order: (A) Approving Settlement and Authorizing a Private Sale of the Debtor's Residual Assets Free and Clear of Liens, Claims, Encumbrances and Interests; (B) Scheduling a Sale Hearing on Notice to All Creditors;(C) Authorizing the Assumption and Assignment of Executory Contracts and Unexpired Leases; and (D) Approving the Form and Manner of Notice of Sale Hearing and Proposed Assumption And Assignment* (the "**Sale Motion**") [Docket No.

[1] This case is being jointly administered with the pending Chapter 11 case of Quadrant 4 System Corporation's wholly owned subsidiary, Stratitude, Inc., a California corporation, filed on October 13, 2017 as Case No. 17-30724, pursuant an order of the Bankruptcy Court entered on October 19, 2017 [Docket No. 38].

____].[2]

3. Entry of Sale Procedures Order - On February ___, 2018, the Bankruptcy Court entered that certain *Order: (A) Approving the Sale Process with Respect to the Private Sale of the Debtor's Residual Assets; (B) Scheduling a Sale Hearing on Notice to All Creditors; (C) Authorizing the Sale of the Residual Assets Free and Clear of Liens, Claims, Encumbrances and Interests; (D) Authorizing the Assumption and Assignment of Executory Contracts and Unexpired Leases; and (E) Approving the Form and Manner of Notice of Sale Hearing and Proposed Assumption and Assignment* (the **"Sale Procedures Order"**).

4. Sale of Residual Software Platforms and Related Assets - Under the Sale Procedures Order, the Debtor intends to sell to BIP Lender LLC ("**BIP**"), the Debtor's junior secured lender, the "**Acquired Assets**", as defined in the Sale Motion, including all of the Debtor's right, title and interest in and to the QHIX and EmpowHR software platforms (the "**Residual Software Platforms**"), together with, among other things, all of the Debtor's right, title and interest in and to related Customer Contracts, Individual Customer Information, Books and Records, Receivables, IP Assets, Fixed Assets and Licenses. The Acquired Assets shall be sold free and clear of any and all liens, claims, encumbrances and interests (the "**Sale**"), provided, however, that BMO Harris Bank, N.A. ("**BMO**"), the Debtor's senior secured lender, shall maintain its liens on the Acquired Assets pursuant to that certain *Stipulation and Order Resolving Motion for Authority to Enter into Modification Agreement* entered by the Bankruptcy Court on February 7, 2018 [Docket No. 351] (the "**Stipulation and Order**"). The Acquired Assets are being sold to BIP in consideration of a credit offer in the amount of $1,000,000.00 (the "**Credit Bid**"), as set forth in that certain asset purchase agreement between the Debtor and BIP (the "**APA**").

5. Sale Hearing - The Bankruptcy Court will conduct a hearing to consider approval of the private sale of the Acquired Assets on **_____, _____ ___, 2018, at _____ a.m. (Central time)** in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division, Dirksen Federal Building, 219 S. Dearborn, Room 682, Chicago, Illinois 60604 (the **"Sale Hearing"**). The Sale Hearing may be adjourned, continued or rescheduled without further notice by an announcement of the adjourned date at the Sale Hearing. At the Sale Hearing, the Debtor will request approval of the sale of the Acquired Assets to BIP in consideration of the Credit Bid, pursuant to the entry of a final order approving the sale of the Acquired Assets (the **"Sale Order"**).

6. Sale Objections - Any objection to the sale of the Acquired Assets must be in writing and filed with the Bankruptcy Court at least two (2) days before the Sale Hearing ("**Sale Objection(s)**"). The Bankruptcy Court shall resolve any and all such Sale Objections at the Sale Hearing or such other time as may be ordered by the Bankruptcy Court. Please be advised that if you **do file** a written objection, you and/or your attorney will be expected to attend the Sale

[2] Capitalized terms not defined herein shall have the same meaning ascribed in the Sale Motion.

Hearing or the Bankruptcy Court may grant the relief sought in the Sale Motion over such written objection.

7. Assignment Notice – At least ten (10) days prior to the Sale Hearing, the Debtor shall send a notice via facsimile or email delivery (the **"Assignment Notice"**) to each non-debtor party to the executory contracts or unexpired leases (the "**Contracts and Leases**", and each, a "**Contract/Lease**") identified by BIP as subject to assumption and assignment in conjunction with its proposed purchase of the Acquired Assets (the **"Proposed Assumption/Assignment"**). The Assignment Notice shall state the cure amounts, if any, the Debtor believes are necessary to assume and assign the Contracts and Leases pursuant to section 365 of the Bankruptcy Code (the **"Cure Amount"**).

8. Assignment Objections - Any objection of a non-debtor party to a Contract/Lease to the Cure Amount set forth in the Assignment Notice or to the Proposed Assumption/Assignment of such Contract/Lease ("**Assignment Objection(s)**") must be in writing and filed with the Bankruptcy Court at least two (2) days before the Sale Hearing. If a non-debtor party to a Contract/Lease files a written Assignment Objection challenging the Cure Amount, the objection must set forth the cure amount being claimed by the objecting party with the appropriate documentation in support thereof.

9. Assignment Objection Hearing - The Bankruptcy Court shall resolve any and all timely filed or presented Assignment Objections at the Sale Hearing or such other time as may be ordered by the Bankruptcy Court. Please be advised that if you **do file** a written objection, you and/or your attorney will be expected to attend the Sale Hearing or the Bankruptcy Court may grant the relief sought in the Sale Motion over such written objection.

10. Requests for Copies and Information - Copies of the Sale Motion and exhibits thereto, the Sale Procedures Order, the APA and/or the proposed Sale Order for the Acquired Assets may be obtained by accessing the case docket maintained by the Clerk of the U.S. Bankruptcy Court for the Northern District of Illinois, Eastern Division, or by requesting same in writing to the Debtor's counsel at the address indicated below. Any inquiries regarding the information provided herein should be directed to the Debtor's counsel at the address noted below.

11. Notice - This Notice is made expressly subject to the Sale Procedures Order. To the extent that this Notice is inconsistent with the terms contained in the Sale Procedures Order, the Sale Procedures Order shall control.

PLEASE BE ADVISED THAT IN CONNECTION WITH THE PROPOSED SALE OF THE ACQUIRED ASSETS, THE DEBTOR WILL SEEK THE ENTRY OF A SALE ORDER THAT WILL, AMONG OTHER THINGS, ENJOIN ANY AND ALL CREDITORS AND OTHER PARTIES IN INTEREST OF THE ESTATE FROM PURSUING AGAINST THE PURCHASER OF THE ACQUIRED ASSETS: (A) ANY CLAIMS AGAINST THE DEBTOR;

OR (B) ANY LIENS AND ENCUMBRANCES AGAINST THE ACQUIRED ASSETS (EXCEPT THE LIENS OF BMO PURSUANT TO THE STIPULATION AND ORDER).

Dated: February ____, 2018

QUADRANT 4 SYSTEM CORPORATION

By: /s/ DRAFT
One of its attorneys

CHAD H. GETTLEMAN, ESQ. (ARDC #944858)
ERICH S. BUCK, ESQ. (ARDC #6274635)
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Counsel for the Debtor

EXHIBIT C

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
	)	
QUADRANT 4 SYSTEM CORPORATION, et al[1],	)	Case No. 17-19689
	)	(Jointly Administered)
	)	
Debtors.	)	Honorable Jack B. Schmetterer
_____	)	

NOTICE OF PROPOSED ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

TO THE NON-DEBTOR PARTIES TO EXECUTORY CONTRACTS AND UNEXPIRED LEASES:

PLEASE TAKE NOTICE AS FOLLOWS:

l. **Chapter 11 Case** - On February ____, 2018, the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the "**Bankruptcy Court**") entered an order (the "**Sale Procedures Order**")[2] in the above-captioned Chapter 11 case (the "**Chapter 11 Case**") of Quadrant 4 System Corporation (the "**Debtor**") approving, among other things, the process for fixing the cure amounts related to the Debtor's assumption, assignment and/or transfer of certain executory contracts, unexpired leases and other agreements (the "**Contracts and Leases**", and each, a "**Contract/Lease**") in connection with a proposed settlement and private sale (the "**Sale**") of all of the Debtor's right, title and interest in and to the QHIX and EmpowHR software platforms and certain related assets (collectively, the "**Acquired Assets**"). The Debtor seeks to sell the Acquired Assets to BIP Lender LLC ("**BIP**"), the Debtor's junior secured lender, in consideration of a credit bid by BIP in the amount of $1,000,000. A Sale Hearing (as defined below) is scheduled for **_____, _____, 2018 at _____ a.m. (Central time).**

2. **Notice of Proposed Assignment and Cure Amount** – Set forth on Exhibit A is a list of Contracts and Leases that the Debtor ***will seek to have assumed and assigned to BIP at the Sale Hearing***. Exhibit A also contains the cure amounts the Debtor's books and records reflect are necessary to assume and assign such Contracts and Leases pursuant to section 365 of

[1] This case is being jointly administered with the pending Chapter 11 case of Quadrant 4 System Corporation's wholly owned subsidiary, Stratitude, Inc., a California corporation, filed on October 13, 2017 as Case No. 17-30724, pursuant an order of the Bankruptcy Court entered on October 19, 2017 [Docket No. 38].

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Sale Procedures Order.

the Bankruptcy Code (the "**Cure Amount**"). The Debtor believes that the payment of the respective Cure Amount designated for each of the referenced Contracts and Leases shall cure any and all defaults and pecuniary losses under each of the respective Contracts and Leases.

3. **Assignment Objections** – Any objection of a non-debtor party to a Contract/Lease to the Cure Amount set forth in Exhibit A or to the proposed assumption and assignment of such Contract/Lease to BIP (an "**Assignment Objection**") must be in writing and filed with the Bankruptcy Court at least two (2) days before the Sale Hearing. If a non-debtor party to a Contract/Lease files a written Assignment Objection challenging a Cure Amount, the objection must set forth the cure amount being claimed by the objecting party with the appropriate documentation in support thereof.

4. **Assignment Objection Hearing** - The Court shall resolve any and all Assignment Objections at the hearing to consider approval of the Sale to be held on **_____, _____, 2018 at _____ a.m. (Central time)** at the United States Bankruptcy Court, Northern District of Illinois, Eastern Division, Dirksen Federal Building, 219 S. Dearborn, Room 682, Chicago, Illinois 60604, or such other time as may be ordered by the Court (the "**Sale Hearing**"). At the Sale Hearing, the Debtor will request entry of a final order: (a) approving the sale of the Acquired Assets to BIP; and (b) authorizing the assumption and assignment to BIP of the Contracts and Leases listed on Exhibit A. Please be advised that if you **do file** a written objection, you and/or your attorney will be expected to attend the Sale Hearing or the Bankruptcy Court may grant the relief sought in the Sale Motion over such written objection.

5. **If No Assignment Objection is Timely Filed or Presented** - If an Assignment Objection is not timely filed prior to the Sale Hearing, then: (a) the Debtor shall be authorized, but not directed, to assume and assign such Contract/Lease to BIP at the closing of the Sale; (b) the Cure Amount set forth in this Notice shall constitute the final determination of the total cure amount required to be paid by the Debtor on the Contract/Lease pursuant to 11 U.S.C. § 365 for purposes of the Sale Order; and (c) the non-debtor party to the Contract/Lease shall be: (i) forever barred and estopped from objecting to the Cure Amount or seeking any additional cure payments on such Contract/Lease, whether from the Debtor, BIP or any other assignee(s); (ii) deemed to have waived any right to terminate any Contract/Lease as a result of any default which may have occurred under the applicable Contract/Lease prior to the Closing to the extent the Contract/Lease is identified as an Acquired Asset by BIP; (iii) deemed to have agreed that the Sale Order applies and is enforceable with respect to the assumption and assignment of the Contract/Lease; (iv) deemed to have agreed that all defaults under the Contract/Lease arising or continuing prior to the Closing have been fully cured and satisfied; and (v) deemed to have consented to the assumption, assignment and transfer of such Contract/Lease to BIP or any other assignee(s) thereof on all matters, including any obligation of the Debtor, BIP or any other assignee(s) to provide adequate assurance of future performance under 11 U.S.C. § 365.

6. **Requests for Copies and Information** - Copies of the Sale Motion and exhibits thereto, the Sale Procedures Order, the APA and/or the proposed Sale Order for the sale of the Acquired Assets and assumption of any Contract/Lease, may be obtained by accessing the case

docket maintained by the Clerk of the U.S. Bankruptcy Court for the Northern District of Illinois, Eastern Division, or upon written request to the Debtor's counsel. Any inquiries regarding the information provided herein should be directed to the Debtor's counsel at the address noted below.

7. **Notice** - This Notice is made expressly subject to the Sale Procedures Order. To the extent that this Notice is inconsistent with the terms contained in the Sale Procedures Order, the Sale Procedures Order shall control. Notwithstanding the reference to any contract as an "executory contract" or "unexpired lease" in this Notice, the Debtor reserves all of its rights with respect to whether or not any contract is an "executory contract" or lease is an "unexpired lease" pursuant to the Bankruptcy Code. The inclusion of any document on Exhibit A shall not constitute or be deemed to be a determination or admission that such document is, in fact, an executory contract or unexpired lease within the meaning of the Bankruptcy Code.

Dated: February ____, 2018

QUADRANT 4 SYSTEM CORPORATION

By: /s/ DRAFT
One of its attorneys

CHAD H. GETTLEMAN, ESQ. (ARDC #944858)
ERICH S. BUCK, ESQ. (ARDC #6274635)
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Counsel for the Debtor

EXHIBIT A – Contracts and Leases and Cure Amounts