

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
RALEIGH DIVISION**

IN RE:)	CHAPTER 11
)	
SHOTWELL LANDFILL, INC.)	CASE NO. 13-02590-8-SWH
)	
CAPITOL RECYCLING, LLC)	CASE NO. 13-07567-8-SWH
)	
CAPITOL WASTE TRANSFER, LLC)	CASE NO. 13-07568-8-SWH
)	
DEBRIS REMOVAL PARTNERS, LLC)	CASE NO. 13-07570-8-SWH
)	
SHOTWELL TRANSFER STATION II, INC.)	CASE NO. 13-07572-8-SWH
)	
KING'S GRADING, INC.,)	CASE NO. 13-07573-8-SWH
)	
Debtors.)	

**THIRD AMENDED CONSOLIDATED CHAPTER 11 PLAN OF LIQUIDATION
FOR SHOTWELL LANDFILL, INC., CAPITOL RECYCLING, LLC, CAPITOL
WASTE TRANSFER, LLC, DEBRIS REMOVAL PARTNERS, LLC, SHOTWELL
TRANSFER STATION II, INC., AND KING'S GRADING, INC.
AS PROPOSED BY LSCG FUND 18, LLC**

Pursuant to the provisions of Section 1123 of the Bankruptcy Code, LSCG Fund 18, LLC ("LSCG"), a secured creditor and party-in-interest in these Chapter 11 cases, hereby submits its Third Amended Consolidated Chapter 11 Plan of Liquidation (the "Plan") for Debtors Shotwell Landfill, Inc., Capitol Recycling, LLC, Capitol Waste Transfer, LLC, Debris Removal Partners, LLC, Shotwell Transfer Station II, Inc., and King's Grading, Inc. (each a "Debtor," and collectively, the "Debtors" or the "Affiliated Debtors"):

I. SUMMARY OF PLAN

This Plan is in the best interests of all Creditors of the Affiliated Debtors, including LSCG and the Creditors whose interests are represented by the Unsecured Creditors' Committee (the "Committee"). Shotwell Landfill, Inc. ("Shotwell") owns and operates a landfill located at 4724 Smithfield Road, Wendell, North Carolina 27591 (the "Landfill"). The Affiliated Debtors' Creditors, including LSCG, are best served if the Landfill and all of the Affiliated Debtors' property other than the collateral of Ford Motor Credit Company, LLC (collectively, the "Property")¹ are managed, marketed, and liquidated pursuant to the terms set forth herein, including but not limited to the following:

¹ Nothing herein suggests that LSCG has a lien on the approximate \$1,000,000.00 cash that Shotwell has in its possession.

(a) On the Confirmation Date, the principals of the Affiliated Debtors (including, but not necessarily limited to, David W. King, Jr.) shall be removed as officers and principals of the Affiliated Debtors as well as from the conduct of the day-to-day operation of the Landfill (except that the appointed Corporate Restructuring Officer Doug Gurkins or any successor who may be nominated by the Bankruptcy Administrator and LSCG and approved by the Court (the “CRO”) shall continue to manage the Property and operate the Landfill pending its liquidation), and a Liquidation Trustee shall be immediately appointed to market and liquidate the Property. After the Confirmation Date, the CRO shall have complete control over the debtor-in-possession bank account(s), and the principals of the Affiliated Debtors (including, but not necessarily limited to David W. King, Jr.) shall have no access to such bank account(s). The Liquidation Trustee shall be John A. Northen. In the event that Mr. Northen cannot serve as the Liquidation Trustee or has to step down from his position as the Liquidation Trustee, a replacement Liquidation Trustee shall be nominated by the Bankruptcy Administrator and LSCG and approved by the Court.

(b) Subject to approval by the Bankruptcy Administrator and LSCG after consultation with the CRO, the Liquidation Trustee shall employ such additional appropriate professional or professionals to operate the Landfill pending its liquidation.

(c) Within six months of the Confirmation Date (or such later time as the Liquidation Trustee shall determine after consultation and approval by LSCG), the Liquidation Trustee shall conduct an auction of the Property, including the Landfill. Any party that wishes to be a “stalking horse bidder” shall have forty-five days from the Confirmation Date to submit a bid and bidding terms to the Liquidation Trustee and LSCG. Any such bid submitted herein shall allocate the proposed purchase price among the Property being purchased so as to reflect the amount being bid for the Landfill and the amounts being bid for all remaining Property. If any bid is submitted and accepted by all of the Liquidation Trustee and LSCG, within fifty days after the Confirmation Date, the Liquidation Trustee and LSCG shall file a joint motion seeking approval of the stalking horse bid, bidding terms, and other auction procedures. Regardless of whether a stalking horse bid is recommended by the Liquidation Trustee and LSCG, the Liquidation Trustee shall conduct an auction in accordance with the terms and provisions of this Plan, including, but not necessarily limited to, the requirement that an auction of the Property shall occur no later than six months following the Confirmation Date. However, as stated above, the Liquidation Trustee, after consultation with and approval by LSCG, may delay the auction of the Property, if such delay is determined to be in the best interest of the Debtors’ Creditors. This Plan shall not prejudice any party with regard to any issue involving the sale of the Debtors’ Property, including but not limited to the allocation of the proposed purchase price among the Property being purchased.

(d) All of the Debtors’ right, title, and interest in and to the Property shall be transferred to the third-party purchaser(s) free and clear of any and all liens, encumbrances, or other interests with any such liens, encumbrances, or other interests to be transferred to the proceeds realized at the auction, after payment of any sale costs and closing costs.

(e) Transfer of the Property pursuant to the Plan to a third-party purchaser shall be exempt from stamp or transfer tax pursuant to Section 1146 of the Bankruptcy Code.

(f) The Liquidation Trustee shall establish a trust account at a financial institution of the Liquidation Trustee's choosing into which the Liquidation Trustee shall distribute all Net Proceeds from the sale of the Property, any cash remaining in any of the Debtors' accounts after title to the Landfill is transferred and all checks written from such account have cleared, any recoveries from any Adversary Proceedings, and any other amounts realized from the collection and liquidation of the Debtors' Property;

(g) As of the Confirmation Date, all causes of action that are property of the Debtors' estates, if any, shall be vested in LSCG, and decisions concerning whether to prosecute such causes of action shall be determined by LSCG. As authorized by Section 1141(b), as of the Confirmation Date, the Property vests in the Liquidation Trustee until sold pursuant to the Plan.

(h) Each holder of an allowed Administrative Expense Claim or Tax Claim will be paid in accordance with Section 1129(9) and as provided herein.

(i) Should the Court confirm this Plan, LSCG will place \$2.7 million in an escrow account approved by the Committee and Bankruptcy Administrator (the "Escrow Account"). The \$2.7 million shall be escrowed in the Escrow Account within three business days after the Confirmation Date. Assuming that the Claim of Waste Industries is allowed in full and the Claim of James M. Barnes is allowed in the amount at which it has been estimated by the Court (\$350,000.00), the \$2.7 million is sufficient to purchase (I) all Allowed Unsecured Claims, (II) all Allowed Secured Claims, and (III) all Allowed Tax Claims. Using funds in the Escrow Account, LSCG will purchase all Allowed Unsecured Claims, all Allowed Secured Claims other than that of Ford Motor Credit Company, LLC, and all Allowed Tax Claims within thirty days of the Confirmation Date by paying all such Allowed Claims in full. If a Claim is not an Allowed Claim on the date on which LSCG purchases Allowed Claims, then LSCG will purchase such Claim within fifteen days of the date on which such Claim becomes an Allowed Claim. The Allowed Claims purchased by LSCG shall then be paid from the proceeds of the sale of the Debtors' Property on the Effective Date. The balance of any funds remaining in the Escrow Account after all Allowed Unsecured Claims, Allowed Secured Claims, and Allowed Tax Claims have been purchased by LSCG (other than the funds required to pay the Allowed Secured Claim of Ford Motor Credit Company, LLC) shall be returned to LSCG within fifteen days of the date on which LSCG purchases the last Allowed Claim it is required to purchase under this Plan.

(j) The bar date for claimants to request allowance and payment of administrative expenses under Section 503(a) and for the Debtors' professionals to file their final fee applications under Section 330 will be thirty days after the Confirmation Date. The bar date for objecting to any such request or application will be sixty days after the Confirmation Date.

(k) All parties in interest shall have twenty-five days after the Confirmation Date to object to any filed or scheduled claims. No distribution will be made on account of a Disputed Claim unless and until it is allowed pursuant to a Final Order. While a claim objection is pending, any proceeds that would otherwise be distributed on that claim will be held in escrow in the Escrow Account.

(l) The owners of the Debtors are David A. Cook and David W. King, Jr. (the “Equity Security Holders”). The Equity Security Holders shall receive a distribution only after all other costs of administration and all Allowed Secured Claims, Allowed Administrative Expense and Tax Claims, and Allowed General Unsecured Claims are paid in full.

(m) As the Property is sold, the Net Proceeds shall be deposited into the Liquidation Trust. Once all the Property has been sold, the Liquidation Trustee shall make disbursements from the Liquidation Trust to Creditors and Equity Security Holders in order of their respective priorities. First, proceeds will be paid to LSCG on its Allowed Secured Claims. Second, proceeds will be paid to LSCG on its Allowed Tax Claims. Third, proceeds will be paid to LSCG on its Allowed Unsecured Claims. Fourth, proceeds will be paid to holders of Equity Security Interests.

(n) Pursuant to Section 1129(a)(4), all payments for services and costs made pursuant to the Plan are subject to the approval of the Court.

(o) Pursuant to Section 1129(a)(12), all quarterly fees and any other fees due to the Bankruptcy Administrator’s office will be paid under the Plan.

(p) This Plan shall not prejudice any party regarding the issue of the effect of substantive consolidation.

II. DEFINITIONS

1. “Administrative Expense Claim” shall mean any Claim (other than a Tax Claim) entitled to priority in payment under Sections 503 and 507. Administrative Expense Claims include but are not limited to the fees and expenses of the Debtors’ professionals and the Liquidation Trustee to the extent allowed by the Court, incurred both before and after the Confirmation Date.

2. “Affiliated Debtors” shall mean the six debtors in cases pending before the Court, namely, Shotwell Landfill, Inc., Capitol Recycling, LLC, Capitol Waste Transfer, LLC, Debris Removal Partners, LLC, Shotwell Transfer Station II, Inc., and King’s Grading, Inc.

3. “Allowed Claim” shall mean a Claim that (a) is allowed pursuant to the Plan, (b) is scheduled by the Debtors as being undisputed, non-contingent, and liquidated or filed by the Creditor and as to which no timely objection is filed, or (c) is allowed or approved by final order of the Court.

4. “Bankruptcy Code” shall mean the United States Bankruptcy Code, title 11 of the United States Code, as enacted in 1978 and thereafter amended. References to “§___” or “Section

___” herein shall refer to a section of the Bankruptcy Code, 11 U.S.C. §101, et seq.

5. “Bankruptcy Rules” shall mean the Federal Rules of Bankruptcy Procedure, as amended from time to time, as applicable to Chapter 11 cases.

6. “Claim” shall mean a duly scheduled or a timely filed claim, including, but not limited to, an application or request for allowance and payment of an Administrative Expense Claim.

7. “Class” shall mean any one of the Classes of Claims or Interests designated in Article III of the Plan.

8. “Confirmation Date” shall mean the date of entry by the Court of an order confirming the Plan at or after a hearing pursuant to Section 1129.

9. “Confirmation Hearing” shall mean the hearing conducted by the Court regarding confirmation of the Plan pursuant to Section 1129.

10. “Confirmation Order” shall mean the order of the Court confirming the Plan provided such Confirmation Order shall be a Final Order.

11. “Court” shall mean the United States Bankruptcy Court for the Eastern District of North Carolina and the presiding judge in the Debtors’ Chapter 11 cases.

12. “Creditor(s)” shall mean all or some of the creditors of the Debtors holding claims for debts, liabilities, demand, or claims of any character whatsoever, or any particular creditor of any of the Debtors.

13. “Disbursing Agent” shall mean that person, if not the Liquidation Trustee, selected by the Liquidation Trustee and approved by the Court who shall perform the duties and have the rights and obligations described herein.

14. “Disclosure Statement” shall mean the Disclosure Statement prepared in accordance with Section 1125 and approved by order of the Court to be distributed to the holders of Claims whose votes with respect to this Plan were solicited.

15. “Disputed Claim” shall mean any Claim (a) that is scheduled by the Debtor as disputed, contingent or unliquidated, or (b) that is scheduled by the Debtor, or proof of which has been filed with the Court, and with respect to which a timely objection to its allowance, in whole or in part, has been filed and which objection has not been (i) withdrawn or settled, or (ii) determined by a Final Order.

16. “Effective Date” shall be the date on which the Property has been sold and transferred to a purchaser in accordance with the confirmed Plan in exchange for a certain amount of funds.

17. “Escrow Account” shall mean the escrow account approved by the Committee and Bankruptcy Administrator in which LSCG will place \$2.7 million within three business days of the

Confirmation Date should the Court confirm this Plan.

18. “Final Decree” shall mean the order of this Court pursuant to Bankruptcy Rule 3022 closing this case.

19. “Final Order” shall mean any order of the Court, including, but not necessarily limited to, the Confirmation Order, that is not stayed by any applicable law or Court order.

20. “General Unsecured Claim” shall mean any Claim, whether or not liquidated or contingent, other than a Tax Claim, an Administrative Expense Claim, a Priority Claim, or a Secured Claim.

21. “Impaired Class” shall mean any Class of Creditors or Equity Holders who are impaired within the meaning of Section 1124 because the legal, equitable, or contractual rights to which their Claims or Interests entitle them are altered by the Plan.

22. “Interest” shall mean any equity interest in the Debtors.

23. “Landfill” shall mean the landfill located at 4724 Smithfield Road, Wendell, North Carolina 27591.

24. “Later Petition Date” shall mean December 6, 2013, the date upon which the Affiliated Debtors other than Shotwell filed their voluntary Chapter 11 petitions.

25. “Liquidation Trust” shall mean a separate, interest-bearing depository account established pursuant to this Plan, from which payments to certain Creditors and Equity Security Interests shall be made.

26. “Liquidation Trustee” shall be John A. Northen, approved by LSCG and the Bankruptcy Administrator to market and then sell the Landfill and all the Debtors’ Property, or his replacement approved by LSCG and the Bankruptcy Administrator.

27. “Net Proceeds” shall mean proceeds remaining from the sale of the Debtors’ Property pursuant to the terms of this Plan after payment of any sale costs (including the payment of the Liquidation Trustee’s expenses) and closing costs.

28. “Plan” shall mean this Chapter 11 Plan of Liquidation in its present form or as it may be amended or modified from time to time hereafter.

29. “Pro Rata” shall mean the amount of cash or property to be paid or distributed to a claimant with respect to an Allowed Claim on a particular date in accordance with the ratio, as of such date, of the dollar amount of the Allowed Claim of such person in the indicated class to the aggregate dollar amount of Allowed Claims in the indicated class (including, in each such calculation, the full amount of Disputed Claims in the class which have been asserted or are otherwise pending and which have not yet been allowed or otherwise disposed of).

30. “Secured Claim” shall mean the Claim of any Creditor to the extent of the value of its

interest in the Debtors' real and personal property and any other Claim that the Court determines is secured pursuant to Section 506(a).

31. "Shotwell" shall mean Shotwell Landfill, Inc.

32. "Shotwell Petition Date" shall mean April 19, 2013, the date upon which Shotwell filed its voluntary Chapter 11 petition.

33. "Tax Claim" shall mean any claim entitled to priority in treatment pursuant to Section 507(a)(8) as well as Secured Claims based on unpaid taxes.

III. CLASSIFICATION AND TREATMENT OF CLASSES OF CREDITORS AND EQUITY HOLDERS

1. Class I - Administrative Expense Claims

(A) Classification. Class I consists of all Allowed Administrative Expense Claims.

(B) Impairment. This Class will be unimpaired.

(C) Treatment. Administrative Expense Claims must be filed within thirty days of the Confirmation Date. Allowed Administrative Expense Claims shall be paid in cash and in full, net of any retainers, within thirty days of the Confirmation Date, or upon such other mutually acceptable terms as the holders of Class I Claims and LSCG may agree, from the approximate \$1,000,000.00 cash that Shotwell has in its possession. If an Administrative Expense Claim is not an Allowed Administrative Expense Claim on the date on which Allowed Administrative Expense Claims are paid, then such Administrative Expense Claim will be paid within fifteen days of the date on which such Claim becomes an Allowed Administrative Expense Claim.

2. Class II – Tax Claims:

(A) Classification. Class II consists of Allowed Tax Claims.

(B) Impairment. This Class will be unimpaired.

(C) Treatment. LSCG will purchase all Class II Allowed Tax Claims within thirty days of the Confirmation Date by paying such Allowed Tax Claims in full with interest at the rate set by Internal Revenue Code §§ 6601 and 6621 using funds in the Escrow Account. LSCG will be paid in full on its purchased Class II Allowed Tax Claims on the Effective Date from the proceeds of the sale of the Debtors' Property, if such proceeds are sufficient. If a Tax Claim is not an Allowed Tax Claim on the date on which LSCG purchases Allowed Tax Claims, then LSCG will purchase such Tax Claim within fifteen days of the date on which such Tax Claim becomes an Allowed Tax Claim.

3. Class III – Secured Claim of LSCG:

(A) Classification. Class III consists of the Secured Claim of LSCG.

(B) Impairment. This Class will be impaired.

(C) Treatment. LSCG shall have an Allowed Secured Claim in the amount of \$13,728,012.15, plus post-petition interest and attorneys' fees and costs approved by the Court. LSCG shall retain its first priority lien on the Landfill and its other collateral, and LSCG's Secured Claim shall continue to accrue interest at the contract rate.

Within six months of the Confirmation Date (or such later time as the Liquidation Trustee shall determine after consultation and approval by LSCG), the Debtors' Property shall be auctioned or sold by the Liquidation Trustee and the Net Proceeds deposited into the Liquidation Trust. Upon the sale of all of the Debtors' Property, the Liquidation Trustee shall pay the Net Proceeds to LSCG for application against LSCG's Allowed Secured Claim, plus any post-petition interest and allowed Section 506(b) attorneys' fees and expenses, but only that portion of the Net Proceeds that is allocable to LSCG's collateral. Any deficiency remaining after application of the Net Proceeds from the sale of its collateral to LSCG's Secured Claim shall be treated as a General Unsecured Claim and treated in accordance with Class X.

4. **Class IV – Caterpillar Financial Services Corporation Secured Claim**

(A) Classification. Class IV consists of the Secured Claim of Caterpillar Financial Services Corporation ("CFSC") filed through two proofs of claim in the amounts of \$90,112.24 and \$60,001.76.

(B) Impairment. This Class will be impaired.

(C) Treatment. The Class IV Secured Claim of CFSC will be allowed as a Secured Claim in the total amount of \$150,114.00, plus post-petition interest and attorneys' fees and costs acceptable to LSCG. CFSC will retain its first priority lien on the 2007 VermeerG-5000 Tub Grinder (the "Grinder"), the Ford F750 Dump Truck (the "Dump Truck"), the Peterbilt 357 Tractor (the "Tractor"), and two Sterling LT9513 Trucks (the "Sterling Trucks").

LSCG will purchase the Class IV Secured Claim of CFSC within thirty days of the Confirmation Date using funds in the Escrow Account, and CFSC shall transfer its Class IV Secured Claim to LSCG, including its security interest in the Grinder, the Dump Truck, the Tractor, and the Sterling Trucks. The Grinder, the Dump Truck, the Tractor, and the Sterling Trucks will be sold in conjunction with the sale of the Debtors' Property as provided herein, and the Class IV Secured Claim as purchased by LSCG will be paid in full from the proceeds of the sale of the Debtors' Property on the Effective Date, if such proceeds are sufficient.

5. **Class V – Ford Motor Credit Company LLC Secured Claim**

(A) Classification. Class V consists of the Secured Claim of Ford Motor Credit Company LLC (“Ford”) filed in the amount of \$36,565.52.

(B) Impairment. This Class will be unimpaired.

(C) Treatment. Ford shall retain its lien. Ford’s Allowed Secured Claim shall be paid according to the terms of the original contract between Ford and Shotwell Landfill, Inc. from the Escrow Account. The Liquidation Trustee shall make monthly payments to Ford in the amount of \$736.32 until January 2018, when the last monthly payment is set to be paid under the original contract. Payments to Ford shall be made on or before the 9th day of the month, with the first such payment to be made on or before the 9th day of the first month following the Confirmation Date. However, if an objection to the Claim of Ford is filed, the first payment shall be made within fifteen days following the resolution of that objection. Ford shall be required to send monthly statements to the Liquidation Trustee showing the payment due and the application of previous payments. Additionally, contemporaneously with his first monthly payment to Ford, the Liquidation Trustee shall cure all defaults under the terms of the original contract and compensate Ford for any damages as allowed by Section 1124(2) of the Bankruptcy Code. Within five days of the Confirmation Date, Ford shall provide the Liquidation Trustee with the amounts necessary to cure all defaults under the terms of the original contract and compensate Ford for any damages as allowed by Section 1124(2) of the Bankruptcy Code. Any disagreement between the Liquidation Trustee and Ford with respect to these amounts shall be resolved by the Court.

6. **Class VI – Caterpillar Financial Commercial Account Corporation Secured Claim**

(A) Classification. Class VI consists of the Secured Claim of Caterpillar Financial Commercial Account Corporation (“CFCAC”) filed in the amount of \$11,085.05.

(B) Impairment. This Class will be impaired.

(C) Treatment. CFCAC shall have an Allowed Secured Claim in the total amount of \$11,085.05, plus post-petition interest and attorneys’ fees and costs acceptable to LSCG. CFCAC shall be allowed to retain its first priority lien on the 1-1998 Cat D250E Articulated Truck Serial No. 5TN01600 (the “CFCAC Truck”).

LSCG will purchase the Class VI Secured Claim of CFCAC within thirty days of the Confirmation Date using funds in the Escrow Account, and CFCAC shall transfer its Class VI Secured Claim to LSCG, including its security interest in the CFCAC Truck. The CFCAC Truck will be sold in conjunction with the sale of the Debtors’ Property as provided herein, and the Class VI Secured Claim as purchased by LSCG will be paid in full from the proceeds of the sale of the Debtors’ Property on the Effective Date, if such proceeds are sufficient.

7. **Class VII – TT&E Iron & Metal, Inc. Secured Claim**

(A) Classification. Class VII consists of the Secured Claim of TT&E Iron & Metal, Inc. (“TT&E”) filed in the amount of \$138,267.33.

(B) Impairment. This Class will be impaired.

(C) Treatment. TT&E shall have an Allowed Secured Claim in the total amount of \$138,267.33, plus post-petition interest and attorneys’ fees and costs approved by the Court. TT&E shall be allowed to retain its lien on its collateral (“TT&E’s Collateral”).

LSCG will purchase the Class VII Secured Claim of TT&E within thirty days of the Confirmation Date using funds in the Escrow Account, and TT&E shall transfer its Class VII Secured Claim to LSCG, including its security interest in TT&E’s Collateral. TT&E’s Collateral will be sold in conjunction with the sale of the Debtors’ Property as provided herein, and the Class VII Secured Claim as purchased by LSCG will be paid in full from the proceeds of the sale of the Debtors’ Property on the Effective Date, if such proceeds are sufficient.

8. **Class VIII – North State Bank Secured Claim**

(A) Classification. Class VIII consists of the Secured Claim of North State Bank (“NSB”) filed in the amount of \$13,617.13.

(B) Impairment. This Class will be impaired.

(C) Treatment. NSB shall have an Allowed Secured Claim in the total amount of \$13,617.13, plus post-petition interest and attorneys’ fees and costs approved by the Court. NSB shall be allowed to retain its lien on the 1997 CAT Backhoe Loader, the 2002 Massey Ferguson Tractor, the Hamm Smooth Drum Roller, the 2000 Caterpillar Articulated Truck, the 1998 Komatsu Dozer EX12, the 2005 Komatsu Dozer, and the 1998 Komatsu Crawler (the “NSB Collateral”).

LSCG will purchase the Class VIII Secured Claim of NSB within thirty days of the Confirmation Date using funds in the Escrow Account, and NSB shall transfer its Class VIII Secured Claim to LSCG, including its security interest in the NSB Collateral. The NSB Collateral will be sold in conjunction with the sale of the Debtors’ Property as provided herein, and the Class VIII Secured Claim as purchased by LSCG will be paid in full from the proceeds of the sale of the Debtors’ Property on the Effective Date, if such proceeds are sufficient.

9. **Class IX – Small Unsecured Claims**

(A) Classification. Class IX consists of all Allowed Claims that are General Unsecured Claims in the Affiliated Debtors’ Chapter 11 cases that are less than \$5,000.00 (“Small Unsecured Claims”).

(B) Impairment. This Class will be impaired.

(C) Treatment. LSCG will purchase all Allowed Small Unsecured Claims within thirty days of the Confirmation Date by paying all such Claims in full using funds in the Escrow Account.

If a Small Unsecured Claim is not an Allowed Small Unsecured Claim on the date on which LSCG purchases Allowed Small Unsecured Claims, then LSCG will purchase such Claim within fifteen days of the date on which such Claim becomes an Allowed Small Unsecured Claim. LSCG will be paid in full on its purchased Class IX Allowed Small Unsecured Claims on the Effective Date from the proceeds of the sale of the Debtors' Property, if such proceeds are sufficient.

10. **Class X – General Unsecured Claims**

(A) **Classification.** Class X consists of all Allowed Claims that are General Unsecured Claims in the Affiliated Debtors' Chapter 11 cases, including but not limited to deficiency Claims, if any, of LSCG.

(B) **Impairment.** This Class will be impaired.

(C) **Treatment.** LSCG will purchase all Allowed General Unsecured Claims within thirty days of the Confirmation Date by paying all such Allowed General Unsecured Claims in full using funds in the Escrow Account. If a General Unsecured Claim is not an Allowed General Unsecured Claim on the date on which LSCG purchases such Claim, then LSCG will purchase such Claim within fifteen days of the date on which such Claim becomes an Allowed General Unsecured Claim. LSCG will be paid in full on its purchased Class X Allowed General Unsecured Claims on the Effective Date from the proceeds of the sale of the Debtors' Property, if such proceeds are sufficient. Any amounts remaining in the Liquidation Trust after payment in full of all Class I through Class X Claims and payment of all costs of administration of the bankruptcy cases, including but not limited to the costs and expenses of the Liquidation Trustee and any professionals employed by him, will be paid to the Class XI Equity Interest Holders.

11. **Class XI - Equity Holders:**

(A) **Classification.** Class XI consists of the holders of the Interests in the Debtors, namely, David A. Cook and David W. King, Jr.

(B) **Impairment.** This Class will be impaired.

(C) **Treatment.** The members of Class XI shall not receive any distribution unless and until all Allowed Secured Claims, Allowed Administrative Expense Claims, Allowed Tax Claims, Allowed Small Unsecured Claims, and Allowed General Unsecured Claims have been paid in full and all approved fees and expenses of the Liquidation Trustee and any professionals employed by the Liquidation Trustee have been paid in full.

The existing Allowed Equity Interests in the Debtors shall remain the same and have the same rights and priorities as existed prior to the Shotwell Petition Date and the Later Petition Date. Specifically, Shotwell and the Allowed Equity Interests of David W. King, Jr. and David A. Cook shall continue to be subject to, and bound by the terms and conditions of that certain Memorandum Agreement executed as of June, 2012 (the "Memorandum Agreement"), including, without limitation, the requirement that David A. Cook shall receive a priority distribution (ahead of David W. King, Jr.) of the first \$1,350,000.00 of any payment or distribution to the

Class XI Interests, unless the Memorandum Agreement is determined to be unenforceable. Such priority distribution in favor of David A. Cook shall exist irrespective of any division or allocation of assets or proceeds among the various Debtors, unless the Memorandum Agreement is determined to be unenforceable. The additional provisions of the Memorandum Agreement regarding the Allowed Equity Interests of David A. Cook and David W. King, Jr. shall remain in full force and effect, unless the Memorandum Agreement is determined to be unenforceable.

IV. MEANS OF EXECUTION

On the Confirmation Date, the Affiliated Debtors' principals (including, but not necessarily limited to, David W. King, Jr.) shall be removed as officers and principals of the Affiliated Debtors as well as from the conduct of the day-to-day operation of the Landfill (except that the CRO shall continue to manage the Property and operate the Landfill pending its liquidation), and a Liquidation Trustee shall be immediately appointed to market and liquidate the Property. After the Confirmation Date, the CRO shall have complete control over the debtor-in-possession bank account(s), and the principals of the Affiliated Debtors (including, but not necessarily limited to David W. King, Jr.) shall have no access to such bank account(s). The Liquidation Trustee shall be John A. Northen. In the event Mr. Northen cannot serve as the Liquidation Trustee or has to step down from his position as the Liquidation Trustee, a replacement Liquidation Trustee shall be nominated by the Bankruptcy Administrator and LSCG and approved by the Court. Subject to approval by LSCG and through consultation with the CRO, the Liquidation Trustee shall employ such additional appropriate professional or professionals to operate the Landfill pending its liquidation.

Post-confirmation, the Liquidation Trustee will market the Debtors' Property. The Liquidation Trustee may, in his discretion, incur marketing and advertising costs of up to \$30,000 to make the sale of the Landfill known to the waste industry and to ensure a successful auction. Within six months of the Confirmation Date, the Liquidation Trustee will hold an auction to sell the Property, including the Landfill. Any party that wishes to be a stalking horse bidder shall have forty-five days from the Confirmation Date to submit a bid and bidding terms to the Liquidation Trustee and LSCG. Any such bid submitted herein shall allocate the proposed purchase price among the Property being purchased so as to reflect the amount being bid for the Landfill and the amounts being bid for all remaining Property. If any bid is submitted and accepted by all of the Liquidation Trustee and LSCG, within fifty days after the Confirmation Date, LSCG will file a joint motion seeking approval of the stalking horse bid, bidding terms, and auction procedures. Regardless of whether a stalking horse bid is recommended by both LSCG, the Liquidation Trustee will conduct an auction in accordance with the terms provided in this Plan. This Plan shall not prejudice any party with regard to any issue involving the sale of the Debtors' Property, including but not limited to the allocation of the proposed purchase price among the Property being purchased. The Debtors shall be required to execute any contract to sell any or all of the Property in conjunction with the Plan. Any transfer of any or all of the Property pursuant to the Plan shall be free and clear of all liens, claims, and encumbrances pursuant to Sections 363 and 1123(5)(D) of the Bankruptcy Code. The Liquidation Trustee will establish the Liquidation Trust at a financial institution of the Liquidation Trustee's choosing into which the Liquidation Trustee will distribute all Net Proceeds from the sale of the Property, any cash remaining in any of the Debtors' bank accounts after title to the Landfill is transferred

and all checks written from such account have cleared, any Net Proceeds from any Adversary Proceedings prosecuted by LSCG, and any other amounts realized from the collection and liquidation of the Debtors' Property. The Liquidation Trustee will make distributions from the Liquidation Trust in accordance with the Plan.

Net Proceeds from the sale of the Debtors' Property will first be distributed to LSCG as the holder of all Allowed Secured Claims (other than that of Ford), but only that portion of the Net Proceeds that is allocable to LSCG's collateral.

Net Proceeds in excess of the applicable Secured Claims or allocable to unencumbered assets will be distributed to LSCG as the holder of all Class II Tax Claims, Class IX Small Unsecured Claims, and Class X General Unsecured Claims. Any amounts remaining in the Liquidation Trust after payment in full of all Class I through Class X Claims and payment of all costs of administration of the bankruptcy cases, including but not limited to the costs and expenses of the Liquidation Trustee and any professionals employed by him, will be paid to the Equity Interest Holders as provided in Class XI.

As of the Confirmation Date, all claims and causes of action that are property of the estates shall vest with LSCG to be prosecuted and pursued by LSCG for the benefit of the Debtors' estates. Such causes of action include but are not limited to article 5 and other bankruptcy causes of action and any state-law tort claims against the Debtors' present or former officers and directors, including but not limited to David W. King, Jr., based on such officer or director's acts or omissions that negatively impacted the Debtors and their estates, including but not limited to claims for breach of fiduciary duty and breach of loyalty (the "Adversary Proceedings"). Any proceeds received from the Adversary Proceedings, after deduction of attorneys' fees and expenses, will be deposited into the Liquidation Trust and distributed by the Liquidation Trustee to LSCG as the holder of all Class II Tax Claims, Class IX Small Unsecured Claims, and Class X General Unsecured Claims, until such Claims are paid in full. As stated above, any amounts remaining in the Liquidation Trust after payment in full of all Class I through Class X Claims and payment of all costs of administration of the bankruptcy cases, including but not limited to the costs and expenses of the Liquidation Trustee and any professionals employed by him, will be paid to the Equity Interest Holders as provided in Class XI.

V: OBJECTIONS TO CLAIMS

The bar date for Creditors to file General Unsecured Claims against Shotwell was August 19, 2013 and for government creditors to file General Unsecured Claims against Shotwell was October 16, 2013. The bar date for creditors to file General Unsecured Claims against the Affiliated Debtors was April 14, 2014 and for government creditors to file General Unsecured Claims against the Affiliated Debtors other than Shotwell was June 4, 2014. The bar date for claimants to request allowance and payment of administrative expenses under Section 503(a) and for the Debtors' professionals to file their final fee applications under Section 330 will be thirty days after the Confirmation Date. The bar date for objecting to any such request or application will be sixty days after the Confirmation Date. All claim objections shall be LSCG's responsibility, and any party in interest shall have twenty-five days following the Confirmation

Date within which to file any objections to Claims. After such time, an objection may be filed only with leave of the Court. Unless objected to, all Claims shall be allowed as follows: (a) the amount of the Claim as of the Shotwell Petition Date or the Later Petition Date as shown on any timely filed proof of claim; or (b) if no proof of claim has been filed within such time, the amount of the Claim as of the Shotwell Petition Date or the Later Petition Date as set forth in the Debtors' Schedules as amended and filed in this case, unless such Claim is marked as disputed, unliquidated, or contingent.

VI. PROVISIONS GOVERNING DISTRIBUTIONS

1. Delivery of Distributions in General. Distributions to holders of Allowed Claims shall be made by the Liquidation Trustee: (i) at the addresses set forth in the proofs of claim filed by such holders; (ii) at the addresses set forth in any written notices of address change submitted by such holders to the Court; or (iii) at such other address as the Court may order.

2. Undeliverable Distributions. If the Liquidation Trustee is unable to make a payment or distribution to the holder of an Allowed Claim under the Plan for lack of a current address for the holder or otherwise, he shall file with the Court the name and, if known, the last known address of the holder and the reason for the inability to make payment, and if, after passage of thirty days and after any additional effort to locate the holder that the Court may direct, the payment or distribution still cannot be made, then the payment or distribution and any further payment or distribution to the holder shall be retained by LSCG and such Claim shall be deemed satisfied to the same extent as if payment or distribution had been made to the holder of the Claim.

VII. ASSUMPTION/REJECTION OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

All executory contracts and leases of the Debtors shall be deemed rejected on the Confirmation Date, except that Shotwell shall assume the Memorandum Agreement to the extent the Court has determined or determines that the Memorandum Agreement, or any of the obligations contained therein, are binding on Shotwell. A Claim for damages against the Debtors arising from the Debtors' rejection of any Executory Contract pursuant to the Plan or by order of Court shall be forever barred and shall not be enforceable against the Debtors or their property or interest in property and no holder of any such Claim shall participate in any distribution under the Plan with respect to that Claim unless a proof of Claim is served on the Debtors and filed with the Court before thirty days after the Confirmation Date, unless the Court has ordered otherwise, and said proof of Claim is determined to be an Allowed Claim, either because no timely objection is filed or because the Court allowed the Claim once a timely objection was filed.

VIII. ACCEPTANCE OR REJECTION OF PLAN; EFFECT OF REJECTION BY AN IMPAIRED CLASS

1. Impaired Classes Entitled to Vote Separately. Only impaired Classes are entitled to vote to accept or reject the Plan.

2. Acceptance by an Impaired Class of Creditors. Consistent with Section 1126(c) and

except as provided in Section 1126(e), an Impaired Class of Claims shall have accepted the Plan if the Plan is accepted by holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of holders of Allowed Claims in that Class who have timely and properly voted to accept or reject the Plan.

3. Holders of Impaired Claims Entitled to Vote. Each holder of an impaired claim shall be entitled to vote if:

(A) Such Claim has been filed against the Debtors in a liquidated amount or has been listed on the Debtors' Schedules other than as contingent, unliquidated, or disputed, and as to which no proof of Claim has been filed. Except as otherwise provided herein, the Claim shall be allowed solely for the purpose of voting on the Plan in the amount in which such Claim has been filed by the holder or scheduled by the Debtors, and

(B) Such Claim has been filed by the holder or scheduled by the Debtors and is the subject of an objection, but is temporarily allowed for voting purposes by order of the Court in accordance with Bankruptcy Rule 3018.

4. Confirmation Hearing. The Court will set a hearing on the confirmation of the Plan to determine whether the Plan has been accepted by the requisite number of creditors and whether the other requirements for confirmation of the Plan have been satisfied.

5. Acceptances Necessary to Confirm the Plan. At the Confirmation Hearing on the Plan, the Court shall determine, among other things, whether the Plan has been accepted by each Impaired Class. Under Section 1126 of the Bankruptcy Code, an Impaired Class of Creditors is deemed to accept the Plan if at least two-thirds (2/3) in amount and more than one-half (1/2) in number vote to accept the Plan. Further, unless there is unanimous acceptance of the Plan by those voting in an Impaired Class, the Court must also determine that each member of such Class will receive property with a value, as of the Effective Date of the Plan, that is not less than the amount that such member would receive or retain if the Debtors' assets were liquidated as of the Effective Date of the Plan under Chapter 7 of the Bankruptcy Code.

6. Confirmation of Plan Without Necessary Acceptances. The Bankruptcy Code provides that the Plan may be confirmed even if it is not accepted by all Impaired Classes. In order to be confirmed without acceptances of all Impaired Classes, the Court must find that at least one Impaired Class has accepted the Plan without regard to the acceptances of insiders, and the Plan does not discriminate unfairly against, and is otherwise fair and equitable, to each Impaired Class that votes against the Plan. In the event that any Impaired Class votes against the Plan, LSCG hereby requests and moves the Court for confirmation of the Plan under the cram-down provisions outlined below and Section 1129(b). In connection therewith, LSCG shall be allowed to modify the proposed treatment of the Allowed Claims in any Impaired Class that votes against the Plan consistent with Section 1129(b)(2)(A).

IX. "CRAM-DOWN" FOR IMPAIRED CLASS NOT ACCEPTING THE PLAN

In respect to any Impaired Class that does not accept the Plan, LSCG asks the Court to find that the Plan does not discriminate unfairly and is fair and equitable in respect to such Impaired Class and to confirm the Plan without acceptance by such Impaired Class.

X. RETENTION OF JURISDICTION

The Court shall retain jurisdiction of the cases after confirmation of the Plan pursuant to and for the purposes of Sections 105(a) and 1127, including without limitation, the following:

1. to determine any and all objections to the allowance of Claims and/or Interests;
2. to determine any and all applications by the Debtors' professionals for allowance of compensation and reimbursement of expenses for periods prior to or after the Confirmation Date, including compensation due to the Liquidation Trustee and all professionals employed by the Liquidation Trustee;
3. to determine all controversies and disputes arising under or in connection with the Plan;
4. to determine any Adversary Proceedings and any contested matters pending on the Confirmation Date;
5. to enforce performance of the Plan, including, but not limited to, payments and transfers of property in accordance with the provisions of the Plan;
6. to determine all disputes regarding property of the Debtors' estates;
7. to establish and adjust procedures for the orderly administration of the Debtors' estates;
8. to enter orders approving auction and bidding procedures or sales of the Landfill and the Property; and
9. to determine all disputes involving the sale of the Debtors' Property, including but not limited to the allocation of the proposed purchase price among the Property being purchased.
10. to determine such other matters and for such other purposes as may be provided for in the Confirmation Order.

XI. MISCELLANEOUS PROVISIONS

1. Survival of Terms. The covenants, representations and agreements made in this Plan shall survive the Confirmation Date and the transactions contemplated herein.
2. Successors Bound. Upon entry of the Confirmation Order, this Plan shall be binding

upon and inure to the benefit of the respective heirs, successors and assigns of LSCG, the Committee, the Debtors, and the other holders of Claims and Interests.

3. Controlling Law. This Plan shall be read and construed and take effect in all respects in accordance with the Bankruptcy Code, the Bankruptcy Rules, and applicable case law.

4. No Transfer Tax Liability. In accordance with Section 1146, transfer of the Property under the Plan shall not be subject to a stamp tax or other similar tax on property transfers.

5. Quarterly Fees. All quarterly fees shall be paid as required by the Local Rules of the Court.

Respectfully submitted, this the 7th day of October, 2014.

LSCG Fund 18, LLC

By: /s/ Luke Dixon
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LS Capital Group. LCC
Special Member of LSCG Fund 18, LLC

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