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10 **IN THE UNITED STATES BANKRUPTCY COURT**
11 **FOR THE DISTRICT OF ARIZONA**

12 **In Re:**

13 **STEALTH SOFTWARE, L.L.C.,**
14 **an Arizona limited liability**
15 **company,**

16 **Debtor.**

17 **Chapter 11**

18 **Case No.: 2:16-bk-12787-EPB**

19 **STEALTH SOFTWARE LLC'S**
20 **DISCLOSURE STATEMENT DATED**
21 **JULY 24, 2017**

22 **I. INTRODUCTION**

23 This is the disclosure statement (the “Disclosure Statement”) in the small business
24 chapter 11 case of Stealth Software LLC (the “Debtor” and the “Chapter 11 Case”). This
25 Disclosure Statement was prepared using Official Form B25B, Disclosure Statement In
26 Small Business Case Under Chapter 11. This Disclosure Statement contains information
27 about the Debtor and describes the Reorganization Plan (the “Plan”) filed by the Debtor on
28 July 24, 2017. A full copy of the Plan is attached to this Disclosure Statement as Exhibit A.
Your rights may be affected. You should read the Plan and this Disclosure Statement
carefully and discuss them with your attorney. If you do not have an attorney, you may wish
to consult one.

The proposed distributions under the Plan are discussed at pages 8-16 of this
Disclosure Statement. Nonpriority unsecured creditors are classified in Class 5 and 6, and
will receive a distribution of 3% of their allowed claims, to be distributed over the course of
48 monthly payments beginning 30 days after the effective date of the Plan.

1 **A. Purpose of This Document**

2 The Disclosure Statement describes:

- 3 • The Debtor and significant events during the bankruptcy case;
- 4 • How the Plan proposes to treat claims or equity interests of the type you hold (i.e.,
- 5 what will you receive on your claim or equity interest if the Plan is confirmed);
- 6 • Who can vote on the Plan,
- 7 • What factors the Bankruptcy Court (the “Court”) will consider when deciding
- 8 whether to confirm the Plan,
- 9 • Why Stealth Software LLC believes the Plan is feasible, and how the treatment of
- 10 your claim or equity interest under the Plan compares to what you would receive
- 11 on your claim or equity interest in liquidation, and
- 12 • The effect of the confirmation of the Plan.

13 Be sure to read the Plan as well as the Disclosure Statement. This Disclosure

14 Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your

15 rights.

16 **B. Deadlines for Objecting To The Plan**

17 The court has not yet confirmed the Plan described in this Disclosure Statement. This

18 section describes the procedures pursuant to which the Plan will or will not be confirmed.

19 1. Time and Place of the hearing to Consider Confirmation Of The Plan

20 The hearing at which the Court will determine whether to confirm the Plan will take

21 place on, at, in Courtroom at the United States Bankruptcy Court, District of

22 Arizona, 230 North First Avenue, Phoenix, Arizona 85003-1727.

23 2. Voting to Accept or Reject the Plan.

24 If you are entitled to vote to accept or reject the Plan, vote on the enclosed ballot and

25 return the ballot in the enclosed envelope to Debtor’s counsel of record, Jennings, Strouss &

26 Salmon, One East Washington Street, Suite 1900, Phoenix, Arizona 85004-2554, Telephone

27 602-262-5949, Email jcotterman@jsslaw.com, Attn: Joseph E. Cotterman. See Section

28 IV.A. below for a discussion of voting eligibility requirements.

1 3. Deadlines For Voting To Accept Or Reject The Plan, and for Confirmation
2 Objections.

3 Objections to confirmation of the Plan must be filed with the Court and served upon
4 Debtor's counsel Joseph E. Cotterman at Jennings, Strouss & Salmon, One East Washington
5 Street, Suite 1900, Phoenix, Arizona 85004-2554, Telephone 602-262-5949, Email
6 jcotterman@jsslaw.com by mail, personal delivery, or email, no later than _____.

7 If you are eligible to vote on the Plan and wish to do so, your ballot must be received
8 by Debtor's counsel at the address listed above by _____ or it will not be counted.

9 4. Identity of Person to Contact for More Information

10 If you want additional information about this Disclosure Statement, the Plan, or the
11 Chapter 11 Case, you should contact Stealth's counsel of record, Joseph E. Cotterman, at
12 Jennings, Strouss & Salmon, One East Washington Street, Suite 1900, Phoenix, Arizona
13 85004-2554, Telephone 602-262-5949, Email jcotterman@jsslaw.com.

14 **C. Disclaimer**

15 The Court has approved this Disclosure Statement as containing adequate information
16 to enable parties affected by the Plan to make an informed judgment about the Plan. The
17 Court has not yet determined whether the Plan meets the legal requirements for confirmation,
18 and the fact that the Court has approved this Disclosure Statement does not constitute an
19 endorsement of the Plan by the Court, or a recommendation that it be accepted.

20 **II. BACKGROUND**

21 **A. Description and History of the Debtor's Business**

22 The Debtor is a Limited Liability Company formed in 2012. Since 2013, the Debtor
23 has been in the business of selling software licenses and related services in the United States
24 for the commercial computer system software (the "Software") developed and owned by
25 Stealth Software Holding B.V. ("SSBV"), Debtor's affiliate business entity located in the
26 Netherlands and ultimately majority owned and controlled by Debtor's principal Mr. Gerard
27 Warrens. The Software, which is at the core of Debtor's business operations, was developed
28 for the SharePoint business market. SharePoint is a collaboration software product that was
developed by Microsoft over the last 15 years. The Software developed by SSBV allows
customers to reduce their IT cost in SharePoint and at the same time protect the information

1 that they store in SharePoint from cyberattacks by encrypting the information. A non-
 2 exclusive license has been granted to Debtor to sublicense, i.e., to sell the use of, the
 3 Software to US customers. In connection with those end user licenses, Debtor enters into
 4 agreements with end users to service and maintain the Software during the term of any
 5 license to use it.

6 **B. Insiders of the Debtor**

Insiders's name & address	Relationship to Debtor	Compensation for 2 years prior to commencement of the Chapter 11 bankruptcy case	Compensation during the Chapter 11 bankruptcy case
Gerard Warrens 1039 E. Boston St. Gilbert, Arizona 85295	Principal	\$31,250.00, which was partial repayment of a loan Mr. Warrens made to Debtor.	Initially, no compensation. When cash flow permitted, \$6,000 per month.

14 **C. Management of the Debtor Before and During the Bankruptcy**

15 During the two years prior to the date on which the bankruptcy petition was filed, the
 16 officers, directors, managers or other persons in control of the Debtor (collectively “the
 17 “Managers”) were:

Managers and other key personnel during the 2 years prior to the commencement of the Chapter 11 bankruptcy case	Position
Gerard Warrens	Chief Executive Officer
Mark Stratman	Chief Operating Officer
Steven Hooper	VP of Business Development
Mark Hanneken	VP of Business Development

24 The managers of the Debtor during the Debtor’s Chapter 11 case have been:

Manager during the Chapter 11 case	Position
Gerard Warrens	Chief Executive Officer

26 1. After the Effective Date of the order confirming the Plan, the
 27 directors, officers, and voting trustees of the Debtor, any affiliate of the Debtor, or successor
 28

1 of the Debtor under the Plan (collectively the “Post Confirmation Managers”), will be Gerard
2 Warrens. The responsibilities and compensation of this Post Confirmation Manager are
3 described in Section III, D2, Post-confirmation management.

4 **D. Events Leading to the Chapter 11 filing**

5 Two key events led to the filing of the Chapter 11 case: Debtor’s major secured
6 creditor C-Suite Fund II, LLC (“C-Suite”), entered into a convertible secured loan agreement
7 with Debtor (the “Loan”) that was guaranteed by Debtor’s affiliate business entities and
8 secured by Debtor’s assets. The Loan was convertible into equity in Debtor upon certain
9 specified events, including but not limited to default under the Loan. C-Suite also recruited
10 and marketed other individuals and entities to be investors in Debtor’s business. Debtor’s
11 business plan was to utilize the Loan as initial startup capital which would be paid off in
12 large part by investments in Debtor by those individuals and entities C-Suite induced to
13 invest in Debtor.

14 Debtor believes that various principals or upper-level personnel at C-Suite
15 (specifically Troy Rice and Victoria Longfellow, who signed the Loan documents and other
16 agreements with Debtor on behalf of C-Suite) were subject to a conflict of interest in regard
17 to their position with C-Suite and relationship to both and each of Debtor and individuals and
18 entities that C-Suite recruited to invest in Debtor. As a result of C-Suite’s actions,
19 representations, and inducement, Mr. Ben Snyder, a client of one of C-Suite’s insiders who
20 was also a lawyer, contracted with Debtor to make a significant investment in Debtor. In
21 significant part, the investment to be made by Mr. Snyder was to be used to pay off the Loan.
22 However, Mr. Snyder defaulted on his obligation to invest in Debtor, and later sued C-
23 Suite’s insider in Maricopa County Superior Court Case No. CV2016-014750, titled
24 Benjamin Snyder v. Victoria Longfellow, et. al., alleging various causes of action for
25 wrongfully inducing Mr. Snyder to invest in Debtor.

26 Because Mr. Snyder defaulted on his contractual obligation to invest in Debtor,
27 Debtor did not have the funds to repay the Loan, and so defaulted thereunder. C-Suite then
28 declared a default under the Loan. Debtor filed this Chapter 11 Case in part to stay C-Suite

1 from converting the Loan to an equity interest in Debtor through what increasingly appeared
2 to be a “loan to own” scheme in which Debtor was set up to fail so that C-Suite could
3 inexpensively obtain ownership of the business opportunity presented by Debtor’s business
4 operations. As of the petition date, Debtor has paid C-Suite about \$100,000 toward the Loan.

5 Not surprisingly, C-Suite denies all the foregoing and disputes Debtor’s contention,
6 claiming it (C-Suite) made the Loan on ordinary course terms, and that it has done nothing
7 improper that caused or contributed to Debtor’s default and eventual bankruptcy filing.

8 Mr. Snyder’s breach of his contractual obligation to invest in Debtor has cost Debtor a
9 loss of \$760,000 in initial investment in 2015/2016, and a further loss of a further investment
10 balloon payment of \$3,000,000 (based on a revenue target), for a total investment in Stealth
11 Software of some \$4,000,000 that Mr. Snyder was to make, but did not. When the Snyder
12 investment did not materialize, it put Debtor in a position where it had insufficient operating
13 capital to either pay off the Loan, or sustain business operations even though Mr. Warrens
14 and his spouse were essentially working for free because they had deferred payment of their
15 salaries to keep Debtor’s operations afloat.

16 **E. Significant Events During the Bankruptcy Case**

17 Significant events during the bankruptcy case were predominantly positive events
18 and allowed Stealth Software to become profitable in 2016/2017.

19 Steps taken to improve operations and profitability of the Debtor

- 20 - Debtor streamlined its business operations including the Stealth sales organization,
21 allowing for a much more focused go to market execution model, resulting in
22 generation of record revenues for this small company in 2016. These revenues
23 were offset by higher legal, interest and professional services fees related to the
24 events leading up to the filing of the Chapter 11 case, but still allowed the
25 company to be profitable in 2016.
- 26 - As the product development was completed or neared completion it was possible
27 to reduce the number of developers in Debtor’s affiliates’ Luxemburg
28 development center. That affiliate restructuring created a savings that trickled
down to Debtor through substantial decreases in R&D costs and related expenses.
Debtor, being the major revenue generator in the larger organization, had been
paying for the majority of the expenses of the Luxemburg operations pre-petition.

- 1 - Debtor's larger business operation also closed its Luxemburg office and move to a
2 virtual team structure with improved productivity and lower costs. Again, because
3 Debtor had been paying a share of those office expenses, the restructuring saved
4 Debtor money.
- 5 - Finally, Debtor achieved a significant reduction in professional fees and
6 operational expenses compared to the fees and expenses paid prepetition.

7 Professionals approved by the Court:

- 8 - Andante law – Joe Cotterman; and Jennings Strouss – Joe Cotterman, Jennings
9 Strouss, One East Washington Street, Suite 1900, Phoenix, Arizona 85004-2554.
10 Mr. Cotterman's employment was approved by the Court to represent Debtor in
11 the Chapter 11 case. No professional fees have been approved yet for Debtor's
12 counsel for representation in the Chapter 11 Case. Debtor estimates that
13 professional fees related to the Chapter 11 Case, after application to and approval
14 by the Court, will be approximately \$35,000.00.
- 15 - The Court approved Debtor's assumption of the lease with OPM4 for Debtor's
16 prior office operations in Arizona. However, after assumption, Debtor determined
17 that use of the Leased premises was no longer necessary or cost effective for the
18 Debtor's business operations. Unfortunately, Debtor was not able to locate a
19 subtenant for the business premises. Debtor has entered into a stipulation with
20 OPM4 resolving the administrative rent claim asserted by OPM4, which has been
21 submitted to the Court for approval. Under the that stipulation, Debtor will pay
22 OPM4 a discounted amount to retire the office space lease, along with allowing
23 OPM4 to keep the security deposit in full satisfaction of the remainder of its claim.
24 Debtor's arrangement with OPM4 results in a discount of over \$30,000 that would
25 otherwise be due under the lease.
- 26 - Debtor has not sold any assets during the course of the Chapter 11 case, and no
27 adversary proceedings have been filed.

28 **F. Retention, Assignment, and Enforcement of Claims**

Pursuant to § 1123(b)(3)(B) of the Bankruptcy Code, the Debtor will retain and
may enforce any and all claims of the Debtor or its bankruptcy estate, except for any claims
expressly waived in the Plan. Retained causes of action include, but are not limited to, all
avoidance actions, fraudulent conveyance actions, preference actions, and other claims and
causes of action of every kind and nature whatsoever, arising before the Effective Date
which have not been resolved or disposed of prior to the Effective Date, whether or not such
claims or causes of action are specifically identified in the Disclosure Statement, including

1 but not limited to any and all causes of action scheduled in Debtor's schedule of assets filed
2 in this case reflected in Exhibit B to the Disclosure Statement.

3 Any recovery obtained from retained causes of action will be distributed in
4 accordance with the terms of the Plan, and in accord with the rights of any valid lien or
5 security interest that may encumber such recovery.

6 **G. Claims Objections**

7 Except to the extent that a claim is already allowed by a final non-appealable
8 order, the Debtor reserves the right to object to claims. Therefore, even if your claim is
9 allowed for voting purposes, you may not be entitled to a distribution if an objection to your
10 claim is later filed and upheld. The procedures for resolving disputed claims are set forth in
11 Article V of the Plan.

12 **H. Current and Historical Financial Conditions**

13 The identity and fair market value of the estate's assets are listed in its statements
14 and schedules, excerpts of which are attached as Exhibit B, and its financial projections
15 showing cash on hand, attached as Exhibit C. Debtor's historical financial condition is
16 largely described in the events leading up to the filing above. Debtor's improving financial
17 condition throughout the case is summarized in the most recent monthly operating report
18 attached hereto as Exhibit D.

19 **III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF** 20 **CLAIMS AND EQUITY INTERESTS**

21 **A. What is the Purpose of the Plan of Reorganization**

22 As required by the Code, the Plan places claims and equity interests in various
23 classes and describes the treatment each class will receive. The Plan also states whether each
24 class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your
25 recovery will be limited to the amount provided by the Plan.

26 **B. Unclassified Claims**

27 Certain types of claims are automatically entitled to specific treatment under the
28 Code. They are not considered impaired, and holders of such claims do not vote on the Plan.

1 They may, however, object if, in their view, their treatment under the Plan does not comply
 2 with that is required under the Code. As such, the Plan Proponent has not placed the
 3 following claims in any class:

4 *1. Administrative Claims*

5 The following chart lists the Debtor's estimated administrative expenses, and their
 6 proposed treatment under the Plan:

Type	Estimated Amount Owed	Proposed Treatment
Operating Expenses (including salaries) Arising in the Ordinary Course of Business After the Petition Date Salaries and Monthly Operational Expenses	\$ 9,000.00 per month on an ongoing basis	Paid monthly under the Plan; all current
Professional Fees, as approved by the Court	None presently, estimated to total approximately \$35,000.00	Payable on Effective Date or when approved thereafter; to be paid as agreed between Debtor and counsel.
Sales tax San Antonio, Texas	Scheduled at \$5,678.43	Paid on effective date
Estimated Total	\$49,678.43	

17 *2. Priority Tax Claims*

18 The following chart lists the Debtor's estimated §507(a)(8) priority tax claims and
 19 their proposed treatment under the Plan:

Description Name and type of Tax	Estimated Amount Owed	Date of Assessment	Proposed Treatment
Unclassified	Pursuant to Section §507 City of Scottsdale sales tax \$594.00	Not Impaired	Priority tax claims are not impaired by this Plan, and each holder of an allowed priority tax claim will be paid in full on the effective date of the Plan.
Unclassified	Pursuant to Section §507 Penalty Sales Tax Arizona Department of	Not Impaired	Priority tax claims are not impaired by this Plan, and each holder of an allowed priority tax claim will be paid in full on the effective date of the Plan.

Revenue \$ 376.82

C. Classes of Claims and Equity Interests

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

1. Classes of Secured Claims

Class #	Description	Insider Y/N	Impairment	Treatment
1	Secured claim of: BMW Financial Services Collateral description: BMW X5- 3.5i VIN# 5UXZV4C58D0B06193 Secured claim amount scheduled at: \$ 26,507.47; ¹ Priority of Lien: 1st position purchase money security interest	N	Impaired	Allowed secured claim will be paid in full, in equal monthly payments of principal plus interest at 4.5% per annum, over the remaining term of the contract between Debtor and BMW, beginning 60 days after the effective date. Treatment of Lien = first priority lien, to remain in place until payment in full.
2	Secured claim of: C-Suite LLC Collateral description: Prepetition assets consisting of business assets, patented and unpatented intellectual property, equipment, accounts, contracts, proceeds, vehicles, interests in related companies, and after acquired assets. Scheduled Amount:	N	Impaired	Partially secured claim, secured by \$30,000 of cash collateral to be paid in monthly installments plus 6% interest, or turned over on Effective Date if C-Suite exercises election under 11 U.S.C. §1111(b)(2). Treatment of Lien =

¹ The amount of BMW's secured claim will be lower on the effective date due to regular monthly payments accruing and paid prior to the effective date.

	<p>\$ 450,000*</p> <p>*\$ 30,000 secured by cash collateral and remainder unsecured pursuant to 11 U.S.C. §506(a).</p> <p>Priority of Lien: first priority</p> <p>Nondebtor sources of payment: Debtor affiliates through a guarantee</p>			<p>First priority lien on \$ 30,000 of cash collateral, with replacement lien on post-confirmation cash and accounts for unpaid balance up to a limit of \$30,000, until secured portion paid in full.</p> <p>The unsecured deficiency shall be treated as an unsecured claim on the same terms as unsecured claims in Class 5.</p>
3	<p>Secured Claim of OPM4, LLC, total allowed claim to be paid under plan is \$32,657.19 pursuant to prior Order of the Bankruptcy Court.²</p>	N	Impaired	<p>Partially secured claim, secured by \$3,319.38 cash security deposit in OPM4's custody.</p> <p>Both secured and unsecured components of claim are to be satisfied in full by offset against security deposit on Effective Date</p> <p>Treatment of Lien = to remain in place until setoff by OPM4.</p>

2. *Classes of Priority Unsecured Claims*

Certain priority claims are referred to in §507(a)(1),(4),(5),(6), and (7) of the Code are required to be in classes. The Code requires that each holder of such a claim receive cash on

² Pursuant to the prior order, entered at ECF docket number 69 on July 10, 2017, OPM4 also had an allowed administrative expense claim of \$16,881.60. That claim has been paid in full.

the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept a different treatment.

The following chart lists all classes containing claims under §507(a)(1),(4),(5),(6), and (7) of the Code and their proposed treatment under the Plan:

Class #	Description	Impairment	Treatment
4	Pursuant to Section §507(a)(4) Gerard Warrens Back wages scheduled at: \$454,666.62 Priority amount allowed: \$12,850.00	Impaired	Class 4 is impaired by this Plan. Each holder of a Class 4 priority claim will waive the priority claim as a contribution toward acquiring the equity interest in the reorganized Debtor. Amounts otherwise payable as a priority claim on Class 4 claims will be distributed to general unsecured claims pursuant to the terms of the Plan.
4	Pursuant to Section §507(a)(4) Ilse Meijer Back wages scheduled at: \$159,133.38 Priority amount allowed: \$12,850.00	Impaired	Class 4 is impaired by this Plan. Each holder of a Class 4 priority claim will waive the claim as a contribution toward acquiring the equity interest in the reorganized Debtor. Amounts otherwise payable as a priority claim on Class 4 claims will be distributed to general unsecured claims pursuant to the terms of the Plan.

3. *Classes of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under the §507(a) of the Code. The following chart identifies the Plan’s proposed

1 treatment of Classes 5 to 7, which consist of allowed general unsecured claims against the
 2 Debtor, including Class 5 – Vendor, trade, and employee non-priority claims; Class 6 –
 3 litigation claims; and Class 7 – Insider claims.

Class #	Description	Impairment	Treatment
5 Vendor	Vendor: Bank of America Credit Card. Claim scheduled at \$ 8,883.63.	Impaired	Class 5 is impaired by this Plan. Each holder of an allowed Class 5 unsecured claim will be paid 3% of the allowed claim amount in equal monthly installments over 4 years beginning thirty days after the effective date.
5 Vendor	Vendor: BMW Financial Services BMW 320i VIN# WBA3B1C56DK130019 Lease mileage overage claim scheduled at \$4,293.56.	Impaired	Class 5 is impaired by this Plan. Each holder of an allowed Class 5 unsecured claim will be paid 3% of the allowed claim amount to be paid in equal monthly installments over 4 years beginning thirty days after the effective date.
5 Vendor	Vendor: BMW Financial Services BMW 320i Vin# WBA3B1C57DK129090 Lease mileage overage claim scheduled at \$8,951.61; BMW proof of claim lists claim at \$8,501.61	Impaired	Class 5 is impaired by this Plan. Each holder of an allowed Class 5 unsecured claim will be paid 3% of the allowed claim amount in equal monthly installments over 4 years beginning thirty days after the effective date.
5 Vendor	NextDelta Accounting Services claim amount scheduled at \$1,087.50	Impaired	Class 5 is impaired by this Plan. Each holder of an allowed Class 5 unsecured claim will be paid 3% of the allowed claim amount in equal monthly installments over 4 years beginning thirty days after the effective date.
5 Loan	C-Suite Fund II, LLC unsecured deficiency portion	Impaired	Class 5 is impaired by this Plan. Each holder of an

	of Class 2 claim, deficiency amount scheduled at \$420,000		allowed Class 5 unsecured claim will be paid 3% of the allowed claim amount in equal monthly installments over 4 years beginning thirty days after the effective date.
5 Travel Expenses	Mark Stratman Travel Expenses, claim scheduled at \$ 6,476.17	Impaired	Class 5 is impaired by this Plan. Each holder of an allowed Class 5 unsecured claim will be paid 3% of the allowed claim amount in equal monthly installments over 4 years beginning thirty days after the effective date.
5 Disputed Contract	Simbiottik Limited, claim amount scheduled as disputed at \$0.00	Impaired	Disputed claim; Debtor asserts that there is no valid or enforceable agreement with Simbiottik, and therefore no amount is due or payable to Simbiottik.
6. Litigation claims, Settlement Agreement	Michael Junion Settlement Agreement claim scheduled at \$ 22,000.00	Impaired	Class 6 is impaired by this Plan. Each holder of an allowed Class 6 unsecured claim will be paid 3% of the allowed claim amount to be paid in equal monthly installments over 4 years beginning thirty days after the effective date.
6, Litigation claim, Settlement Agreement	Steven Hooper Settlement Agreement claim scheduled at \$ 50,000.00	Impaired	Class 6 is impaired by this Plan. Each holder of an allowed Class 6 unsecured claim will be paid 3% of the allowed claim amount to be paid in equal monthly installments over 4 years beginning thirty days after the effective date.
6, Litigation claim, Settlement Agreement	MJH Holdings/Mark Hanneken Settlement Agreement disputed claim scheduled at \$ 0.00	Impaired	Disputed claim; Debtor asserts that all amounts due under the Settlement Agreement with Mr. Hanneken have been paid.

1	7, Insider	Gerard and Ilse Warrens	Impaired	Class 7 is impaired by this Plan. Each holder of an allowed Class 7 unsecured claim will be paid 3% of the allowed claim amount in equal monthly installments over 4 years, only to the extent that monthly cash flow permits payment after monthly payments to Classes 1 through 6.
2	claims -	Loan claim scheduled at		
3	Loan	\$65,213.41		
4				
5				
6				
7				
8	7, Insider	Gerard Warrens Loan claim	Impaired	Class 7 is impaired by this Plan. Each holder of an allowed Class 7 unsecured claim will be paid 3% of the allowed claim amount in equal monthly installments over 4 years, only to the extent that monthly cash flow permits payment after monthly payments to Classes 1 through 6.
9	claims - Loan	scheduled at \$97,530.00		
10				
11				
12				
13				
14				
15	7, Insider	Warrens Holding B.V. Loan	Impaired	Class 7 is impaired by this Plan. Each holder of an allowed Class 7 unsecured claim will be paid 3% of the allowed claim amount in equal monthly installments over 4 years, only to the extent that monthly cash flow permits payment after monthly payments to Classes 1 through 6.
16	Claims, Loan	claim scheduled at \$22,000.00		
17				
18				
19				
20				
21				
22	7, Insider	Stealth Software Holding B.V.,	Impaired	Class 7 is impaired by this Plan. Each holder of an allowed Class 7 unsecured claim will be paid 3% of the allowed claim amount in equal monthly installments over 4 years, only to the extent that monthly cash flow permits payment after monthly payments to Classes 1 through 6.
23	Claims,	claim acquired from former		
24	purchased	Vendor DiscoverOrg for		
25	trade claim	Subscription Market		
26		Intelligence. Claim amount		
27		scheduled at \$5.835.00		
28				

7, Insider Claims, purchased trade claim	Stealth Software Holding B.V., claim acquired from former vendor Osborn Maledon for Legal Fees. Claim amount scheduled at \$11,750.22	Impaired	Class 7 is impaired by this Plan. Each holder of an allowed Class 7 unsecured claim will be paid 3% of the allowed claim amount in equal monthly installments over 4 years, only to the extent that monthly cash flow permits payment after monthly payments to Classes 1 through 6.
Insider claims, purchased claim	Gerard Warrens Travel Expenses, claim scheduled at \$7,741.96	Impaired	Class 7 is impaired by this Plan. Each holder of an allowed Class 7 unsecured claim will be paid 3% of the allowed claim amount in equal monthly installments over 4 years, only to the extent that monthly cash flow permits payment after monthly payments to Classes 1 through 6.

4. *Class of Equity Interest Holders*

The following chart sets forth the Plan’s proposed treatment of the class of equity interest holders:

Class #	Description	Impairment	Treatment
8	Sole member and 100% owner of Debtor: Stealth Software Holding B.V.	Impaired	Class 10 is impaired by this Plan. Class 10 equity interests will be cancelled, and new interests will be issued to Mr. Warrens in consideration of the waiver and contribution of his and his spouse Ilse Meier’s Class 4 priority claims.

D. Means of Implementing the Plan

1. Source of payment

Payments and distributions under the Plan will be funded from a combination of cash on hand, and ongoing cash flow over the life of the Plan. Debtor has existing contracts with:

Customer	Contract	Net Revenue Amount
Cash on Hand	On Effective Date	\$ 50,000.00
Cadmus Group future revenue currently under contract but not yet earned	2018 maintenance & Support	\$ 38,883.20
Cadmus Group future revenue currently under contract but not yet earned	2019 License fees and Maintenance and Support	\$142,883.20
Cadmus Group future revenue currently under contract but not yet earned	2020 Maintenance & Support	\$ 38,883.20
Cadmus Group future revenue currently under contract but not yet earned	2021 Maintenance & Support	\$ 38,883.20
Embry Riddle Aeronautical University future revenue currently under contract but not yet earned	08.01.2017: software and services for 2017/2018	\$ 36,000.00
2018 incremental revenue from projected new contracts currently under negotiation	08.01.2018: software and services for 2018/2019	\$ 36,000.00
2019 incremental revenue from projected new contracts currently under negotiation	08.01.2019: software and services for 2019/2020	\$ 36,000.00
2020 incremental revenue from projected new contracts currently under negotiation	08.01.2020: software and services for 2020/2021	\$ 36,000.00
Incremental revenue from projected new contracts currently in negotiation	2017	\$100,000.00
Incremental revenue from projected new contracts currently in negotiation	2021	\$ 50,000.00
Total		\$ 603,532.80

Should cash flow permit, Debtor shall have the right, but not the obligation, to pre-pay the distributions required under the Plan to any class of creditors, provided that such early payment does not prejudice other classes of creditors with priority equal to or higher than the class paid early.

2. *Post-confirmation Management*

1 The Post-confirmation Managers of the Debtor, and their compensation, shall be as
 2 follows:

Name	Affiliation	Insider Y/N	Position and Responsibilities	Compensation
Gerard Warrens	Principal	Yes	Position: Chief Executive Officer and principal member: Key responsibilities: Day to day operations Sales Cash flow management Marketing Defining the go to market strategy Accounting	\$ 7,500 per month

13 **E. Risk Factors**

14 The reorganized Debtor's ability to earn income is the primary risk factor in this case.
 15 Debtor's operational results have improved and apparently stabilized in the last few months,
 16 and the Debtor's financial challenges leading up to this filing relating to the prepetition
 17 investment defaults and the actions of C-Suite, have been resolved such that Debtor is
 18 financially and operationally able to move forward and resolve those situations through the
 19 Plan. Debtor operates primarily under a license granted by its Netherlands corporate
 20 affiliated, and the continuing enjoyment of that license arrangement is key to the reorganized
 21 Debtor's ongoing performance.

22 **F. Executory Contracts and Unexpired Leases**

Contract Description	Term remaining	Contract party	Cure in case of Default
Mobile phone subscription	Monthly	AT&T	Current, and no prepetition default
Software License Contract; Debtor is Licensor	1 and 8 months	Cadmus Group Inc.	Current, and no prepetition default
Software License Contract; Debtor is	4 years	Embry Riddle Aeronautical	Current, and no prepetition default

Licensor		University	
Office phone (fixed line)	Monthly	Integra	Current, and no prepetition default
Lease Office space Debtor is Lessee	9 months	OPM4 LLC	Resolved by stipulation with lessor OPM4
Software License Contract; Debtor is Licensor	1 year and 5 months	Wells Fargo Bank, N.A.	Current, and no prepetition default
License from SSBV to sublicense use of Software to end users	Open ended	Debtor affiliate SSBV	N/A

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier date.

All executory contracts and leases that are not listed in Section 5.01 of the Plan will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

The Deadline for filing a Proof of Claim based on a claim arising from the rejection of an unexpired lease or executory contract is 30 days after entry of any order, whether that is the order confirming the Plan or another order, which deems the lease or contract rejected.

G. Tax Consequences of the Plan

The confirmation and consummation of the Plan may result in federal and state income tax consequences to holders of claims. Tax consequences to a particular creditor will depend on the particular circumstances regarding the claim of that creditor. Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, and/or Advisors.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

1 **A. Who May Vote or Object**

2 Any party in interest may object to the confirmation of the Plan if the party believes
3 that the requirements for confirmation are not met. However, many parties in interest are not
4 entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to
5 vote for or against the Plan only if that creditor or equity interest holder has a claim or equity
6 interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

7 In this case, the Debtor believes that classes 1 through 8 are all impaired and that
8 holders of claims in each of these classes are therefore entitled to vote to accept or reject the
9 Plan.

10 1. *What is an Allowed Claim or an Allowed Equity Interest?*

11 Only a creditor or equity interest holder with an allowed claim or allowed equity
12 interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if
13 either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has
14 been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof
15 of claim or equity interest, unless an objection has been filed to such proof of claim or equity
16 interest. When a claim or equity interest is not allowed, the creditor or equity interest holder
17 holding the claim or equity interest cannot vote unless the Court, after notice and hearing,
18 either overrules the objection or allows the claim or equity interest for voting purposes
19 pursuant to Rule 301(8) of the Federal Rules of Bankruptcy Procedures. The deadline for
20 filing a proof of claim in this case is the date of the initial hearing on this Disclosure
21 Statement, _____. The deadline for filing an objection to a proof of claim is 30 days
22 after the entry of the order confirming the Plan.

23 2. *What is an Impaired Claim or Impaired Equity Interest?*

24 As noted above, the holder of an allowed claim or equity interest has the right to vote
25 only if it is in a class that is impaired under the Plan. As provided in § 1124 of the Code, a
26 class is considered impaired if the Plan alters the legal, equitable, or contractual right of the
27 members of that class.

28 3. *Who is not Entitled to Vote?*

1 The holders of the following five types of claims and equity interests are not entitled
2 to vote:

- 3 • holders of claims or equity interests that have been disallowed by an order of the
4 Court;
- 5 • holders of claims and equity interests that are not “allowed claims” or “allowed
6 equity interests” (as discussed above, unless they have been “allowed” for voting
7 purposes;
- 8 • holders of claims or equity interests in unimpaired classes
- 9 • holders of claims entitled to priority pursuant to § 507(a)(2), (a)(3) and (a)(8) of
10 the Code; and
- 11 • holders of claims or equity interest in classes that do not receive or retain any
12 value under the Plan;
- 13 • administrative expenses

14 Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the
15 Confirmation of the Plan and the adequacy of the Disclosure Statement.

16 *4. Who can Vote in More Than One Class?*

17 A creditor whose claim has been allowed in part as a secured claim and in part as an
18 unsecured claim, or who otherwise holds claims in multiple classes, is entitled to accept or
19 reject a Plan in each capacity, and should cast one ballot for each claim.

20 **B. Votes Necessary to Confirm the Plan**

21 If impaired classes exist, the Court cannot confirm the Plan, unless (1) at least one
22 impaired class of creditors has accepted the Plan without the votes of any insiders within that
23 class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to
24 be confirmed by “cram down” on non-accepting classes, as discussed later in Section B2.

25 *1. Votes necessary for a Class to Accept the Plan*

26 A class of claims accepts the Plan if both of the following occur: (1) the holders of
27 more than one half (1/2) of the allowed claims in the class, who vote, cast their votes to
28 accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the
allowed claims in the class, who vote, cast their votes to accept the Plan.

1 A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in
2 amount of the allowed equity interests in the class, who vote, cast their votes to accept the
3 Plan.

4 2. *Treatment of Nonaccepting Classes*

5 Even if one or more impaired classes reject the Plan, the Court may nonetheless
6 confirm the Plan if the nonaccepting classes are treated in the manner prescribed by §
7 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a
8 “cram down” plan. The Code allows the Plan to bind nonaccepting classes of claims or
9 equity interests if it meets all the requirements for consensual confirmation except the voting
10 requirements of § 1129(a)(8) of the Code, does not “discriminate unfairly”, and is “fair and
11 equitable” toward each impaired class that has not voted to accept the Plan.

12 You should consult your own attorney if a “cramdown” confirmation will affect your
13 claim or equity interest, as the variations on this general rule are numerous and complex.

14 **C. Liquidation Analysis**

15 To confirm the Plan, the Court must find that all creditors and equity interest holders
16 who do not accept the Plan will receive at least as much under the Plan as such claim and
17 equity interest holders would receive in a Chapter 7 liquidation.

18 While the value of all estate property was initially scheduled as having a value of
19 \$575,724.64, that value was reported based on the book value, and not liquidation value of
20 those assets. Moreover, almost \$347,000 of that reported book value was net operating
21 losses, which have no liquidation value in the context of this Chapter 11 Case. Another
22 \$168,000 was listed as a “receivable”, but in fact was not any amount due; it is an estimate of
23 amounts to be earned through Debtor’s postpetition services. Accordingly, approximately
24 \$515,000 of what was scheduled as Debtor’s “property” has no real liquidation value. A
25 liquidation analysis of Debtor’s property as of the Effective Date of the Plan, is attached to
26
27
28

1 this Disclosure Statement as Exhibit E. As the liquidation analysis shows, unsecured
2 creditors would not receive any distribution in a Chapter 7 liquidation.³

3 **D. Feasibility**

4 The Court must find that confirmation of the Plan is not likely to be followed by the
5 liquidation, or the need for further financial reorganization, of the Debtor or any successor to
6 the Debtor, unless such liquidation or reorganization is proposed in the Plan. The Debtor
7 believes that it meets this requirement.

8 1. Ability to Initially Fund the Plan

9 The Debtor has projected that it will have sufficient cash on hand on the effective date
10 of the Plan to pay all the claims and expenses that are entitled to be paid on that date. Tables
11 showing the amount of cash on hand on the effective date of the Plan, and the sources of that
12 cash, are attached to this Disclosure Statement as Exhibit C. In summary, effective date
13 payments total \$36,649.25⁴ and Debtor expects to have at least \$50,000.00 in available cash
14 on the effective date.

15 2. Ability to Make Future Plan Payments and Operate Without Further 16 Reorganization

17 The Debtor must also show that it will have enough cash over the life of the Plan to
18 make all required Plan payments. The financial projections attached as Exhibit C show that
19 Debtor will generate sufficient cash flow to make all payments required under the Plan.

21 ³ In its schedule of personal property, Stealth listed causes of action (largely consisting of breach of
22 contract causes of action) against third parties including claims against: C-Suite Fund II; Ben Snyder;
23 Adam Sandler; Michael Junion; Thomas Garrard; Osgar de Laet; Sander Hummel; James Donaldson,
24 Murray Henner and, Mark Hanneken. Stealth has determined that those causes of action are of no value
25 to creditors of the estate due to a combination of one or more of the following: the uncertain nature of
26 litigation in general; the complexity of the subject matter of the disputes; the questionable collectability of
27 some of the claims; and, Stealth's limited resources to pursue those claims. Accordingly, Stealth does not
28 assign any liquidation value to those claims. If Stealth does decide to pursue any such claims post-
confirmation, the net proceeds of any settlement or recovery on such claims shall be distributed to holders
of allowed claims pro rata according to the priorities imposed by the bankruptcy code, and consistent with
the rights of any holder of a secured interest in such proceeds.

⁴ Payments to be made on the Effective Date do not include the estimated \$35,000 in professional fees for
Debtor's counsel. While any such approved fees are required to be paid on the Effective Date or as
otherwise agreed by the Claimant, those fees, to the extent approved, will be paid by agreement between
Debtor and counsel in a manner that does not impair the Effective Date payments under, and the
feasibility of, the Plan.

1 The Debtor's financial projections show that it will have an aggregate annual positive
2 cash flow, after paying operating expenses and post-confirmation taxes, as reflected in
3 Exhibit C. Plan payments including administrative, priority, secured, and unsecured claims
4 plus operating expenses, are reflected in Exhibit C. The final Plan payment is expected to be
5 paid in mid-2021 depending on the date the Plan is confirmed.

6 Debtor's projections are based on its current contracts and cash flow, contracts in
7 negotiation that are expected to generate cash flow consistent with Debtor's historical
8 operations, and Debtor's operating expenses both prior to, and during, this Chapter 11 case.

9 **You Should Consult with Your Accountant or other Advisor If You Have Any**
10 **Questions Pertaining to These Projections**

11 **V. EFFECT OF CONFIRMATION OF THE PLAN**

12 **A. Discharge of Debtor**

13 The Debtor is a limited liability company. Based on its business entity status and the
14 structure of the Plan, § 1141(d)(3) of the Bankruptcy Code is not applicable.

15 Discharge. On the effective date of the Plan, the debtor shall be discharged from any
16 debt that arose before confirmation of the Plan, subject to the occurrence of the effective
17 date, to the extent specified in § 1141(d)(1)(A) of the Code. However, the Debtor shall not
18 be discharged from any debt imposed by the Plan. After the effective date of the Plan your
19 claims against the Debtor will be limited to the debts imposed by the Plan.

20 **B. Modification of the Plan**

21 The Plan Proponent may modify the Plan at any time before confirmation of the Plan.
22 However, the Court may require a new disclosure statement and/or a new vote on the Plan.

23 The Plan Proponent may also seek to modify the Plan at any time after confirmation,
24 only if (1) the Plan has not been substantially consummated and (2) the Court authorizes the
25 proposed modifications after notice and a hearing.

26 **C. Final Decree**

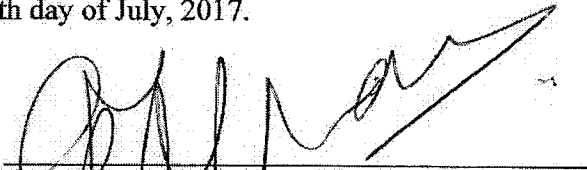
27 Once the estate has been fully administered, as provided in Rule 3022 of the Federal
28 Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court

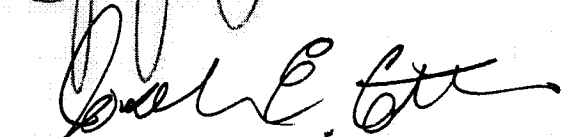
1 designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final
2 decree to close the case. Alternatively, the Court may enter such a final decree on its own
3 motion.

4 **VI. OTHER PLAN PROVISIONS**

5 The Debtor will file quarterly post-confirmation financial reports pursuant to Fed. R.
6 Bankr. P. 2015(a)(5). Debtor also will provide annual reports to unsecured creditors with
7 annual distributions, as set forth above.

8 RESPECTFULLY SUBMITTED this 24th day of July, 2017.

9
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11 
12 _____
13 Signature of the Debtor

14 
15 _____
16 Signature of the Attorney for the Debtor

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