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Solutions & Services, Inc., Debtor and Debtor in Possession
7

8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA, RIVERSIDE DIVISION**
10

11 In re
12 **TECHNOLOGY SOLUTIONS &**
13 **SERVICES, INC., a California**
corporation,

14 Debtor.

Case No. 6:18-bk-18339-MH

Chapter 11

**DEBTOR AND DEBTOR IN POSSESSION’S
MOTION FOR ORDER:**

- (1) **APPROVING THE SALE OF
SUBSTANTIALLY ALL OF THE
ASSETS OF THE ESTATE FREE AND
CLEAR OF LIENS PURSUANT TO
BANKRUPTCY CODE § 363(b)(1);**
- (2) **APPROVING THE ASSUMPTION AND
ASSIGNMENT OF EXECUTORY
CONTRACTS; AND**
- (3) **GRANTING RELATED RELIEF;**

**MEMORANDUM OF POINTS AND
AUTHORITIES AND DECLARATION OF
JULIO C. GARCIA, JR. IN SUPPORT
THEREOF**

[Application for Order Shortening Time for
Hearing filed concurrently herewith]

Hearing:

Date: To be set
Time: To be set
Place: Courtroom 303
3420 Twelfth Street
Riverside, CA 92501

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1 **TO THE HONORABLE MARK D. HOULE, UNITED STATES BANKRUPTCY**
2 **JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE, AND OTHER PARTIES-**
3 **IN-INTEREST:**

4 Technology Solutions & Services, Inc., a California corporation, the debtor and debtor in
5 possession herein (“Debtor”) brings this Motion for an Order: (1) Approving the Sale of
6 Substantially All of the Assets of the Estate Free and Clear of Liens Pursuant to Bankruptcy Code
7 Section 363(b)(1) and (f); (2) Approving the Assumption and Assignment of Executory Contracts;
8 and (3) Granting Related Relief (“Sale Motion”) and in support of the Sale Motion submits the
9 following:

10 **I. SUMMARY OF ARGUMENT AND NEED FOR SHORTENED TIME HEARING**

11 The Debtor is a returns management company specializing in high-volume
12 remanufacturing of in-warranty and out-of-warranty consumer electronics products. The Debtor’s
13 corporate offices are located at 458 E. Commercial Road, San Bernardino, California. The Debtor
14 also operates two low-cost Maquiladora factories just across the border in Mexico totaling nearly
15 500,000 square feet, and has three U.S. offices to serve clients.

16 The Debtor has received an offer to purchase substantially all of the assets of the Debtor
17 (“Assets”) with the exceptions noted in the Asset Purchase Agreement (“APA”) which governs the
18 sale transaction proposed herein. The Debtor proposes to sell the Assets to Valu Tech
19 Outsourcing, LLC or its assigns (“Buyer”) for the sum of approximately \$12.17 million
20 (“Purchase Price”), as set forth more fully in the APA. A true and correct copy of the draft APA is
21 attached to the Declaration of Julio C. Garcia, Jr. (“Garcia Declaration”) as **Exhibit 1**.¹

22 Debtor’s secured lender, Bank of America (“BOA”), is owed over \$12 million but in order
23 to make the sale possible, BOA has agreed to a short pay and carve-out of its lien. In particular,
24 BOA has agreed to a carve-out of its lien in order to: 1) ensure that unsecured creditors of the
25 Debtor’s bankruptcy estate (“Estate”) obtain a total recovery of at least \$500,000, and 2) to pay the

26 _____
27 ¹ The APA is not yet in final form. The draft APA, which the Debtor expects will be substantially similar
28 to the final APA, is attached to the Garcia Declaration as Exhibit 1. As soon as the APA is finalized, the
Debtor will supplement this Motion and supply all necessary parties with a copy.

1 Debtor's only vendor, HP, Inc. ("HP"), in order to cure the deficiency under the Debtor's
2 executory contracts with HP and be able to assume and assign those contracts to the Buyer, which
3 is a condition precedent to the Buyer's obligation to proceed with the sale. The sale transaction
4 will proceed such that the Assets will be sold free and clear of all liens and encumbrances.

5 The sale provides a meaningful benefit to the Estate and its creditors because: (1) BOA has
6 agreed to a carve-out of its lien in the amount of approximately \$350,000 for the benefit of the
7 unsecured creditors of the Estate; (2) the Debtor's tax refund of approximately \$151,000 will be
8 set aside for payment to unsecured creditors of the Estate; and (3) the assets excluded from the
9 sale will provide additional recovery to the Estate of an estimated \$250,000 or more. If the Debtor
10 cannot sell its Assets to the Buyer (who requires assumption of the HP executory contracts and
11 cure of the Debtor's obligations thereunder as a condition to the sale), the Debtor will have no
12 other choice but to shut down and liquidate, in which case any and all proceeds would only benefit
13 BOA with no benefit to unsecured creditors. The purchase offer, together with BOA's carve-out
14 agreement will allow creditors to be paid much more than otherwise through a liquidation and so
15 the Debtor has made a business decision that it is in the best interest of the creditors of this Estate
16 that this Sale Motion be approved.

17 The Sale Motion also seeks Court approval of the assumption and assignment of certain
18 leases and executory contracts. The Buyer has indicated it desires to purchase certain unexpired
19 leases and executory contracts to be designated by the Buyer at a later date (but certainly to
20 include the Debtor's executory contracts with HP). The Buyer will satisfy any necessary cure
21 amounts under the executory contracts it wishes to assume. A Notice which lists the contracts to
22 be assumed and the proposed cure amount will be sent separately from this Sale Motion.

23 The Sale Motion must be heard absolutely no later than October 15, 2018 because the
24 Buyer and HP require that the sale close by no later than October 31, 2018. As noted above, the
25 Buyer requires that the Debtor's executory contracts with HP be assumed and assigned to the
26 Buyer. In turn, HP requires that all defaults under its contracts with the Debtor be cured as a
27 condition to the sale and the assignment of the contracts to the Buyer. HP requires that the sale
28 close by no later than October 31, 2018 because that is its fiscal year end. The sale cannot close

1 until this Court enters an order approving the sale and the 14-day appeal period has run. As such,
2 the Motion must be heard by absolutely no later than October 15, 2018. If closing does not occur
3 by October 31, 2018, the buyer, BOA, and HP, Inc. will back out of the deal. This would be a
4 huge detriment to the Estate because if the sale does not close, the Debtor will have no other
5 choice but to shut down and liquidate, in which case any and all proceeds would only benefit BOA
6 with no benefit to unsecured creditors.

7 Thus, based on good business reasons, Court approval of the sale contemplated herein will
8 serve the best interests of the Estate and its creditors and must be granted as soon as possible so
9 that the Debtor do not lose this favorable business opportunity.

10 **II. BACKGROUND INFORMATION**

11 **A. Case Commencement**

12 The Debtor filed a voluntary petition for relief under Chapter 11 of the United States Code
13 Bankruptcy Code on October 2, 2018 (“Petition Date”).

14 The Debtor is continuing in possession of its property, and operating and managing its
15 business, as a debtor in possession pursuant to Bankruptcy Code Sections 1107 and 1108.

16 No request for the appointment of a trustee or examiner has been made in this case and no
17 committee has been appointed.

18 **B. Description of the Debtor’s Business**

19 The Debtor is a California corporation incorporated in 2003 and is a returns management
20 company specializing in high-volume remanufacturing of in-warranty and out-of-warranty
21 consumer electronics products. The Debtor’s corporate headquarters is located at 458 Commercial
22 Road, San Bernardino, California. The Debtor leases the premises pursuant to a Commercial
23 Lease (“Lease”) with GWH Properties LLC (“Lessor”) as the lessor. The Debtor operates two
24 low-cost Maquiladora factories just across the border in Mexico totaling nearly 500,000 square
25 feet, and has three U.S. offices to serve clients.

26 Each of the Debtor’s factories possesses cutting edge technologies for both technical and
27 cosmetic recovery processes that bring less than desirable products back to a like-new sellable
28 condition. This reduces scrap rates while increasing product yields and recovery, making the

1 Debtor a front runner for IT, computers, mobile, tablet and wireless networking service. The
2 Debtor not only provides full service asset recovery solutions, but also presents manufacturers
3 with a comprehensive analysis of their managed products. The Debtor's global partner program
4 consists of a network of international buyers specializing in varying market segments.

5 **C. Events Leading to the Chapter 11 Filing**

6 The Debtor has determined that it can no longer operate on a profitable basis and cannot
7 internally reorganize its affairs. BOA declared its loan in default but the Debtor is unable to pay
8 BOA on its loan and is losing money on a monthly basis. It simply does not have the income to
9 continue operating.

10 Based on this, the Debtor had no other choice but to seek bankruptcy protection in order to
11 preserve as much of its cash as possible, proceed with the sale of assets, and propose a plan to treat
12 creditors equally.

13 **D. The Debtor's Secured Liabilities**

14 The Debtor's only undisputed secured creditor is BOA pursuant to a Loan Agreement
15 entered into on June 13, 2013 and amended thereafter. BOA has a secured claim and blanket lien
16 against the Debtor's property and assets in a total amount of approximately \$12,292,722.72
17 pursuant to the following UCC-1 filings: (1) UCC-1 filing No. 10-7248928778, filed on October
18 20, 2010; (2) UCC-1 filing No. 11-7278989133, filed on July 29, 2011; and, (3) UCC-1 filing No.
19 11-7283960592, filed on September 8, 2011. BOA sent a Notice of Default to the Debtor on or
20 about April 17, 2018.

21 In addition, the Internal Revenue Service ("IRS") filed a Notice of Federal Tax Lien on
22 September 4, 2018 ("IRS Lien"). The IRS Lien relates to 2016 Federal income taxes alleged to be
23 owed by the Debtor in the amount of \$686,683.15. The Debtor recently filed amended tax returns,
24 however, and is entitled to a refund of approximately \$151,000. The IRS has acknowledged the
25 refund and the Debtor is advised that the IRS will release the lien by November 8, 2018.

26 The sale transaction will proceed such that the Assets will be sold free and clear of all
27 liens, claims, interests and encumbrances including those listed above. BOA and the IRS will
28

1 consent to the sale and further, BOA has agreed to a carve-out of its lien such that it will receive
2 only \$7 million from the sale of Assets in full satisfaction of its lien.

3 **E. The Purchase Offer and Summary of the Sale Terms**

4 Subject to Court approval, the Debtor has received an offer from the Buyer for the
5 purchase of the Assets pursuant to the terms and conditions as set forth in the APA.

6 A summary of the APA’s terms and highlights are discussed below, but the summary and
7 discussion are not meant to be a complete review of every provision of the Agreement. The APA
8 itself is the legally binding document the Debtor seeks approval of and, in the event of any
9 inconsistency between the terms, provisions or effect of the APA and the description of it in these
10 pleadings, the APA alone shall govern and not these pleadings or the descriptions herein.

11 In summary, the principal terms of the sale of the Assets shall be as follows (the Debtor is
12 referred to at times as the “Seller” in the following summary):

13 14	Buyer:	Valu Tech Outsourcing, LLC, a California limited liability company, or its assigns
15 16 17 18	Purchase Price:	Total of approximately \$12.5 million, consisting of the sum of: (i) \$7 million to be paid to BOA, (ii) all sums due and owing to HP from the Debtor after application of the \$1 million certificate of deposit with HP (approximately \$5.5 million), (iii) all costs to cure the executory contracts to be assumed and assigned to the Buyer, and (iv) \$500,000 minus the greater of (A) \$150,000 or (B) the aggregate amount of any and all tax refunds received by Seller after execution of the APA. The Buyer will also assume certain liabilities.
19	Closing:	To occur within two business days following the date this Court’s order approving the sale becomes final and non-appealable.
20 21 22 23	Assets Being Transferred:	All of Debtor’s rights, title and interest in and to all of the properties, rights, contracts, interests, claims and other assets of any nature whatsoever of the Debtor, wherever located, whether tangible or intangible, arising out of, relating to or used in connection with the Debtor’s business as further delineated and described in Section 1.1 of the APA, which includes rights to assert preference claims, and with the exceptions noted in the APA.
24 25 26 27 28	Excluded Assets:	Assets listed in Section 1.2 of the APA, including but not limited to: cash and cash equivalents and all bank accounts, excluded contracts listed in Schedule 1.2 to the APA, corporate organization related documents, employee files, insurance policies, employee benefit plans, all tax related items including tax refunds, business permits, that are not assignable, all indebtedness, capital or capitalized leases, rights to any suit, action or other legal proceeding being pursued by the Debtor, rights to any real property owned or leased by the Debtor, shares of capital stock, accounts receivable due to the Debtor by any customer other than HP, and other assets set forth in Schedule 1.2(q) to the APA (which includes the non-working Lenovo computers).

1 2	Assumed Liabilities:	Seller will assume the liabilities and obligations relating to the ownership or operation of the Assets accruing after the Closing and all liabilities under any of the Purchased Contracts arising after the Closing.
3 4 5	Assumption of Certain Executory Contracts	The Buyer will advise the Debtor, in its sole and absolute discretion, what contracts it intends to assume, subject to Bankruptcy Court approval. As further consideration for the sale of Assets, Buyer shall pay all Cure Costs directly to the counterparty to the Purchased Contract within two days of the Order approving the Sale Motion becoming a final and non-appealable order.
6 7	Bankruptcy Court Approval	The sale is subject to notice to creditors and approval by the Bankruptcy Court.
8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Purchase Without Warranties	BUYER WARRANTS AND ACKNOWLEDGES TO AND AGREES WITH SELLER THAT EXCEPT AS EXPRESSLY SET FORTH HEREIN BUYER IS PURCHASING THE PURCHASED ASSETS IN AN "AS-IS AND WHERE-IS" CONDITION WITH ALL FAULTS AND SPECIFICALLY AND EXPRESSLY WITHOUT ANY WARRANTIES, REPRESENTATIONS OR GUARANTEES, EITHER EXPRESS OR IMPLIED, OF ANY KIND, NATURE OF OR ON BEHALF OF SELLER. Seller acknowledges that Buyer has not relied and is not relying upon any information, document, sales brochure, due diligence, information package or other literature, map or sketch, projection, pro forma statement, representation, guarantee or warranty (whether express or implied, or oral or written, material or immaterial) that may have been given by or made by or on behalf of or omitted by the Seller, its agents, representatives, consultants and/or attorneys with respect to the quality, nature, adequacy or physical condition of the Purchased Assets. Buyer acknowledges that it is Buyer's responsibility to make such legal, factual and other inquiries and investigations as Buyer deems necessary, desirable or appropriate with respect to the Purchased Assets. Such inquiries and investigations may include, but shall not be limited to, the physical components of all portions of the Purchased Assets and the condition of the Purchased Assets. BUYER ACKNOWLEDGES TO, AND AGREES WITH SELLER THAT WITH RESPECT TO THE PURCHASED ASSETS, SELLER HAS NOT AND DOES NOT AND WILL NOT MAKE ANY WARRANTIES OR REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW INCLUDING, BUT IN NO WAY LIMITED TO, ANY WARRANTY OF CONDITION, MERCHANTABILITY, HABITABILITY OR FITNESS FOR A PARTICULAR USE OR WITH RESPECT TO THE VALUE, PROFITABILITY OR MARKETABILITY OF THE PURCHASED ASSETS OR WITH RESPECT TO COMPLIANCE OF THE PURCHASED ASSETS WITH ANY ENVIRONMENTAL PROTECTION LAW, RULE OR REGULATION, ORDER OR REQUIREMENT INCLUDING, BUT NOT LIMITED TO, THOSE PERTAINING TO THE HANDLING, GENERATING, TREATING, STORING OR DISPOSING OF ANY HAZARDOUS WASTE OR SUBSTANCE.
23 24	Jurisdiction of the Bankruptcy Court	Any and all disputes which involve in any manner the Estate or the Debtor arising from the APA or relating in any manner to the Assets, shall be resolved only in the United States Bankruptcy Court, Central District of California.
25 26 27	Free and Clear of Liens and Encumbrances	The Assets shall be delivered to the Buyer free and clear of all liens and encumbrances. Any liens and interests against the Assets that are not paid in full through escrow shall attach to the sale proceeds generated through the sale with the same force, effect, validity, and priority as such liens or interests had with respect to the Assets prior to the sale.

1 2 3 4 Good Faith Finding	The proposed sale has been brought in good faith and has been negotiated on an “arms length” basis. The negotiations with the Buyer have resulted in an offer to sell the Estate’s interest in the Assets that will have substantial benefit. Accordingly, the sale is in good faith and should be approved. The Debtor shall request such a finding pursuant to Bankruptcy Code Section 363(m) at the hearing on this Sale Motion.
5 6 7 No Successor Liability	Debtor shall seek a finding of this Court that the Buyer shall have no liability with respect to claims or administrative expenses arising or accruing prior to or on the Closing Date, and shall not be deemed a successor of the Debtor within the meaning of any revenue, pension, ERISA, COBRA, tax, labor or environmental law, rule or regulation or any products liability.
8 9 10 Waiver of Rule 6004(h)	The Debtor requests that the Court waive the fourteen-day stay of the order approving the sale of the Assets under Federal Rules of Bankruptcy Procedure 6004(h) such that the sale of the Assets can close as soon as possible after entry of the Court order approving the Sale Motion and the Agreement.

11 **F. Procedures for the Assumption and Assignment of Executory Contracts and Leases**

12 As noted above, the Debtor will seek to assume and assign certain unexpired leases and
13 executory contracts (“Assumed Contract(s)”) to be identified by the Buyer no later than seven
14 calendar days before the hearing on this Sale Motion and the Buyer will pay all necessary cure
15 costs (the “Cure Costs”). The Assumed Contracts and the Cure Costs will be identified in a
16 separate Notice to be e-mailed or faxed or sent via overnight mail no later than seven (7) business
17 days prior to the date of the hearing on this Sale Motion (“Cure Notice”). The amounts listed in
18 the Cure Notice are what the Debtor believes are owed to each counterparty (each a
19 “Counterparty,” and collectively, the “Counterparties”) to an Assumed Contract in order to cure
20 any defaults that exist under such Assumed Contract.

21 Unless the Counterparty properly files and serves an objection to the Cure Amount no later
22 than two (2) days prior to the hearing on the Sale Motion, the Counterparty will receive at the time
23 of the Closing, the cure amount as set forth in the Cure Notice, if any. To the extent no objection
24 is filed with regard to a particular Cure Cost, such Cure Costs shall be binding on the applicable
25 Counterparty.

26 If an objection is filed by a Counterparty, the Debtor proposes that such objection must set
27 forth a specific default in the Assumed Contract, claim a specific monetary amount that differs
28 from the amount, if any, specified by the Debtor in the Cure Notice, and set forth any reason why

1 the Counterparty believes the Assumed Contract cannot be assumed and assigned to the Buyer.
2 Any Cure Costs disputed by any Counterparty, with respect to any Assumed Contract to be
3 assumed and assigned to the Buyer at Closing will be resolved by the Court at the hearing on this
4 Sale Motion or other hearing as determined by the Court.

5 **III. LEGAL BASIS FOR THE RELIEF SOUGHT**

6 **A. The Court May Authorize the Sale When There is a Good Faith Purchaser**

7 The Debtor, after notice and hearing, may sell property of the estate. 11 U.S.C. § 363(b).
8 The standards to establish are that there is a sound business purpose for the sale, that the sale is in
9 the best interests of the estate, i.e., the sale is for a fair and reasonable price, that there is accurate
10 and reasonable notice to creditors and that the sale is made in good faith. *In re Wilde Horse*
11 *Enterprises, Inc.*, 136 B.R. 830, 841 (Bankr. C.D. Cal. 1991); *In re Lionel Corp.*, 722 F.2d 1063,
12 1069 (2d Cir. 1983). Business justification would include the need to close a sale to one of very
13 few serious bidders where an asset has been shopped and a delay could jeopardize the transaction.
14 *See, e.g., In re Crowthers McCall Pattner, Inc.*, 114 B.R. 877, 885 (Bankr. S.D.N.Y. 1990)
15 (extreme difficulty finding a buyer justified merger when buyer found). The Debtor's proposed
16 sale of the Assets meets the foregoing criteria.

17 **1. Sound Business Purpose**

18 The Ninth Circuit has adopted a flexible, case-by-case test to determine whether the
19 business purpose for a proposed sale justifies disposition of property of the estate under Section
20 363(b). *In re Walter*, 83 B.R.14 (B.A.P. 9th Cir. 1988). In *Walter*, the Ninth Circuit, adopting
21 the reasoning of the Fifth Circuit in *In re Continental Air Lines, Inc.*, 780 F.2d 1223 (5th Cir.
22 1986), and the Second Circuit in *In re Lionel Corp.*, 722 F.2d 1063 (2d Cir. 1983), set forth the
23 following standard to be applied under Bankruptcy Code Section 363(b):

24
25 Whether the proffered business justification is sufficient depends on the
26 case. As the Second Circuit held in *Lionel*, the bankruptcy judge should
27 consider all salient factors pertaining to the proceeding and, accordingly,
28 act to further the diverse interests of the debtor, creditors and equity
holders, alike. He might, for example, look to such relevant factors as the
proportionate value of the assets to the estate as a whole, the amount of
lapsed time since the filing, the likelihood that a plan of reorganization
will be proposed and confirmed in the near future, the effect of the

1 proposed disposition on future plans of reorganization, the proceeds to be
2 obtained from the disposition vis-a-vis any appraisals of the property,
3 which of the alternatives of use, sale or lease the proposal envisions and,
4 most importantly perhaps, whether the asset is increasingly or decreasing
in value. This list is not intended to be exclusive, but merely to provide
guidance to the bankruptcy judge.

5 *Walter*, 83 B.R. at 19-20 (quoting *Continental*, 780 F.2d at 1226).

6 Here, the facts surrounding the sale of the Assets support the Debtor's business decision
7 that the proposed sale is in the best interest of the Estate and its creditors. The Debtor cannot
8 continue to operate because of the amounts owed to BOA. If the Debtor cannot sell the Assets, it
9 will have no choice but to shut down and liquidate, in which event unsecured creditors will receive
10 nothing. In the alternative, the Debtor has found a willing buyer for its Assets and BOA has
11 agreed to a carve-out of its lien of approximately \$350,000 which will be used to pay unsecured
12 creditors. In addition, the Buyer requires that HP be paid in full as part of the sale and as such,
13 BOA has also agreed to a carve-out of its lien in order to satisfy HP pursuant to the terms set forth
14 in the APA.

15 Unsecured creditors will share in a pool of at least \$500,000 (BOA's carve-out of
16 \$350,000 plus the tax refund of approximately \$151,000). In addition, the liquidation of assets
17 excluded from the sale will provide an additional benefit to the Estate. The liquidation of the
18 Lenovo computers is expected to generate approximately \$250,000. On the other hand, if the sale
19 is not approved, the Debtor would have no choice to shut down and liquidate. The Debtor's assets
20 are overencumbered by the lien of BOA and as such, in liquidation, unsecured creditors would
21 receive nothing.

22 If the Sale Motion is not approved, then there will be a substantial loss to the Estate and the
23 only creditor to be paid anything will be BOA and even it would likely not be paid in full. The
24 Debtor respectfully submits that, if this Court applies the good business reason standard suggested
25 by the Second Circuit in *Lionel*, the sale should be approved.

26 **2. The Sale Serves the Best Interests of the Estate and Creditors**

27 The Debtor believes that it would be in the best interest of the Estate and its creditors to
28 sell the Assets as a going concern. The benefits to the Estate, as set forth above, are tremendous

1 due to the funds from the carve-out from BOA for unsecured creditors. If the Sale Motion is not
2 approved, the Estate will not receive the sale proceeds and will likely lose the Buyer. The Debtor
3 does not want to lose this beneficial business opportunity. Thus, the Debtor has made a business
4 decision that it is in the best interest of the creditors of the Estate that this Sale Motion be
5 approved.

6 **3. Accurate and Reasonable Notice**

7 It is expected that notice of this Sale Motion will satisfy the requirements for accurate and
8 reasonable notice.

9 The notice requirements for sales are set forth in Federal Rules of Bankruptcy Procedure
10 (“FRBP”) 6004 and 2002. The notice must include the time and place of any public sale, the
11 terms and conditions of any private sale, the time fixed for filing on objections and a general
12 description of the property. Fed. R. Bankr. P. 2002(c)(1).

13 In compliance with FRBP 2002 and Bankruptcy Code Section 102(1), the Debtor shall
14 provide notice of the proposed sale of the Assets to creditors and parties in interest. The Notice of
15 Sale Motion will include, inter alia, a summary of the terms and conditions of the proposed sale,
16 the time fixed for filing objections, and a general description of the Assets in compliance with
17 LBR 6004. The Debtor submits that the notice requirements will have been satisfied, thereby
18 allowing creditors and parties in interest an opportunity to object to the sale. Hence, no further
19 notice should be necessary.

20 **4. The Sale is Made in Good Faith**

21 The proposed sale has been brought in good faith and has been negotiated on an “arms
22 length” basis.

23 The court, in *Wilde Horse Enterprises*, set forth the factors in considering whether a
24 transaction is in good faith. The court stated:

25
26 ‘Good faith’ encompasses fair value, and further speaks to the integrity of
27 the transaction. Typical ‘bad faith’ or misconduct, would include
28 collusion between the seller and buyer, or any attempt to take unfair
advantage of other potential purchasers. . . . And, with respect to making
such determinations, the court and creditors must be provided with

1 sufficient information to allow them to take a position on the proposed
2 sale.

3 *Id.* at 842 (citations omitted).

4 In the present case, the negotiation of the proposed sale was an arms-length transaction.
5 The Debtor and the Buyer have been in negotiations for a few months. Neither the Buyer nor any
6 of the parties working on the Buyer's behalf are (1) insiders of the Debtor as the term "insider" is
7 defined by Bankruptcy Code section 101(31), nor (2) affiliates of the Debtor as the term "affiliate"
8 is defined by Bankruptcy Code section 101(2). Both the Buyer and the Debtor are represented by
9 counsel. The Buyer has taken no action to communicate with or discourage other bidders, if any,
10 from making an offer to purchase the Assets and the Buyer has taken no action to discourage or
11 hinder the Debtor from adequately marketing the proposed sale of the Assets.

12 As set forth in the Notice of the Sale Motion, the creditors will have been provided with
13 sufficient notice of the sale. Accordingly, the sale is in good faith and should be approved. The
14 Debtor requests the Court make such a finding pursuant to Bankruptcy Code Section 363(m).

15 Thus, based on good business reasons, the Debtor submits that approval of the sale
16 contemplated herein will serve the best interests of the Estate and its creditors and should be
17 granted so that the Debtor do not lose this favorable business opportunity.

18 **B. The Proposed Sale Should be Allowed Free and Clear of Liens**

19 Bankruptcy Code Section 363(f) allows a trustee or debtor in possession to sell property of
20 the bankruptcy estate "free and clear of any interest in such property of an entity," if any one of
21 the following five conditions is met:

- 22 (1) applicable non-bankruptcy law permits a sale of such property free
23 and clear of such interest;
- 24 (2) such entity consents;
- 25 (3) such interest is a lien and the price at which such property is to be
26 sold is greater than the aggregate value of all liens on such property;
- 27 (4) such interest is in bona fide dispute; or

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1 (5) such entity could be compelled, in a legal or equitable proceeding, to
2 accept money satisfaction of such interest.

3 11 U.S.C. § 363(f).

4 Section 363(f) is written in the disjunctive and thus only one of the enumerated conditions
5 needs to be satisfied for Court approval to be appropriate.

6 Here, BOA, the only creditor with an undisputed security interest in the Assets, has
7 consented to the sale and to the short pay of its loan. In particular, BOA has agreed to a carve-out
8 of its lien so long as BOA receives the sum of \$7 million from the proceeds of the sale to the
9 Buyer. As such, the sale will be free and clear of BOA's lien under Section 363(f)(2).

10 While the IRS currently has a lien against the Assets, the IRS recently processed the
11 Debtor's amended tax returns which reflect a refund for its 2016 taxes. The Debtor has been
12 advised that the IRS will release the IRS Lien by November 8, 2018 and that the IRS will consent
13 to the proposed sale. If the IRS will not consent to the sale, the sale can nevertheless proceed free
14 and clear of the IRS Lien as it is subject to a bona fide dispute pursuant to Section 363(f)(4).
15 Specifically, the Debtor argues that the assessment against it is incorrect and that pursuant to
16 amended returns, the Debtor is owed a refund from the IRS. In addition, the IRS Lien was
17 recorded with 90 days of the Petition Date and as such, the Debtor believes can be avoided under
18 Section 547 as a preference.

19 Accordingly, the Debtor believes that the sale of the Assets free and clear of all liens,
20 claims, and encumbrances is proper under Bankruptcy Code Sections 363(f)(2) and (f)(4).

21 **C. Assumption and Assignment of Executory Contracts**

22 The APA also contemplates the assumption and assignment of certain leases and executory
23 contracts to the Buyer. Bankruptcy Code Section 365(a) provides that “. . . the trustee, subject to
24 the court's approval, may assume or reject any executory contract or unexpired lease of the
25 debtor.” A trustee satisfies the “business judgment” test when the trustee decides, in good faith,
26 that assumption or rejection may benefit the estate and its creditors, and may preserve assets for
27 the estate. *See, Group of Institutional Investors v. Chicago, Milwaukee, St. Paul & Pacific R.R.*
28 *Company*, 318 U.S. 523, 550 (1943); *In re Huang*, 23 B.R. 798, 900 (B.A.P. 9th Cir. 1982); *In re*

1 *FCX, Inc.*, 60 B.R. 405, 441 (Bankr. E.D.N.C. 1986). In addition, assumption of executory
2 contracts and unexpired leases requires the debtor to cure any existing defaults under such
3 agreements. 11 U.S.C. § 365(b)(1).

4 As set forth in the APA, the Debtor will assume and assign the Assumed Contracts to the
5 Buyer. To the extent any cure payment is necessary, the Buyer will pay the necessary cure
6 amount directly to the Counterparty to the Assumed Contract. The Debtor will serve a copy of the
7 Cure Notice to all Counterparties to the Assumed Contracts, notifying such Counterparties of the
8 intended assumption by the Debtor and assignment to the Buyer of the Assumed Contracts at the
9 hearing on this Sale Motion. The Counterparties will have sufficient opportunity to file an
10 objection to the proposed Cure Costs. To the extent no objection is filed with regard to a particular
11 Cure Cost, such Cure Costs shall be binding on the applicable Counterparty. Any Cure Costs
12 disputed by any Counterparties, with respect to any Assumed Contracts will be resolved by the
13 Court at the hearing on the Sale Motion.

14 The Buyer is responsible for providing evidence of “adequate assurance of future
15 performance” to the extent required in connection with the assumption and assignment of any
16 Assumed Contracts. The meaning of “adequate assurance of future performance” for the purpose
17 of the assumption of executory contracts and unexpired leases pursuant to section 365 of the
18 Bankruptcy Code depends on the facts and circumstances of each case, but should be given
19 “practical, pragmatic construction.” *See, In re Carlisle Homes, Inc.*, 103 B.R. 524, 538 (Bankr.
20 D.N.J. 1989); *see also In re Natco Indus., Inc.*, 54 B.R. 436, 440 (Bankr. S.D.N.Y. 1985)
21 (adequate assurance of future performance does not mean an absolute assurance that the debtors
22 will thrive and pay rent); *In re Bon Ton Rest. & Pastry Shop, Inc.*, 53 B.R. 789, 803 (Bankr. N.D.
23 Ill. 1985). If necessary, the Buyer will provide evidence of its ability to provide adequate
24 assurances at the hearing on the Sale Motion.

25 Assumption and assignment of the Assumed Contracts is in the best interest of the Estate
26 because the alternative is to reject the Assumed Contracts, in which case the Counterparty to the
27 Assumed Contract could assert a rejection claim for damages against the Estate and thus increase
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1 the amount of general unsecured claims in the case. Further, the Buyer will pay all Cure Costs
2 necessary under the Assumed Contracts, providing an additional benefit to the Estate.

3 Except to the extent otherwise provided in the APA entered into with the Buyer, subject to
4 the payment of any Cure Costs, the Debtor requests that the Buyer not be subject to any liability to
5 a Counterparty to a Assumed Contracts that accrued or arose before the Closing of the sale of the
6 Assets, and that the Debtor be relieved of all liability accruing or arising thereafter pursuant to
7 section 365(k) of the Bankruptcy Code.

8 The Debtor further requests that the order approving the sale provide that the Assumed
9 Contracts will be assigned to, and remain in full force and effect for the benefit of the Buyer,
10 notwithstanding any provisions in the Assumed Contracts, including those described in sections
11 365(b)(2) and (f)(1) and (3) of the Bankruptcy Code, that prohibit such assignment.

12 Accordingly, the Debtor believes the assumption and assignment of the Assumed
13 Contracts will assist the Debtor in its efforts to satisfy obligations.

14 **D. Waiver of Rules 6004 and 6006**

15 Notwithstanding the possible applicability of 6004 and 6006 of the Bankruptcy Rules or
16 otherwise, the Debtor requests the relief sought by this Motion be immediately effective and
17 enforceable upon entry of the order requested hereby. In order to allow the immediate realization
18 of value for the Assets, the Debtor requests that any order granting this Motion is effective
19 immediately and not subject to the 14-day stay imposed by Bankruptcy Rules 6004(h) and
20 6006(d).

21 **E. The Sale Motion Must Be Heard on a Shortened Time Basis**

22 Concurrently herewith, the Debtor is filing an application for order shortening time for
23 hearing on the Sale Motion in compliance with Local Bankruptcy Rule 9075-1. As set forth in the
24 Garcia Declaration, the Sale Motion must be heard absolutely no later than October 15, 2018
25 because the sale must close, which requires entry of an order approving the sale and the 14-day
26 appeal period to have run, by no later than October 31, 2018. If the sale cannot close by October
27 31, 2018, BOA and HP will not agree to the terms of the sale. This would be a huge detriment to
28 the Estate because if the sale does not close, the Debtor will have no other choice but to shut down

1 and liquidate, in which case any and all proceeds would only benefit BOA with no benefit to
2 unsecured creditors.

3 **IV. CONCLUSION**

4 **WHEREFORE**, based upon the foregoing, the Debtor respectfully submits that good
5 cause exists for granting the Sale Motion and requests that the Court enter an order:

6 1. Authorizing the Debtor to sell the Assets to the Buyer pursuant to the terms and
7 conditions as set forth in the APA attached as **Exhibit 1** to the Garcia Declaration.

8 2. Finding that notice of the transactions contemplated by the APA and the terms of
9 the APA was good and sufficient and was provided timely to all creditors and parties-in-interest.

10 3. Authorizing the sale of the Assets free and clear of all liens, claims and
11 encumbrances.

12 4. Authorizing the Debtor to sign any and all documents convenient and necessary in
13 pursuit of the sale as set forth above, including but not limited to the APA and any and all
14 conveyances contemplated by the APA attached as **Exhibit 1** to the Garcia Declaration.

15 5. Approving the procedures for notice of the assumption and assignment of Assumed
16 Contracts and costs to cure Assumed Contracts as set forth herein.

17 6. Approving the assumption and assignment of the Assumed Contracts to be
18 identified by the Buyer prior to the hearing on this Sale Motion and that such Assumed Contracts
19 will remain in full force and effect for the benefit of the Buyer, notwithstanding any provisions in
20 the Assumed Contracts, including those described in sections 365(b)(2) and (f)(1) and (3) of the
21 Bankruptcy Code, that prohibit such assignment.

22 7. A determination by the Court that the Buyer is a good faith purchaser and is
23 entitled to the protections of Bankruptcy Code Section 363(m).

24 8. Waiving the fourteen day stay of the order approving the sale of the Assets under
25 Federal Rules of Bankruptcy Procedure 6004(h) and 6006(d).

26 9. Holding that the Buyer shall have no liability with respect to claims or interests,
27 including, but not limited to administrative expenses, arising or accruing prior to or on the Closing
28 (as defined in the APA), and shall not be deemed a successor of the Debtor within the meaning of

1 any revenue, pension, ERISA, COBRA, tax, labor or environmental law, rule or regulation or any
2 products liability.

3 10. For such other and further relief as the Court deems just and proper under the
4 circumstances of this case.

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7 Dated: October 3, 2018

Respectfully submitted,

SHULMAN HODGES & BASTIAN LLP

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By: /s/Leonard M. Shulman
Leonard M. Shulman
Melissa Davis Lowe
Proposed Attorneys for Debtor and Debtor in
Possession

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DECLARATION

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DECLARATION OF JULIO C. GARCIA, JR.

I, Julio C. Garcia, Jr., declare as follows:

1. I am the President of Technology Solutions & Services, Inc., a California corporation, the debtor and debtor-in-possession (the “Debtor” or “TSSI”), and am one of the persons responsible for the administration of the Debtor. I have personal knowledge of the facts set forth herein and could, if called as a witness, competently testify thereto. I am also personally familiar with, and am custodian of, the records of the Debtor as they pertain to the financial records set forth herein. The records of the Debtor are made by employees or agents of the Debtor who report to me and who have a business duty to enter the records of the Debtor accurately and at or near the time of the event which they record.

2. I make this Declaration in support of the Debtor’s Motion for an Order: (1) Approving the Sale of Substantially All of the Assets of the Estate Free and Clear of Liens Pursuant to Bankruptcy Code Section 363(b)(1) and (f); (2) Approving the Assumption and Assignment of Executory Contracts; and (3) Granting Related Relief (“Motion”). Unless otherwise noted, capitalized terms herein have the meaning as set forth in the Motion.

3. The Debtor is a California corporation incorporated in 2003 and is a returns management company specializing in high-volume remanufacturing of in-warranty and out-of-warranty consumer electronics products. TSSI corporate headquarters is located at 458 Commercial Road, San Bernardino, California.

4. TSSI operates two low-cost Maquiladora factories just across the border in Mexico totaling nearly 500,000 square feet, and three U.S. offices to serve clients. Each factory possesses cutting edge technologies for both technical and cosmetic recovery processes that bring less-than-desirable products back to a like new sellable condition, reducing scrap rates while increasing product yields and recovery, making TSSI a front runner for IT, Computers, Mobile, Tablet and Wireless Networking service. TSSI not only provides full service asset recovery solutions, but also presents manufacturers with a comprehensive analysis of their managed products. TSSI’s global partner program consists of a network of international buyers specializing in varying market segments.

1 5. TSSI has determined that it can no longer operate as a profitable basis and cannot
2 internally reorganize its affairs.

3 6. The Debtor has found a buyer for its assets on the terms set forth in the draft APA,
4 a true and correct copy is attached hereto as **Exhibit 1**. The APA is not yet in final form. The
5 Debtor expects the final APA will be substantially similar to the draft APA which is attached
6 hereto as **Exhibit 1**.

7 7. It is my opinion that the sale is in the best interest of the Estate and its creditors
8 because: (1) BOA has agreed to a carve-out of its lien in the amount of approximately \$350,000
9 for the benefit of the unsecured creditors of the Estate; (2) the Debtor's tax refund of
10 approximately \$151,000 will be set aside for payment to unsecured creditors of the Estate; and (3)
11 the assets excluded from the sale will provide additional recovery to the Estate of an estimated
12 \$250,000 or more. If the Debtor cannot sell the Assets to the Buyer (who requires payment to HP
13 as a condition to the sale), the Debtor will have no other choice but to shut down and liquidate, in
14 which case any and all proceeds would only benefit BOA with no benefit to unsecured creditors.

15 8. HP is the Debtor's only vendor. The terms of the Debtor's business relationship
16 with HP are set forth in the following executory contracts: a Standard Services Agreement by
17 which Debtor receives computers from HP, fixes them, and returns them to HP for a fee, and a HP
18 Returns Program Purchase Agreement by which Debtor purchases used computers from HP, fixes
19 them and then the Debtor sells them as refurbished.

20 9. As a condition to the sale, the Buyer requires that the executory contracts with HP
21 be assumed and assigned to the Buyer which requires that all defaults under the contracts be cured.
22 In order to make that happen, BOA has consented to the sale so long as it receives \$7 million.
23 This will allow HP to be paid in full and will also provide funds for the unsecured creditors as
24 discussed above.

25 10. Additionally, the Debtor will assume and assign the Assumed Contracts (to be
26 identified in a separate Notice) to the Buyer. To the extent any cure payment is necessary, the
27 Buyer will pay the necessary cure amount directly to the counterparty to the Assumed Contract.

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1 11. The IRS filed a Notice of Federal Tax Lien on September 4, 2018 (“IRS Lien”).
2 The IRS Lien relates to 2016 Federal income taxes alleged to be owed by the Debtor in the amount
3 of \$686,683.15. The Debtor filed amended returns, however, and is entitled to a refund. The
4 Debtor’s accountant has advised me that the refund will be paid on or about October 8, 2018 and
5 that the IRS will release the IRS Lien by November 8, 2018.

6 12. The sale is not subject to overbids but the Debtor has not been contacted by any
7 potential overbidder in the Debtor’s business judgment, there are no viable alternative purchasers.

8 13. The negotiation of the proposed sale was an arms-length transaction. The Debtor
9 and the Buyer have been in negotiations for a few months. Neither the Buyer nor any of the
10 parties working on the Buyer’s behalf are (1) insiders of the Debtor as the term “insider” is
11 defined by Bankruptcy Code section 101(31), nor (2) affiliates of the Debtor as the term “affiliate”
12 is defined by Bankruptcy Code section 101(2). Both the Buyer and the Debtor are represented by
13 counsel. The Buyer has taken no action to discourage or hinder the Debtor from adequately
14 marketing the proposed sale of the Assets.

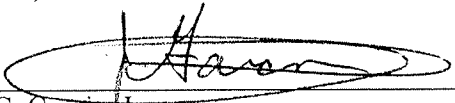
15 14. The Sale Motion must be heard absolutely no later than October 15, 2018 because
16 the Buyer and HP require that the sale close by no later than October 31, 2018. As noted above,
17 the Buyer requires that the Debtor’s executory contracts with HP be assumed and assigned to the
18 Buyer. In turn, HP requires that all defaults under its contracts with the Debtor be cured as a
19 condition to the sale and the assignment of the contracts to the Buyer. HP requires that the sale
20 close by no later than October 31, 2018 because that is its fiscal year end. The sale cannot close
21 until this Court enters an order approving the sale and the 14-day appeal period has run. As such,
22 the Motion must be heard by absolutely no later than October 15, 2018. If closing does not occur
23 by October 31, 2018, the buyer, BOA, and HP, Inc. will back out of the deal.

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1 15. If the proposed sale cannot be consummated, there would be a huge loss to the
2 Estate and its creditors. If the sale does not close, the Debtor will have no other choice but to shut
3 down and liquidate, in which case any and all proceeds would only benefit BOA with no benefit to
4 unsecured creditors.

5 I declare under penalty of perjury under the laws of the United States of America that the
6 foregoing is true and correct.

7 Executed on October 3, 2018, at San Bernardino, California.

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9 Julio C. Garcia, Jr.

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EXHIBIT 1

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this "Agreement"), dated as of October __, 2018, is entered into by and among Technology Solutions & Services, Inc., a California corporation ("Seller"), the equity holders of the Seller set forth on the signature pages hereto (the "Shareholders"), and Valu Tech Outsourcing, LLC, a California limited liability company ("Buyer"). Seller, Buyer and the Shareholders are each sometimes referred to herein individually as a "Party" and collectively as the "Parties".

RECITALS:

A. Seller is engaged in the business of repairing, refurbishing, and remarketing of office products and accessories (the "Business").

B. The Shareholders collectively own one hundred percent (100%) of the issued and outstanding shares of capital stock of Seller.

C. Buyer, Seller, and the Shareholders desire to enter into this Agreement whereby Seller agrees to sell and assign to Buyer, and Buyer agree to purchase and assume from Seller, the Purchased Assets and the Assumed Liabilities, on the terms and subject to the conditions set forth herein.

D. Seller and the Shareholders acknowledge that Buyer is paying substantial consideration for the Purchased Assets, and that payment of such consideration will inure to Seller's and to the Shareholders' benefit, and that Seller's and the Shareholders' agreement to the terms of this Agreement and to the terms of the other Closing Documents (including any restrictive covenants contained herein or therein) are a material inducement for Buyer to enter into this Agreement.

E. Buyer intends to continue Seller's existing business relationship with Hewlett-Packard Company and one or more of its Affiliates, including HP, Inc. (collectively, "HP"). In connection with Seller's existing relationship with HP, Seller has a considerable net obligation due and owing to HP (the "HP Balance") in an approximate amount of \$5,700,000.00 as of the date hereof and two irrevocable standby letters of credit, number 311557 dated December 31, 2010 (as amended, restated, extended, or otherwise modified from time to time) and number [●] dated [●] (as amended, restated, extended, or otherwise modified from time to time), each issued by Bank of America, N.A. in favor of HP in an aggregate face amount of One Million Dollars (\$1,000,000.00) to secure the certain obligations of Seller to HP (such letters of credit, the "HP Deposit").

F. On October 2, 2018, the Seller filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") with the United States Bankruptcy Court for the Central District of California, Riverside Division (the "Bankruptcy Court"), commencing Case No. 6:18-bk-18339-MH ("Bankruptcy Case").

G. The Parties intend to effectuate the transactions contemplated by this Agreement through a sale of the Purchased Assets approved by the Bankruptcy Court pursuant to Section 363 of Chapter 11 of Title 11 of the Bankruptcy Code.

In consideration of the mutual covenants, promises, agreements, representations and warranties contained in this Agreement, the Parties do hereby covenant, promise, agree, represent and warrant as follows:

ARTICLE I - PURCHASE AND SALE

1.1 Purchase and Sale of Assets. Subject to the terms and conditions of this Agreement, on the Closing Date, Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase, acquire and accept from the Seller, all of Seller's rights, title and interest in and to all of the properties, rights, contracts, interests, claims and other assets of any nature whatsoever of Seller, wherever located, whether tangible or intangible, arising out of, relating to or used in connection with the Business as of the Closing Date, other than the Excluded Assets (collectively, the "Purchased Assets"). The Purchased Assets include the properties, rights, contracts, interests, claims and other assets of Seller described as follows:

(a) all of the tangible personal property owned by Seller and used by Seller in or necessary for the operation of Business, including the equipment, furniture, fixtures, machinery, vehicles, office furnishings, and leasehold improvements set forth on Schedule 1.1(a);

(b) all of Seller's rights, to the extent assignable or transferable, to all Business Permits;

(c) all of Seller's interest in and to all personal property leases arising out of, relating to or used in connection with the Business, including any prepaid expenses and any security or other deposit; provided, that Buyer under Section 1.3 (i) has designated such lease as a Purchased Contract (in which case such lease shall be deemed a Purchased Asset) or (ii) has requested that Seller assume, assign and sell such lease to Buyer (in which case such lease shall be deemed a Purchased Asset), in each case as set forth in Section 1.3(a) and Section 1.3(b);

(d) all of Seller's interest in and to all contracts and agreements (including purchase orders) arising out of, relating to or used in connection with the Business; provided, that Buyer under Section 1.3 (i) has designated such contract or agreement as a Purchased Contract (in which case such lease shall be deemed a Purchased Asset) or (ii) has requested that Seller assume, assign and sell such contract or agreement to Buyer (in which case such contract or agreement shall be deemed a Purchased Asset), in each case as set forth in Section 1.3(a) and Section 1.3(b);

(e) all inventory, wherever located, arising out of, relating to or used in connection with the Business, including all raw materials, spare parts, and all other materials and supplies to be used or consumed in the production of finished goods and finished goods inventory;

(f) all billed and unbilled accounts receivable due and payable to Seller by HP or any Affiliate of HP, including all trade accounts receivable, notes receivable from HP, and all other obligations from HP, and any security, claim, remedy, or other right related to any of the foregoing (collectively, the "Purchased Accounts Receivable");

(g) all documents, records, correspondence, work papers and other documents relating to the Purchased Accounts Receivable or otherwise arising out of, relating to or used in connection with the Business;

(h) without limiting the generality of Section 1.1(c) above, all prepaid expenses, refunds, rebates, credits or payments due, and all utilities or other deposits, including deposits with third parties, arising out of or related to the Business or any of the Purchased Assets;

(i) Seller's (i) website(s) (together with the content therein) and internet domain name registrations, (ii) trademarks and service marks, including all common law rights, state, federal, and/or foreign applications and registrations, and the goodwill connected with the use of and symbolized by the foregoing, (iii) copyrights, including all applications and registrations, and works of authorship, whether or not copyrightable, (iv) trade secrets and confidential know-how, (v) patents and patent applications, and (f) other intellectual property and industrial property rights and assets, and all rights, interests, and protections, whether statutory or under common law, that are associated with, similar to, or required for the exercise of, any of the foregoing;

(j) the telephone and facsimile numbers used with respect to the operation of the Business;

(k) all rights to receive and retain mail and other communications relating to the Purchased Assets, the Assumed Contracts and, to the extent not covered by the foregoing, the Business,

(l) all service vans, trucks, tractors, trailers and other vehicles owned by Seller, and repair and replacement parts therefor, of Seller, all of which are listed on Schedule 1.1(l);

(m) all account, product, merchant or wholesaler codes, designations or similar identification of Seller assigned by any retailer;

(n) all of Seller's rights under claims, warranties, indemnities, guarantees, refunds, causes of action, rights of recovery, rights of set-off, and rights of recoupment of every kind and nature with respect to the Purchased Assets;

(o) all of Seller's rights and interests in inventory of advertising, sales and customer materials, forms, labels, promotional materials, manuals and supplies used in the operation of the Business;

(p) all of Seller's rights and interests in books, records, files, documents, computer programs, computer records, data and proprietary information relating to the Purchased Assets including Seller's accounting and financial books and records, except that Seller shall be provided reasonable access to such books and records and other documents as necessary to fulfill its duties as general assignee and may make copies of such books and records and documents for such purpose; provided, that all such materials shall be kept confidential and subject to the confidentiality obligations set forth in Section 6.2(c) hereof;

(q) all of Seller's rights under claims, warranties, indemnities, deposits, guarantees, refunds, causes of action, rights of recovery, rights of set-off, and rights of recoupment of every kind and nature with respect to the Purchased Assets;

(r) all rights in or to the name "Technology Solutions & Services, Inc.";

(s) all rights to bring or assert any preference claim, action, or other proceeding against the vendors of Seller identified on Schedule 1.1(s), which such schedule shall be prepared and delivered by Buyer to Seller no later than one (1) business day prior to the Closing Date; and

(t) all goodwill and going concern value associated with the Business.

1.2 Excluded Assets. Notwithstanding the Purchased Assets described in Section 1.1 or anything in this Agreement to the contrary, Buyer expressly understands and agrees that it is not purchasing or acquiring, and Seller is not selling or assigning (and Seller is retaining), the following assets or properties of Seller (the "Excluded Assets"):

(a) all cash and cash equivalents, and all bank accounts and securities held by Seller;

(b) all rights under each contract set forth on Schedule 1.2(b) (the "Excluded Contracts");

(c) the corporate seals, organizational documents, minute books, stock books, statutory books, or other records having to do with the corporate organization of Seller;

(d) all employee contracts, personnel files, other employee-related files or records, and any other books and records that Seller is prohibited from transferring to Buyer under applicable law or is required by applicable law to retain;

(e) all insurance policies and rights thereunder of Seller;

(f) all employee benefit plans of Seller and all trusts or other assets attributable thereto, including all contracts relating to "multiemployer plans" (as defined in Section 4001(a)(3) of ERISA);

(g) all tax returns, tax files and workpapers, tax correspondence, pre-paid taxes, refunds for taxes, and any and all other documents or materials relating to the taxes of Seller;

(h) all Business Permits that are not assignable;

(i) all indebtedness and all contracts related to indebtedness of Seller or the Business, including any loans from the Shareholders or any of their Affiliates (or any other related party) to Seller;

- (j) any and all capital or capitalized leases or leases required to be classified as capitalized under United States Generally Accepted Accounting Principles;
- (k) all rights to any suit, action, or other legal proceeding of any nature being pursued by Seller prior to the date hereof, whether arising by way of counterclaim or otherwise;
- (l) Seller's rights under or pursuant to this Agreement or any of the other Closing Documents;
- (m) all rights of Seller to any real property owned or leased by Seller;
- (n) all shares of capital stock of or other equity interests in any Person owned or held by Seller;
- (o) all billed and unbilled accounts receivable due and payable to Seller by any customer other than HP or any Affiliate of HP, including all trade accounts receivable, notes receivable from any such customer, and all other obligations from any such customer, and any security, claim, remedy, or other right related to any of the foregoing;
- (p) all contracts and agreements of Seller that Buyer has not under Section 1.3 (i) designated as a Purchased Contract or (ii) requested that Seller assume, assign and sell to Buyer; and
- (q) the assets, properties, and rights specifically set forth on Schedule 1.2(q).

1.3 Executory Contracts.

(a) Buyer shall, as promptly as practicable following the date hereof, but in no event later than seven (7) calendar days prior to the hearing on the Sale Motion, in Buyer's sole and absolute discretion, designate any Seller's Contract as a Purchased Contract (including a designation as to whether such Purchased Contract is a "Key Contract") or an Excluded Contract subject to the approval of the Bankruptcy Court. Seller shall use its best efforts to assume and assign each Purchased Contract at the Closing, and, once assumed and assigned, each Purchased Contract shall be deemed a Purchased Asset. Any Seller's Contract designated as an Excluded Contract may be assumed or rejected by Seller at any time in Seller's sole discretion pursuant to Section 365 of the Bankruptcy Code but, in any event, shall be deemed an Excluded Asset for purposes of this Agreement. Buyer shall give written notice to Seller of its intention to designate an executory Seller's Contract as a Purchased Contract in accordance with Section 12.2. At any time prior to the later to occur of: (i) the Closing or (ii) the assumption by Seller of any Purchased Contract, Buyer shall have the absolute authority in its sole discretion to remove any executory Seller's Contract from the list of "Purchased Contracts" and designate such Seller's Contract as an Excluded Contract (regardless of whether such Seller's Contract was previously designated by Buyer as a Purchased Contract) by giving written notice thereof to Seller in accordance with Section 12.2. Notice of any such assignment and assumption of the Purchased Contracts, together with any and all Cure Costs associated therewith, shall be provided by Seller to the third parties party thereto pursuant to the order or other instruction of the Bankruptcy Court in the Bankruptcy Case. For purposes herein, (x) a "Purchased Contract" is any Seller's Contract that is designated by Buyer as a Purchased Contract under, or becomes a Purchased

Contract by operation of, this Section 1.3 (y) an “Excluded Contract” is any Seller’s Contract that is designated by Buyer as an Excluded Contract under, or becomes an Excluded Contract by operation of, this Section 1.3, and (z) “Cure Costs” means all amounts that must be paid and all obligations that otherwise must be satisfied, including pursuant to Sections 365(b)(1)(A) and (B) of the Bankruptcy Code in connection with the assumption and/or assignment of the Purchased Contracts to Buyer as provided herein.

(b) Notwithstanding the foregoing,

(i) so long as an Excluded Contract has not been rejected by Seller pursuant to Section 365 of the Bankruptcy Code, Seller shall, upon written request by Buyer at any time before January 31, 2019, use its best efforts to assume and assign such Excluded Contract to Buyer or its designee for no additional consideration (other than any obligation of Buyer under this Agreement to pay for Cure Costs); and

(ii) if at any time Seller becomes aware, on or before the Closing Date, of any Seller’s Contract that has not been included on Schedule 4.8, Seller shall promptly thereafter advise Buyer of the existence, and provide Buyer with a copy, of such Seller’s Contract and Buyer thereupon shall have the right to request, by written notice to Seller within five (5) business days, that Seller assume, assign and sell such Seller’s Contract to Buyer, in which case Seller shall use reasonable efforts to assume, assign and sell such Seller’s Contract to Buyer, as promptly as reasonably practicable, on the same terms and conditions as would be applicable under this Agreement to the Purchased Contracts. If Buyer does not give Seller such written notice within such five (5) business day-period, Seller may reject such Seller’s Contract.

(c) Non-Assignment of Contracts and Permits. Notwithstanding anything contained in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign or transfer any Seller’s Contract or Business Permit other than Key Contracts, if, notwithstanding the provisions of Sections 363 and 365 of the Bankruptcy Code, an attempt at assignment or transfer of such Seller’s Contract or Business Permit would, in the absence of the consent, approval, or authorization of a Governmental Authority or other third party (each, a “Required Consent”), constitute a breach or violation of the terms thereof; provided, however, that Seller acknowledges that the failure to assign or transfer a Key Contract would constitute the non-satisfaction of a condition precedent of Buyer’s obligations under Section 8.2. In such event, Seller and Buyer will use their commercially reasonable efforts to obtain the Required Consent with respect to any such Seller’s Contract or Business Permit or any claim or right or any benefit arising thereunder for the assignment thereof to Buyer as Buyer may reasonably request; provided, however, that Seller will not be obligated to pay any consideration therefor to any third party from whom a Required Consent is requested or to initiate any litigation or other legal proceeding to obtain any such Required Consent.

1.4 Assumed Liabilities. On the terms and subject to the conditions set forth in this Agreement, on the Closing Date Buyer shall assume the following liabilities and obligations of Seller (but only the following liabilities and obligations of Seller): (a) all liabilities and obligations relating to the ownership or operation of the Purchased Assets accruing after the Closing Date and (b) all liabilities and obligations under any of the Purchased Contracts arising after the Closing Date (collectively, the “Assumed Liabilities”).

1.5 Excluded Liabilities. Notwithstanding anything to the contrary contained in this Agreement, Buyer shall not be obligated to assume or to perform or discharge any liability or obligation other than the Assumed Liabilities (such liabilities and obligations not assumed by Buyer, collectively, the “Excluded Liabilities”). For purposes of clarification, the Excluded Liabilities include (a) all payables owed by Seller to any Affiliate or insider, (b) all liabilities and obligations arising out of, relating to or otherwise in respect of Seller’s employees, including (i) for accrued paid-time-off, to the extent that any applicable law requires the cash payment of paid-time-off to any employee of Seller upon termination of his or her employment by Seller at the Closing, (ii) all liabilities and obligations under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“COBRA”), to any “M&A qualified beneficiaries” of Seller within the meaning of Treasury Regulation 54.4980B-9, and (iii) all liabilities and obligations under the federal Worker Adjustment and Retraining Notification Act of 1988, 29 U.S.C. § 2101, et seq., and any similar state, local, and foreign law related to plant closings, plant relocations, terminations of operations, transfers of operations, mass layoffs, and employment losses for termination of any employees of Seller, and (c) all liabilities and obligations relating to any claim for infringement, dilution, misappropriation or any other violation of the rights of any third parties caused by use of any intellectual property assets by Seller. For purposes hereof, “Affiliate” of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract, or otherwise. For purposes herein, “Person” means an individual, corporation, partnership, joint venture, limited liability company, joint stock company, estate, labor union, governmental authority, unincorporated organization, trust, association, or other entity.

1.6 Purchase Price.

(a) The aggregate consideration for the Purchased Assets shall be (x) the sum of: (i) Seven Million Dollars (\$7,000,000.00) to be paid to Bank of America in full satisfaction of all its claims against the Seller (the “BofA Amount”); (ii) the remaining HP Balance after (A) the application of the HP Deposit thereto and (B) the set-off, offset, or credit of any and all amounts due and owing by HP to Seller (the “HP Amount”); (iii) all Cure Costs to the extent not included within, and without duplication of, the HP Amount, and (iv) \$500,000 minus the greater of (A) \$150,000 or (B) the aggregate amount of any and all tax refunds received by Seller after the date hereof (the “Unsecured Creditor Amount”) ((i), (ii), (iii), and (iv), collectively, the “Purchase Price”), and (y) Buyer’s assumption of the Assumed Liabilities. The Purchase Price, less any Cure Costs paid directly by Buyer, shall be paid in immediately available, good funds (funds delivered in this manner are referred to herein as “Good Funds”) as hereinafter provided.

(b) On the Closing Date, Buyer shall pay and deliver to Bank of America, by Good Funds, the BofA Amount.

(c) On the Closing Date, Buyer shall pay and deliver to HP, by Good Funds, the HP Amount.

(d) On the later to occur of: (i) the Closing Date or (ii) the date the Purchased Contract is assumed by Seller and assigned to Seller, Buyer shall pay and deliver to the applicable third parties to the applicable Purchased Contract(s), by Good Funds, the Cure Costs therefor.

(e) On the Closing Date, Buyer shall pay and deliver to an account or accounts designated by Seller in writing in advance by Good Funds the Unsecured Creditor Amount.

1.7 Allocation of the Purchase Price. The Parties agree to allocate the Purchase Price (and all other capitalizable costs) among the Purchased Assets for all purposes (including tax and financial accounting) in accordance with Schedule 1.7. Buyer and Seller will file all tax returns (including amended tax returns and claims for any refund) and information reports in a manner consistent with such allocation.

1.8 Transfer Tax Obligations. [All federal, state, local or foreign sales, use, transfer or similar taxes payable in connection with the sale of the Purchased Assets to Buyer, if any, shall be paid fifty percent (50%) by Buyer and fifty percent (50%) by the bankruptcy estate of Seller under the Bankruptcy Case as an administrative expense, in each case, to the appropriate taxing authorities as and when due].¹

ARTICLE II - CLOSING

2.1 Time, Date and Place. The closing of the purchase and sale of the Purchased Assets and the other transactions contemplated by this Agreement (referred to throughout this Agreement as the "Closing") shall take place at the offices of Shulman, Hodges & Bastian LLP, 100 Spectrum Center Drive, Suite 600, Irvine, California 92618 or remotely via the exchange of executed documents and other deliverables by the Parties. The Closing shall be held within two (2) business days after the Sale Approval Order becomes final and non-appealable, unless otherwise agreed by the Parties in writing. For all purposes herein, the Closing shall be deemed effective as of 12:01 am Pacific time on the Closing Date.

2.2 Closing Costs. All expenses incurred by Seller, the Shareholders, or Buyer with respect to the consummation of the transaction contemplated by this Contract, are to be borne and paid exclusively by the Party incurring same.

ARTICLE III - DELIVERIES AT THE CLOSING

3.1 Deliveries by Sellers. At the Closing on the Closing Date, subject to satisfaction of the conditions precedent set forth in Sections 8.1 and 8.3 of this Agreement, Seller and the Shareholders shall deliver to Buyer the documents listed on Schedule 3.1 (collectively with the documents to be delivered in accordance with Section 3.2 below, the "Closing Documents"):

¹ Buyer proposed 50/50 split as middle-ground approach; provision open pending Seller's identification of amount of all transfer taxes.

3.2 Deliveries by Buyer. At the Closing on the Closing Date, subject to satisfaction of the conditions precedent set forth in Sections 8.2 and 8.3 of this Agreement, Buyer shall make the payments contemplated by and in accordance with Sections 1.6(b), 1.6(c), 1.6(d) and 1.6(e) and deliver to Seller and the Shareholders the documents listed on Schedule 3.2.

ARTICLE IV - REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as of the date hereof and as of the Closing on the Closing Date each of the following

4.1 Authorization. Subject to approval of the Bankruptcy Court, Seller has the legal capacity, right, power, and authority to enter into this Agreement, perform its obligations hereunder, and consummation the transactions contemplated hereby. Subject to the approval of the Bankruptcy Court, Seller has the full right, power and authority to execute, acknowledge and deliver this Agreement, perform its obligations hereunder, and consummate the transactions contemplated hereby. Upon due execution hereof by Seller, this Agreement and each Closing Document to which Seller is a Party (assuming due authorization and delivery by Buyer) shall constitute, subject to the Bankruptcy Court's entry of the Sale Approval Order, and any other necessary order to close the sale of the Purchased Assets, the valid and legally binding obligations of Seller, enforceable against Seller in accordance with their respective terms and conditions, subject to applicable bankruptcy, insolvency, moratorium, or other similar laws relating to creditors' rights and general principles of equity.

4.2 Brokers. No broker, finder, or investment banker is entitled to any brokerage, finder's, or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Seller.

4.3 Title to Assets. At the Closing, Seller will have, and subject to the Sale Approval Order will transfer to Buyer, good and valid title to, or the valid and enforceable right to use, the Purchased Assets.

4.4 Litigation; Decrees. Except set forth on Schedule 4.4, there is no litigation, pending or, to the knowledge of Seller, threatened, that: (a) would reasonably be expected to have a material adverse effect on Seller or the Business, or (b) challenges the validity or enforceability of this Agreement or seeks to enjoin or prohibit consummation of the transactions contemplated hereby. Other than the Bankruptcy Case, Seller is not subject to any outstanding decree that would: (i) reasonably be expected to have a material adverse effect on Seller or the Business, or (ii) prevent or materially delay Seller's ability to consummate the transactions contemplated hereby or perform in any material respect its obligations hereunder.

4.5 Taxes. In each case with respect to the Purchased Assets, and except for matters that would not be material to Seller or the Business, (a) Seller has filed all tax returns required to be filed with the appropriate tax authorities in all jurisdictions in which such tax returns are required to be filed; and (b) all taxes shown as due on such tax returns have been paid (or such tax returns have been amended such that a net refund is now due to Seller and no taxes shown as originally due on such tax returns are currently due and owing by Seller) (except as prohibited by the Bankruptcy Code).

4.6 Compliance with Laws. Seller has not received any written notice of, or been charged with, the violation of any law, except for any such violation that is not material to Seller or the Business.

4.7 Real Property. Seller does not own any real property. Schedule 4.7 is an accurate and complete list of all real property leased by Seller.

4.8 Seller's Contracts. Schedule 4.8 is an accurate and complete list of executory contracts or unexpired leases within the meaning of the Bankruptcy Code to which Seller is a party or by which Seller or any of its assets or properties is bound and any other contract rights used in connection with the Business (collectively, "Seller Contracts").

4.9 Business Permits. Seller has all licenses, permits, approvals, certificates of exemption, franchises, accreditations and registrations and other governmental licenses, permits or approvals issued or granted by any governmental authority having jurisdiction over the Business collectively, the "Business Permits") that are material to the conduct of the Business. Schedule 4.9 is an accurate and complete list of all Business Permits and all such Business Permits are in full force and effect. Unless otherwise disclosed on Schedule 4.9 and subject to entry of the Sale Approval Order, Seller has the power to assign all such Business Permits.

4.10 Intellectual Property. Schedule 4.10 sets forth an accurate and complete list of: (a) all trademarks and service marks (i) owned by Seller, (ii) licensed by Seller, or (iii) used by Seller in the Business, and all registered or pending applications for registration of any of the trademarks and service marks described in clause (i) or (iii) in any jurisdiction; (b) all patents (i) owned by Seller, (ii) licensed by Seller, (iii) used by Seller in the Business, and all registered or pending applications for registration of any patents described in clause (i) or (iii) in any jurisdiction; (c) all copyrights (i) owned by Seller, (ii) licensed by Seller, or (iii) used by Seller in the Business copyrights described in clause (i) or (iii) in any jurisdiction; and (d) all websites and internet domain name registrations (i) owned by Seller, (ii) licensed by Seller, or (iii) used by Seller in the Business.

4.11 Other Personal Property. Schedule 4.11 sets forth an accurate and complete list of all fixed assets (including all machinery, tools, vehicles, hardware, software and furniture), databases, point of sale ("POS") systems, disposal systems, and all other equipment and items of tangible personal property owned or used by Seller and used in the conduct of the Business.

ARTICLE V - REPRESENTATIONS, WARRANTIES AND COVENANTS OF BUYER

Buyer represents and warrants to Seller as of the date hereof and as of the Closing on the Closing Date each of the following:

5.1 Organization, Good Standing, and Corporate Power. Buyer is duly organized, validly existing, and in good standing under the laws of the State of its formation. Buyer has the limited liability company power to enter into, execute and deliver this Agreement and to consummate the transactions contemplated hereby.

5.2 Authorization of Agreement. The execution and delivery of this Agreement and the performance by Buyer of its obligations and agreements under this Agreement have been

duly and validly authorized by all necessary limited liability company actions. Buyer has taken all other limited liability company actions required on its part by law in order to consummate the transactions contemplated hereby.

5.3 Execution, Delivery and Performance. This Agreement has been duly executed and delivered by Buyer and constitutes the valid and binding obligation of the Buyer and, subject to the approval of the Bankruptcy Court and the entry of the Sale Approval Order, is enforceable against the Buyer in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application which may affect the enforcement of creditors rights generally and by general equitable principles.

5.4 Effect of Agreement. The execution and delivery by Buyer of this Agreement, the purchase by Buyer of the Purchased Assets, the performance by Buyer of its obligations pursuant to the terms of this Agreement, and the consummation of the transactions contemplated hereby, do not and will not, with or without the giving of notice or lapse of time, or both: (a) violate or conflict with any term of the articles of incorporation or other organizational documents of Buyer; (b) violate any provision of law, statute, rule, regulation or executive order to which Buyer or any of its assets or properties is subject which would have a material adverse effect on Buyer; or (c) violate any judgment, order, writ or decree of any court or administrative body applicable to Buyer or any of its assets or properties.

5.5 Buyer's Closing Funds. On or before the Closing Date, Buyer shall have the necessary funds immediately available to consummate the transaction contemplated by this Agreement and there is no financing contingency with respect to Buyer's obligations in connection with this transaction.

5.6 Litigation. There is no litigation, nor any order, decree or judgment, in progress or pending, or, to the knowledge of Buyer, threatened, against or relating to Buyer and, to Buyer's knowledge, no facts or circumstances exist which would reasonably be expected to give rise to litigation which would prevent, restrain or affect Buyer's ability to perform the transaction contemplated by this Agreement.

5.7 Brokers. No broker, finder, or investment banker is entitled to any brokerage, finder's, or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Buyer.

5.8 Disclaimer of Warranties; "AS-IS AND WHERE-IS" Conveyance. BUYER WARRANTS AND ACKNOWLEDGES AND AGREES WITH SELLER THAT EXCEPT AS EXPRESSLY SET FORTH HEREIN BUYER IS PURCHASING THE PURCHASED ASSETS IN AN "AS-IS AND WHERE-IS" CONDITION WITH ALL FAULTS AND SPECIFICALLY AND EXPRESSLY WITHOUT ANY WARRANTIES, REPRESENTATIONS OR GUARANTEES, EITHER EXPRESS OR IMPLIED, OF ANY KIND, NATURE OF OR ON BEHALF OF SELLER. Seller acknowledges that Buyer has not relied and is not relying upon any information, document, sales brochure, due diligence, information package or other literature, map or sketch, projection, pro forma statement, representation, guarantee or warranty (whether express or implied, or oral or written, material or immaterial) that may have been given

by or made by or on behalf of or omitted by the Seller, its agents, representatives, consultants and/or attorneys with respect to the quality, nature, adequacy or physical condition of the Purchased Assets other than as expressly set forth herein. Buyer acknowledges that it is Buyer's responsibility to make such legal, factual and other inquiries and investigations as Buyer deems necessary, desirable or appropriate with respect to the Purchased Assets. Such inquiries and investigations may include, but shall not be limited to, the physical components of all portions of the Purchased Assets and the condition of the Purchased Assets. BUYER ACKNOWLEDGES, AND AGREES WITH SELLER THAT WITH RESPECT TO THE PURCHASED ASSETS, OTHER THAN AS EXPRESSLY SET FORTH HEREIN, SELLER HAS NOT AND DOES NOT AND WILL NOT MAKE ANY WARRANTIES OR REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW INCLUDING, BUT IN NO WAY LIMITED TO, ANY WARRANTY OF CONDITION, MERCHANTABILITY, HABITABILITY OR FITNESS FOR A PARTICULAR USE OR WITH RESPECT TO THE VALUE, PROFITABILITY OR MARKETABILITY OF THE PURCHASED ASSETS OR WITH RESPECT TO COMPLIANCE OF THE PURCHASED ASSETS WITH ANY ENVIRONMENTAL PROTECTION LAW, RULE OR REGULATION, ORDER OR REQUIREMENT INCLUDING THOSE PERTAINING TO THE HANDLING, GENERATING, TREATING, STORING OR DISPOSING OF ANY HAZARDOUS WASTE OR SUBSTANCE. This Article V shall survive Closing.

ARTICLE VI - REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE SHAREHOLDERS

6.1 Representations and Warranties. As a material inducement to Buyer to enter into this Agreement and the other Closing Documents to which they are a party and to consummate the transactions contemplated hereby and thereby, each Shareholder hereby represents and warrants to Buyer and agrees with Buyer as follows:

(a) Each Shareholder has the requisite legal capacity, right, and authority to enter into this Agreement and the other Closing Documents to which it is a party, to carry out its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby.

(b) The execution, delivery, and performance by such Shareholder of this Agreement and the other Closing Documents to which such Shareholder is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of such Shareholder. This Agreement and each other Closing Document to which such Shareholder is a party have been duly and validly executed and delivered by such Shareholder and this Agreement (assuming due authorization, execution and delivery by Buyer) and each such Closing Document (assuming due authorization, execution, and delivery by the other parties thereto) constitute the legal, valid, and binding obligations of such Shareholder, enforceable against such Shareholder in accordance with their respective terms, except to the extent that such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, or other Laws affecting the enforcement of creditor's rights generally and (ii) applicable equitable principles (whether considered in a proceeding at law or in equity)

(c) The execution, delivery, and performance by such Shareholder of this Agreement and the other Closing Documents to which such Shareholder is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not (i) conflict with or result in a violation or breach of, or default under, any judgment, order, decree, Law, rule, or regulation applicable to such Shareholder or (ii) conflict with or result in a violation or breach of, or default under (with or without notice or lapse of time or both), or result in the termination, acceleration, or modification of or give rise to a right of termination, acceleration, or modification of any obligation or loss of any benefit under any Contract or other instrument to which such Shareholder is a party or otherwise bound, other than in the case of this clause (ii) any such items that would not and would not reasonably be expected to, individually or in the aggregate, adversely effect in any material respect the ability of such Shareholder to perform his or her obligations hereunder or to timely consummate the transactions contemplated hereby or by any other Closing Document. Such Shareholder is not required to give any notice to, or obtain any consent, permission, approval, waiver, or authorization from, or make any filing or declaration with, or pay any penalty, assessment, or special payment to any Person (including any Governmental Authority) in connection with the execution, delivery, and performance by such Shareholder of this Agreement, the other Closing Documents to which such Shareholder is a party, or the consummation of the transactions contemplated hereby or thereby.

(d) There is no Action pending or, to the Knowledge of such Shareholder, threatened against or affecting such Shareholder that, if determined or resolved adversely to such Shareholder, would adversely effect in any material respect the ability of such Shareholder to perform his or her obligations hereunder or to timely consummate the transactions contemplated hereby or by any of the other Closing Documents.

(e) No broker, finder, or investment banker is entitled to any brokerage, finder's, or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of such Shareholder.

6.2 Restrictive Covenants.

(a) Non-Competition. For a period of five (5) years immediately following the Closing Date, Seller and each Shareholder set forth on Schedule 6.2(a) will not, and Seller and each such Shareholder will cause its Affiliates not to, directly or indirectly, anywhere within North America and any other geographic area in which the Company transacted business within the twenty-four (24)-month period prior to the Closing, (i) operate, control, permit its name to be used in connection with, or otherwise engage in any business or activity that competes with the Business, or (ii) invest in, own, manage, operate, finance, advise, render services to, consult with, permit its name to be used by, or guarantee the debts or obligations of any Person engaged in or planning to become engaged in any business or activity that competes with the Business; provided, however, that (x) Seller and such Shareholders may each purchase or otherwise acquire up to (but not more than) three percent (3%) of any class of the securities of any Person (but may not otherwise participate in the activities of such Person) if such securities are listed on any national or regional securities exchange or have been registered under Section 12(g) of the Securities Exchange Act of 1934, as amended, and (y) each such Shareholder may perform services as an employee on behalf of Buyer and Buyer's Affiliates (as applicable).

(b) Non-Solicitation and Non-Hire. For a period of five (5) years immediately following the Closing Date, Seller and each Shareholder will not, and Seller and each Shareholder will cause its Affiliates not to, directly or indirectly:

(i) solicit the business of any Person who is a customer of Buyer or any of Buyer's Affiliates with respect to the Business;

(ii) cause or induce, or attempt to cause or induce, any customer, supplier, vendor, licensee, licensor, franchisee, employee, contractor, consultant, or other business relation of Buyer or any of Buyer's Affiliates to cease doing business with such Person or to deal with any competitor of Buyer or any of Buyer's Affiliates, or in any way interfere with Buyer's or any of their Affiliates' relationship with any such Person;

(iii) cause or induce, or attempt to cause or induce, any customer, supplier, vendor, licensee, licensor, franchisee, employee, contractor, consultant, or other business relation of Seller as of, or at any time during the twelve (12)-month period immediately preceding, the Closing Date, to cease doing business with Buyer or any of Buyer's Affiliates or to deal with any competitor of Buyer or any of Buyer's Affiliates, or in any way interfere with Buyer's or any of their Affiliates' relationship with any such Person; or

(iv) solicit, induce, hire, retain, or attempt to hire or retain, any employee or independent contractor of Seller, Buyer or any of Buyer's Affiliates (including any former employee or independent contractor if such Person was an employee or independent contractor of Seller, Buyer or any of Buyer's Affiliates within the twelve (12)-month period prior to such solicitation, inducement, hiring, retention, or attempt to hire or retain), or in any way interfere with the relationship between Buyer or any of Buyer's Affiliates and any of such Person's employees or independent contractors.

(c) Confidentiality. Seller and the Shareholders shall, and shall cause their agents, representatives and Affiliates and successors and assigns to, hold in confidence and not use or disclose any trade secrets, know-how, or other confidential or proprietary information involving or relating to Seller, the Purchased Assets, the Assumed Liabilities, or the Business, in each case, whether or not marked as confidential or proprietary, and Seller and the Shareholders shall not disclose or use any such information for any purpose; provided, however, that the Shareholders may use such information to the extent required in connection with the Shareholders' performance of services as an employee of, and on behalf of and for the benefit of, Buyer and Buyer's Affiliates (as applicable); provided, further, that Seller and the Shareholders will be permitted to disclose this Agreement to their respective agents, representatives as needed for tax and financial reporting purposes so long as each such Person is charged with an obligation of confidentiality and Seller and/or the Shareholders, as applicable, are responsible for any disclosure or use of any such information by such Person in violation of the provisions of this Section 6.2(c). If Seller, the Shareholders, or any Affiliate, agent, representative, or successor or assign of Seller or the Shareholders is compelled to disclose any such information by judicial or administrative process or as required by Law, the Person so compelled, or whose agent, representative, Affiliate, successor, or assign is so compelled, to disclose such information (i) will promptly notify Buyer in writing, (ii) will disclose only that portion of such information which such Person is advised by its counsel is legally required to be disclosed, and (iii) will

assist Buyer, as reasonably requested by Buyer, in obtaining an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

(d) Tolling. If Seller and/or any of the applicable Shareholders violates any provision or covenant of this Section 6.2, then the duration of the restrictions in this Section 6.2 will be extended for a period of time equal to that period beginning when such violation commenced and ending when the activities constituting such violation terminated, and, in the event Buyer seek relief for such violation before any court, arbitrator, or other tribunal, then the duration of restrictions in this Section 6.2 will be extended for a period of time equal to the pendency of any such proceeding, including all appeals therefrom.

(e) Modification of Covenant. If a final judgment of a court, arbitrator, or other tribunal of competent jurisdiction determines that any term or provision contained in this Section 6.2 is invalid or unenforceable, then the Parties agree that such court, arbitrator, or tribunal will have the power to reduce the scope, duration, or geographic area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision. If such court, arbitrator, or other tribunal refuses to do so, the Parties agree that the provisions of this Section 6.2 shall not be rendered null and void, but rather shall be deemed to have been reformed to provide for such maximum legally enforceable restrictions. Seller and each Shareholder acknowledges that this Section 6.2 is reasonable and necessary to protect and preserve Buyer's and their Affiliates' legitimate business interests. Seller and each Shareholder also acknowledges that the Business, and the business engaged in by Buyer and Buyer's Affiliates, both have a worldwide geographic scope. Each of the covenants set forth in this Section 6.2 is a severable and independent covenant. The invalidity, illegality, or unenforceability of any covenant as written in any jurisdiction shall not invalidate or render unenforceable the remaining covenants set forth in this Section 6.2 or such covenant in any other jurisdiction. The existence of any claim or cause of action against one Party by any other Party, whether predicated on a breach of this Agreement or otherwise, shall not constitute a defense to the enforcement of the covenants set forth in this Section 6.2.

(f) Enforcement. The Parties agree that the remedy of damages at law for the breach of any of the covenants contained in this Section 6.2 is an inadequate remedy and that Seller and the Shareholders will not challenge the enforceability or reasonableness of the covenants set forth in this Section 6.2. In recognition of the irreparable harm that a violation by Seller or the Shareholders of any of the covenants, agreements, or obligations arising under this Section 6.2 would cause Buyer and Buyer's Affiliates, Seller and each Shareholder agrees that, in addition to any other remedies or relief afforded by applicable Law, an injunction against an actual or threatened violation or violations may be issued against Seller or any Shareholder, without the necessity of posting a bond or other security or of proving actual damages. In the event of a successful action, suit, or other legal proceeding to enforce any of the covenants in this Section 6.2, Buyer will be entitled to be reimbursed for all attorneys' fees and expenses incurred by Buyer with respect to such action, suit, or other legal proceeding.

ARTICLE VII - INTERIM COVENANTS

7.1 Affirmative Covenants. Except (x) with the prior written consent of Buyer or (y) as required by the Bankruptcy Code or any other applicable law, from the date hereof until the earlier of the Closing and termination of this Agreement in accordance with Section 10.1, Seller shall (and the Shareholders shall cause Seller to) (1) continue to operate the Business in substantially the same manner as conducted by Seller as of the date hereof (including with respect to Seller's servicing and business relationship with HP) and otherwise not outside the ordinary course of business consistent (taking into account Seller's status as a debtor-in-possession), (2) use commercially reasonable efforts to comply with all laws, regulations, and legal requirements applicable to the operation of the Business, and (3) maintain and preserve its present business organization and management intact. Subject to the foregoing exceptions, from the date hereof until the earlier of the Closing and termination of this Agreement in accordance with Section 10.1, Seller shall (and the Shareholders shall cause Seller to) with respect to the Purchased Assets and the Business:

(a) use its commercially reasonable efforts to (i) keep available the services of its employees, and (ii) maintain the relations existing as of the date hereof with customers, distributors, vendors, suppliers, creditors, and others having business dealings with the Business;

(b) maintain in full force and effect the Business Permits in all material respects;

(c) (i) maintain all of the Purchased Assets in good repair, working order and condition, ordinary and reasonable wear and tear excepted, (ii) maintain the types and levels of insurance currently in effect in respect of the Purchased Assets and the Business, and (iii) to the extent insurance proceeds or other third party recoveries are available therefor, make or cause to be made all necessary or appropriate repairs, replacements and improvements thereto in the ordinary course of business consistent with past custom and practice (ordinary wear and tear excepted);

(d) upon any material damage, destruction or loss to any Purchased Asset, apply any insurance proceeds received with respect thereto to the prompt repair, replacement and restoration thereof to the condition of such Purchased Assets before such event or, if required, to such other (better) condition as may be required by applicable law, regulation, or other legal requirement;

(e) file all tax returns and pay or deposit all taxes on a timely basis in the ordinary course of business consistent with past custom and practice.

(f) Negative Covenants. Except (a) with the prior written consent of Buyer or (b) as required by the Bankruptcy Code or any other applicable law, from the date hereof until the earlier of the Closing and termination of this Agreement in accordance with Section 10.1, Seller shall not (and the Shareholders shall cause Seller not to) with respect to any of the Purchased Assets or the Business (and the Shareholders shall cause Seller not to):

(i) discharged or satisfied any lien or other encumbrance or pay any obligation or liability, other than current liabilities paid in the ordinary course of business

consistent with past custom and practice, or cancel, compromise, waive, or release any right or claim;

(ii) sell, assign, license, or transfer any of the Purchased Assets, except for sales in ordinary course of business consistent with past custom and practice, or mortgage, pledge, or subject any of the Purchased Assets to any lien or other encumbrance;

(iii) sell, assign, transfer, abandon, or permit to lapse any Business Permits;

(iv) commence any suit, action or other legal proceeding or binding dispute resolution process or settle or compromise any pending or threatened suit, action or other legal proceeding;

(v) incur, assume, or guarantee any indebtedness;

(vi) make or incur any capital expenditures in excess of \$1,000;

(vii) change or rescind any tax return, file any amended tax return, or change any method or period of tax accounting;

(viii) enter into any other transaction, other than in the ordinary course of business consistent with past custom and practice;

(ix) declare or make any payment or distribution to its shareholder or purchase or redeem any equity securities;

(x) grant any license with respect to any of its intellectual property;

(xi) make any change in the manner of the business or operations of Seller, including the Business;

(xii) issue any equity securities or equity securities exercisable or convertible into equity securities of Seller;

(xiii) terminate or amend any Seller's Contract; or

(xiv) enter into any commitment (contingent or otherwise) to do any of the foregoing.

7.2 Access to Information. From the date hereof until the earlier of the Closing and the termination of this Agreement in accordance with Section 10.1, Seller shall (and the Shareholders shall cause Seller to): (a) afford to Buyer and its agents and representatives reasonable access to the personnel, properties, premises, assets, contracts, books and records, and other documents and data related to the Business; (b) furnish Buyer and its agents and representatives with such financial, operating, and other data and information related to the Business as Buyer or any of its agents and representatives may reasonably request; and (c) instruct the employees, consultants, agents, advisors, and representatives of Seller to

cooperate with Buyer and Buyer's agents and representatives in Buyer's investigation of the Business.

7.3 Notice of Certain Events. From the date hereof until the earlier of the Closing and the termination of this Agreement in accordance with Section 10.1, Seller shall (and the Shareholders shall cause Seller to) promptly notify Buyer in writing of: (a) any fact, circumstance, event, or action the existence, occurrence, or taking of which (i) has had, or would reasonably be expected to have, individually or in the aggregate, a material adverse effect on Seller, the Business, or the ability of Seller to consummate the transactions contemplated hereby, (ii) has resulted in, or would reasonably be expected to result in, any representation or warranty made by Seller or any Shareholder hereunder not being true and correct, or (iii) has resulted in, or would reasonably be expected to result in, the failure of any of the conditions set forth in Section 8.2 to be satisfied; (b) any notice or other communication from any other Person (including any governmental authority) alleging that the consent of such Person is or may be required in connection with the consummation of the transactions contemplated hereby; and (c) any suit, action or other legal proceeding commenced or, to Seller's and the Shareholders' knowledge, threatened against, relating to, or involving or otherwise affecting the Business, the Purchased Assets, or the Assumed Liabilities or that relates to the consummation of the transactions contemplated by this Agreement.

7.4 Commercially Reasonable Efforts. Subject to the terms and conditions of this Agreement, each Party shall use commercially reasonable efforts (at its own expense) to take, or cause to be taken, all actions, to execute, deliver, and file, or cause to be executed, delivered, and filed, all documents, and to do, or cause to be done, and to assist and cooperate with the other Parties in doing, all things necessary, proper, or advisable under applicable law, regulation or legal requirement to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated hereby. In furtherance and not in limitation of the foregoing, each Party shall use commercially reasonable efforts: (a) to obtain any required consents, approvals, and authorizations from, or give any required notices to, any governmental authority or other third party that may be or become necessary for the performance of its obligations under this Agreement and the consummation of the transactions contemplated hereby; and (b) to cause the conditions to the Closing set forth in Article VIII hereof applicable to such Party to be satisfied.

ARTICLE VIII - CLOSING CONDITIONS

8.1 Seller's and Shareholders' Conditions to Close. Seller's and the Shareholders' obligation to close the transactions contemplated hereby at the Closing shall be subject to the complete satisfaction and fulfillment of all of the following conditions precedent, any or all of which may be waived in whole or in part by Seller (but no such waiver of any such condition precedent shall be or constitute a waiver of any covenant, promise, agreement, representation or warranty made by Buyer in this Agreement):

(a) All representations and warranties made by Buyer in this Agreement shall be complete and accurate at and as of the Closing on the Closing Date;

(b) All covenants, promises and agreements made by Buyer in this Agreement and all other actions required to be performed or complied with by Buyer under this Agreement prior to or at the Closing shall have been fully performed or complied with by Buyer; and

(c) Buyer shall have executed and delivered, or caused to be executed and delivered, as applicable, to Seller and the Shareholder all of the agreements, certificates, and other documents Schedule 3.2.

8.2 Buyer's Conditions to Close. Buyer's obligation to close the transactions contemplated hereby at the Closing shall be subject to the complete satisfaction and fulfillment of all of the following conditions precedent, any or all of which may be waived in whole or in part by Buyer (but no such waiver of any such condition precedent shall be or constitute a waiver of any covenant, promise, agreement, representation or warranty made by Seller or any Shareholder in this Agreement):

(a) All representations and warranties made by Seller and the Shareholders in this Agreement shall be complete and accurate at and as of the Closing on the Closing Date;

(b) All covenants, promises and agreements made by Seller and the Shareholders in this Agreement and all other actions required to be performed or complied with by Seller or any of the Shareholders under this Agreement prior to or at the Closing shall have been fully performed or complied with by Seller or the Shareholders, as applicable;

(c) Seller and the Shareholders shall have shall have executed and delivered, or caused to be executed and delivered, as applicable, to Seller and the Shareholder all of the agreements, certificates, and other documents set forth on Schedule 3.1;

(d) No fact, circumstance, occurrence, change, or event shall have occurred since the date of this Agreement that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on the Business, Seller, or the Seller's ability to consummate the transactions contemplated hereby;

(e) Seller shall have terminated (and shall have provided evidence to Buyer of such termination of) the employment of all of Seller's employees and the engagement of all of Seller's independent contractors and consultants, in each case, as of immediately prior to the Closing;

(f) Seller and the Shareholders shall have delivered to Buyer a certificate, in form and substance reasonably satisfactory to Buyer, dated as of the Closing Date and signed by an officer of Seller and each of the Shareholders, certifying the satisfaction of each of the conditions set forth in Section 8.2(a), Section 8.2(b), Section 8.2(d), and Section 8.2(e); and

(g) All Required Consents for the assumption and assignment by Seller of the Key Contracts to Buyer shall have been received.

(h) Buyer shall have negotiated and entered into a new lease agreement in form and substance satisfactory to Buyer with the owner of the real property located at 458 Commercial Road, San Bernardino, CA 92408.

8.3 Mutual Conditions to Close. The obligations of the Parties to close the transactions contemplated hereby at the Closing shall be subject to the complete satisfaction and fulfillment of all of the following conditions precedent (to applicability of any or all of which to a Party may be waived in whole or in part by such Party (but no such waiver of any such condition precedent shall be or constitute a waiver of any covenant, promise, agreement, representation or warranty made by any other Party in this Agreement):

(a) The Bankruptcy Court shall have entered the Sale Approval Order as contemplated by and defined in Section 9.1 below and the Sale Approval Order shall not have been stayed nor shall any appeal therefrom have been filed as of the expiration of the time limit for filing such appeal or be subject to a motion for stay as of the Closing Date; and

(b) No suit, action, or other legal proceeding that is not stayed by the Bankruptcy Court shall be pending before any governmental authority seeking or threatening to restrain or prohibit the consummation of the transactions contemplated hereby, or seeking to obtain substantial damages in respect thereof, or involving a claim that consummation thereof would result in the violation of any law, decree or regulation of governmental authority having appropriate jurisdiction.

ARTICLE IX - BANKRUPTCY COVENANTS

9.1 Entry of Sale Approval Order. No later than five (5) business days after execution of this Agreement by the parties hereto, Seller shall file a motion reasonably acceptable to Buyer (the "Sale Motion") with the Bankruptcy Court seeking entry of an order which shall include the following provisions (the "Sale Approval Order"):

(a) approving the terms and conditions of this Agreement and the sale of the Purchased Assets to Buyer, including the assumption and assignment by the Seller of the Purchased Contracts;

(b) holding that the sale of the Purchased Assets to Buyer shall be free and clear of all liens, claims, interests, and encumbrances, pursuant to 11 U.S.C. §363;

(c) finding that the Purchase Price constitutes a fair value for the Purchased Assets;

(d) finding that there is sound business purpose for the transactions contemplated under the Agreement;

(e) holding that Buyer shall have no successor liability with respect to claims or administrative expenses arising or accruing prior to or on the Closing Date, and shall not be deemed a successor of Seller within the meaning of any revenue, pension, the Employee Retirement Income Security Act of 1974, as amended, COBRA, tax, labor or environmental law, rule or regulation or any products liability;

(f) finding that notice of the transactions contemplated hereby and of the terms of this Agreement were good and sufficient and were provided timely to all creditors and

parties-in-interest, including any and all creditors holding liens or encumbrances on the Purchased Assets;

(g) authorizing and directing Seller and the Shareholders to consummate the transactions contemplated by this Agreement and to comply in all respects with the terms of this Agreement;

(h) finding that this Agreement and the transactions contemplated herein were negotiated at arm's length, that Buyer is a good faith purchaser, that Buyer acted in good faith in all respects, and that Buyer is entitled to the protections of Section 363(m) of the Bankruptcy Code; and

(i) finding that the sale process conducted by Seller was non-collusive, fair and reasonable and was conducted in good faith.

9.2 Substantial Contribution. Seller shall use its best efforts to cause the Bankruptcy Court to enter the Sale Approval Order. Neither Buyer, nor any of its agents shall seek compensation from Seller under Bankruptcy Code Section 503(b) or otherwise, for making a substantial contribution in the Bankruptcy Case.

ARTICLE X - TERMINATION

10.1 Grounds for Termination. This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing`:

(a) by mutual written agreement of Buyer and Seller;

(b) by Buyer, upon written notice to Seller, if the transactions contemplated by this Agreement have not been consummated on or prior to October 31, 2018 (the "Outside Date"); provided, however, that Buyer shall not be entitled to terminate this Agreement pursuant to this Section 10.1(b) if Buyer's breach of this Agreement has prevented the consummation of the transactions contemplated hereby;

(c) by Seller upon written notice to Buyer, if (i) Buyer has breached or failed to perform any of its covenants or other agreements contained in this Agreement to be complied with by it such that the condition to Closing set forth in Section 8.1(b) would not be satisfied or (ii) there exists a breach of any representation or warranty of Buyer contained in this Agreement such that the condition to Closing set forth in Section 8.1(a) would not be satisfied, and in the case of both (i) and (ii) above, such failure to perform or breach is not cured within fifteen (15) days after receipt of written notice thereof from Seller or is incapable of being cured by Buyer by the Outside Date;

(d) by Buyer upon written notice to Seller, if (i) Seller or any Shareholder has breached or failed to perform any of its covenants or other agreements contained in this Agreement to be complied with by it such that the condition to Closing set forth in Section 8.2(b) would not be satisfied or (ii) there exists a breach of any representation or warranty of Seller or any Shareholder contained in this Agreement such that the condition to Closing set forth in Section 8.2(a) would not be satisfied, and in the case of both (i) and (ii) above, such failure to

perform or breach is not cured within fifteen (15) days after receipt of written notice thereof from Buyer or is incapable of being cured by Seller or the applicable Shareholder(s) by the Outside Date; or

(e) by Buyer upon written notice to Seller if the Sale Approval Order has not been entered on or before the Outside Date, or the Sale Approval Order remains stayed on such date or has been modified or reversed on appeal.

10.2 Effect of Termination. If any Party terminates this Agreement pursuant to Section 10.1, this Agreement shall be of no further force or effect and no Party shall have any liability to any other party hereunder; provided, however, that: (a) Section 2.2 (Closing Costs), this Section 10.2 and Article XII (Miscellaneous) shall survive any such termination and continue in full force and effect; and (b) nothing herein shall relieve any Party hereto from any liability resulting from any breach of this Agreement prior to such termination.

ARTICLE XI - SPECIAL COVENANTS AND CONDITIONS

11.1 Bulk Sales Law. The Buyer waives any and all rights to require compliance with the provisions of the Uniform Commercial Code as adopted by the State of California, including Article 6 of the California Commercial Code, related to bulk transfers in connection with the transactions contemplated hereunder, if any.

11.2 Name Change. As promptly as practicable (and in any event no later than ten (10) days) after the Closing Date, Seller shall file (and the Shareholders shall cause Seller to file) all documents necessary to amend its organizational documents and all assumed business name filings to change its corporate name and each assumed name to a name that does not include the words "Technology Solutions & Services", or any variations or derivations thereof. From and after the Closing, none of Seller or the Shareholders or any of their respective Affiliates or related parties shall use the names "Technology Solutions & Services", or any variations or derivations thereof in any commercial enterprise or endeavor.

ARTICLE XII - MISCELLANEOUS

12.1 Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns. Except as herein provided, no Party may assign any of its rights, or delegate any of its duties or obligations (by operation of law or otherwise), under this Agreement without the prior written consent of the other Parties, and any such purported assignment or delegation shall be void *ab initio*; provided, however, that Buyer (a) may assign and delegate, in whole or in part, its rights and obligations pursuant to this Agreement to its Affiliates, (b) may assign and delegate this Agreement and its rights and obligations under this Agreement in connection with a merger or consolidation involving Buyer, in connection with a sale of equity securities or assets of Buyer, or in connection with another disposition of the Business, and (c) may assign any or all of its respective rights pursuant to this Agreement or any of the other Closing Documents to any of its lenders as collateral security.

12.2 Notices. All notices, requests, consents, claims, demands, waivers, and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if

sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third (3rd) day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 12.2).

If to Seller or the Shareholders:

Technology Solutions & Services, Inc.
458 Commercial Rd.
San Bernardino, Ca 92408
Attention: Fred Anavim
Facsimile: 818-686-8311
E-mail: fanavim@tssius.com

with a copy (which will not constitute notice) to:

Shulman Hodges & Bastian LLP
100 Spectrum Center Drive, Ste. 600
Irvine, California 92618
Attention: Leonard M. Shulman, Esq.
Facsimile: 949-340-3000
E-mail: shulamn@shbllp.com

If to Buyer:

c/o Clover Technologies Group LLC
2700 West Higgins Road, Suite 100
Hoffman Estates, Illinois 60169
Attention: General Counsel
Facsimile: (815) 431-3754
E-mail: rfischer@cloverttech.com

with a copy (which will not constitute notice) to:

Reed Smith LLP
10 South Wacker Drive, 40th Floor
Chicago, Illinois 60606
Attention: Nicholas A. Long
Morley S. Fortier III
Facsimile: (312) 207-6400
E-mail: nlong@reedsmith.com
mfortier@reedsmith.com

12.3 Amendment and Modification; Waiver. This Agreement may only be amended, modified, or supplemented by an agreement in writing signed by each Party. No waiver by any

Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. No waiver by any Party shall operate or be construed as a waiver in respect of any failure, breach, or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

12.4 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois without giving effect to any choice or conflict of law provision or rule (whether of the State of Illinois or any other jurisdiction).

12.5 JURISDICTION. ALL DISPUTES ARISING OUT OF OR RELATING TO THIS AGREEMENT, INCLUDING ANY DISPUTE RELATING TO THE INTERPRETATION, MEANING OR EFFECT OF ANY PROVISION HEREOF, WILL BE RESOLVED IN THE BANKRUPTCY COURT AND THE PARTIES HERETO EACH SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE BANKRUPTCY COURT FOR THE PURPOSES OF ADJUDICATING ANY SUCH DISPUTE, TO THE EXTENT THE JURISDICTION OF THE BANKRUPTCY COURT IS AVAILABLE; PROVIDED, HOWEVER, THAT IF THE BANKRUPTCY COURT DOES NOT OR DETERMINES THAT IT DOES NOT HAVE SUBJECT MATTER JURISDICTION OVER ANY ACTION OR LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THEN EACH PARTY (A) AGREES THAT ALL SUCH ACTIONS OR LEGAL PROCEEDINGS SHALL BE HEARD AND DETERMINED IN A FEDERAL COURT OF THE UNITED STATES SITTING IN THE CITY OF CHICAGO, ILLINOIS, (B) IRREVOCABLY SUBMITS TO THE JURISDICTION OF SUCH COURTS IN ANY SUCH ACTION OR LEGAL PROCEEDING, (C) CONSENTS THAT ANY SUCH ACTION OR LEGAL PROCEEDING MAY BE BROUGHT IN SUCH COURTS AND WAIVES ANY OBJECTION THAT SUCH PARTY MAY NOW OR HEREAFTER HAVE TO THE VENUE OR JURISDICTION OR THAT SUCH ACTION OR LEGAL PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT, AND (D) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR LEGAL PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO SUCH PARTY AT ITS ADDRESS AS PROVIDED IN SECTION 12.2 (PROVIDED, THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW).

12.6 WAIVER OF TRIAL BY JURY. EACH OF THE PARTIES HEREBY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE OUT OF OR RELATE TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES. ACCORDINGLY, EACH OF THE PARTIES HEREBY IRREVOCABLY, UNCONDITIONALLY, AND VOLUNTARILY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHTS TO TRIAL BY JURY IN

ANY ACTION, SUIT, OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY.

12.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. A signed copy of this Agreement delivered by facsimile, e-mail, or other means of electronic transmission shall have the same legal effect as delivery of an original signed copy of this Agreement.

12.8 Headings. The section and subsection headings contained in this Agreement are included for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

12.9 Severability. If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

12.10 Entire Agreement. This Agreement, including the other agreements and schedules to be entered into in connection with the transactions contemplated by this Agreement, constitutes and embodies the entire understanding and agreement of the Parties relating to the subject matter hereof and there are no other agreements or understandings, written or oral, in effect between the Parties relating to such subject matter except as expressly referred to herein.

12.11 Attorneys' Fees. In the event of any action or suit based upon or arising out of any alleged breach of any Party of any representation, warranty, covenant or agreement contained in this Agreement, the prevailing Party will be entitled to recover reasonable attorneys' fees and other costs of such action or suit from the non-prevailing Party.

12.12 No Third Party Beneficiaries. Nothing in this Agreement shall confer any rights upon any person or entity other than the parties hereto (except any permitted successors or assigns).

12.13 Interpretation. For purposes of this Agreement: (a) the definition of terms herein shall apply equally to the singular and the plural; (b) any pronoun shall include the corresponding masculine, feminine, and neuter forms; (c) the words "include", "includes", and "including" shall be deemed to be followed by the words "without limitation"; (d) the word "or" is not exclusive; (e) the words "herein", "hereof", "hereby", "hereto", and "hereunder" refer to this Agreement as a whole; and (f) the words "will" and "shall" have equal force and effect. Unless the context otherwise requires, references herein: (i) to Articles, Sections, Schedules, and Exhibits mean the Articles and Sections of, and Schedules, and Exhibits attached to, this Agreement; (ii) to an agreement, instrument, or other document means such agreement, instrument, or other document as amended, supplemented, and modified from time to time to the

extent permitted by the provisions thereof; and (iii) to a law means such law as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event that an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, and all accounting determinations shall be made, in accordance with United States Generally Accepted Accounting Principles.

12.14 Equitable Remedies. The Parties agree that irreparable and ongoing damages, for which monetary damages (even if available) would not be an adequate remedy, would occur in the event that any provision of this Agreement were not performed in accordance with its specific terms or otherwise were breached. Accordingly, each Party shall be entitled, in addition to all other rights and remedies that it may have at law or in equity, to obtain injunctive or other equitable relief (including a temporary restraining order, a preliminary injunction, and a final injunction) to prevent any breach or threatened breach of this Agreement and to enforce specifically the terms and provisions hereof, without the necessity of posting a bond or other security or of proving actual damages. In furtherance of the foregoing, each the Parties agrees that it will not oppose the granting of an injunction, specific performance, or other equitable relief as provided herein on the basis that any other Party has an adequate remedy at law or an award of specific performance is not an appropriate remedy for any reason at law or in equity.

12.15 Time is of the Essence. Time is of the essence in this Agreement, and all of the terms, covenants and conditions hereof.

[The remainder of this page is intentionally left blank; signature page follows.]

The Parties are signing this Agreement effective as of the date first written above.

SELLER:

**TECHNOLOGY SOLUTIONS &
SERVICES, INC.**

By: _____
Name: _____
Title: _____

BUYER:

VALU TECH OUTSOURCING, LLC

By: _____
Name: _____
Title: _____

SHAREHOLDERS:

[List to be Added]

[•]

[SIGNATURE TO ASSET PURCHASE AGREEMENT]

SCHEDULE LIST

[To be provided]

SCHEDULE 3.1

SELLER CLOSING DOCUMENTS

1. A bill of sale and assignment and assumption agreement with respect to the Purchased Assets and the Assumed Liabilities, in a form acceptable to Buyer (the "Bill of Sale"), duly executed by Seller.

2. To the extent there are any registered items of intellectual property owned by Seller, an assignment of intellectual property assets, in a form acceptable to Buyer (the "Intellectual Property Assignment"), duly executed by Seller.

3. A certified copy of the Bankruptcy Court Sale Approval Order;

4. A certificate of good standing Seller issued as of a recent date by the applicable governmental authority of its jurisdiction of formation and each other jurisdiction in which Seller is qualified to conduct business as a corporation.

5. A certificate of the secretary of Seller, dated the Closing Date, in form and substance reasonably satisfactory to Buyer, certifying (i) Seller's articles of incorporation and bylaws in effect as of the Closing Date, (ii) the resolutions duly adopted by the board of directors of Seller and by the shareholders of Seller authorizing and approving the execution, delivery, and performance of this Agreement and each Closing Document to which Seller is a party and the consummation of the transactions contemplated hereby and thereby, which resolutions shall have been certified as true, correct, and in full force and effect without rescission, revocation, or amendment as of the Closing Date, and (iii) the incumbency and signatures of the officers of Seller authorized to execute and deliver this Agreement and each Closing Document to which Seller is a party;

6. A certificate, in form and substance reasonably satisfactory to Buyer, as to the non-foreign status of Seller pursuant to Section 1.1445-2(b)(2) of the rules and regulations promulgated under the Code and an Internal Revenue Service Form W-9 claiming complete exemption from U.S. back-up withholding for Seller, each duly executed by Seller.

7. Such other customary instruments of transfer, assumption, filings, or other documents, in form and substance reasonably satisfactory to Buyer, as may be required to give effect to this Agreement or the transactions contemplated hereby.

8. Certificates of title, duly executed by Seller, required to convey ownership of any motor vehicles, other titled assets or equipment or similar assets or equipment included within the Purchased Assets.

SCHEDULE 3.2

BUYER CLOSING DOCUMENTS

1. The Bill of Sale, duly executed by Buyer.
2. If applicable, the Intellectual Property Assignment, duly executed by Buyer.
3. A certificate of good standing for Buyer issued as of a recent date by the applicable governmental authority of its jurisdiction of formation.
4. A certificate of an officer of Buyer, dated the Closing Date, in form and substance reasonably satisfactory to Seller, certifying (i) the resolutions duly adopted by the governing body of Buyer authorizing and approving the execution, delivery, and performance of this Agreement and each Closing Document to which Buyer is a party and the consummation of the transactions contemplated hereby and thereby, which resolutions shall have been certified as true, correct, and in full force and effect without rescission, revocation, or amendment as of the Closing Date, and (ii) the incumbency and signatures of the officers of Buyer authorized to execute and deliver this Agreement and each Closing Document to which Buyer is a party.
5. Such other customary instruments of transfer, assumption, filings, or other documents, as may be required to give effect to this Agreement or the transactions contemplated hereby.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is **100 Spectrum Center Drive, Suite 600, Irvine, CA 92618**.

A true and correct copy of the foregoing document entitled (*specify*): **DEBTOR AND DEBTOR IN POSSESSION'S MOTION FOR ORDER: (1) APPROVING THE SALE OF SUBSTANTIALLY ALL OF THE ASSETS OF THE ESTATE FREE AND CLEAR OF LIENS PURSUANT TO BANKRUPTCY CODE § 363(b)(1); (2) APPROVING THE ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS; AND (3) GRANTING RELATED RELIEF; MEMORANDUM OF POINTS AND AUTHORITIES AND DECLARATION OF JULIO C. GARCIA, JR. IN SUPPORT THEREOF** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) **October 3, 2018**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- **Interested Party:** Michele S Assayag efilings@amlegalgroup.com, efilings@amlegalgroup.com
- **Attorney for Debtor:** Leonard M Shulman lshulman@shblp.com
- **Interested Party:** Mohammad Tehrani Mohammad.V.Tehrani@usdoj.gov
- **Interested Party:** United States Trustee (RS) ustpregion16.rs.ecf@usdoj.gov

Service information continued on attached page.

2. SERVED BY UNITED STATES MAIL:

On (*date*) _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page.

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) **October 3, 2018**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Judge's Copy

U.S. Bankruptcy Court
Attn: Honorable Mark D. Houle
3420 Twelfth Street, bin outside of Courtroom 303
Riverside, CA 92501

Service information continued on attached page.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

October 3, 2018

Date

Erlanna Lohayza

Printed Name

/s/ Erlanna Lohayza

Signature