

UNITED STATES BANKRUPTCY COURT
DISTRICT OF COLORADO

-----X	
In re	: Chapter 11
	: :
Sequoia Voting Systems, Inc., ¹	: Case No. 14-11360 TBM
	: :
Debtor.	: :
-----X	

**DISCLOSURE STATEMENT FOR SECOND AMENDED
CHAPTER 11 PLAN OF SEQUOIA VOTING SYSTEMS, INC.**

Dated: June 2, 2017

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Attorneys for Sequoia Voting Systems, Inc.

¹ The last four digits of the Debtor’s federal tax identification number are 4619. The Debtor’s mailing address is 950 Spruce Street, Suite 1C, Louisville, Colorado 80027.

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ARTICLE 1.

INTRODUCTION

1.1 Introduction.

This disclosure statement (the “**Disclosure Statement**”) pursuant to Section 1125 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 3016(b) is transmitted in connection with the solicitation of votes with respect to the Second Amended Chapter 11 Plan (the “**Plan**”) of Sequoia Voting Systems, Inc. (“**Sequoia**

The Plan provides for the final liquidation of Sequoia and provides for subordination of certain administrative expenses to allow for a dividend to unsecured creditors.

Accordingly, Sequoia recommends that creditors vote to approve the Plan.

1.2 Purpose of this Disclosure Statement.

This Disclosure Statement is intended to explain to holders of Class 2 General Unsecured Claims the changes to the Plan required as a result of the Bankruptcy Court’s determination that this case could not be substantively consolidated with the SVS Case.

1.3 Voting on the Plan.

New Ballots are being delivered to holders of Claims in Class 2. Only holders of Class 2 Claims may cast a Ballot. Holders of Claims for which there will be no Plan distribution are deemed to have rejected the Plan. A Claim to which an objection has been filed and remains unresolved is a Disputed Claim. A holder of a Disputed Claim is not entitled to vote unless the Bankruptcy Court temporarily allows such Disputed Claim for the purpose of voting on the Plan.

For a Ballot to be counted, such Ballot must be received no later than **5:00 P.M. (prevailing Mountain Time)** on _____ (the “**Voting Deadline**”) at the following address:

McAllister Garfield, P.C.
Attn: Daniel J. Garfield
Re: Sequoia Voting Systems, Inc.
501 South Cherry Street, Suite 480
Denver, CO 80246

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE COMPLETED IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND MAILED TO THE ADDRESS ABOVE SO AS TO BE RECEIVED NO LATER THAN THE VOTING DEADLINE. BALLOTS RECEIVED

AFTER THE VOTING DEADLINE WILL NOT BE COUNTED UNLESS THE BANKRUPTCY COURT DIRECTS OTHERWISE.

1.4 Plan Confirmation, Acceptance, and Cram Down Option.

Except as otherwise set forth below, for the Plan to be confirmed, it must be accepted by Class 2. Under the Bankruptcy Code, a Class of Claims is deemed to have accepted the Plan if the Plan is timely accepted by creditors in such Class holding at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims in such Class that were timely voted.

However, as discussed in Section 6.3(c), even if the requisite acceptance of the Plan is not obtained through such voting, the Bankruptcy Court still may confirm the Plan in limited circumstances.

1.5 The Confirmation Hearing.

The Bankruptcy Court has scheduled a hearing on confirmation of the Plan for _____, at _____ a.m. in Courtroom _____ at the Bankruptcy Court, 721 19th Street, Denver, Colorado 80202 (the "**Confirmation Hearing**"). Any objection to confirmation must be in writing and filed and served on counsel to Sequoia so that such objections are received by _____.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Bankruptcy Code's requirements for Plan confirmation have been satisfied. Sequoia believes the Plan satisfies all such applicable requirements.

ARTICLE 2.

SUMMARY OF PLAN, INCLUDING THE PLAN'S CLASSIFICATION AND TREATMENT OF CLAIMS

The Plan contemplates division of estate Cash into a Reserve for Administrative Claims and Plan expenses and all remaining Cash into a fund to pay holders of Allowed Claims. There are six Classes contemplated by the Plan: three unclassified classes, Convenience Claims, General Unsecured Claims and Existing Equity Interests. The classification and treatment of the Claims are as follows:

Class	Claims	Treatment	Status	Voting Rights	Projected Recovery ²
Unclassified	Administrative Claims	Paid in full from the Reserve, in the ordinary course of business, or as otherwise agreed to.	Unimpaired	N/A	100%
Unclassified	Priority Tax Claims	Paid in full on the Effective Date from the Reserve, or as otherwise agreed to.	Unimpaired	N/A	100%
Unclassified	Smartmatic Administrative Claims	Paid only from funds remaining in the Reserve, if any, after payment of Administrative Claims, Priority Tax Claims and Plan expenses.	Consents	N/A	2%
Class 1	Convenience Claims	Paid in full from Available Cash after funding Reserve in an amount not to exceed \$4,500.00.	Unimpaired	No, deemed to accept	100%
Class 2	General Unsecured Claim	Pro Rata share of Available Cash after funding Reserve and Convenience Claims.	Impaired	Yes, entitled to vote	10%

² A chart demonstrating the projected recoveries under the Plan is attached to this Disclosure Statement as Exhibit 3.

Class	Claims	Treatment	Status	Voting Rights	Projected Recovery ²
Class 3	Existing Equity Interests	No distribution.	Impaired	No, deemed to reject	0%

ARTICLE 3.

HISTORICAL BACKGROUND TO THE PLAN

3.1 General.

On June 8, 2010 (the “**SVS Petition Date**”), SVS filed a voluntary petition under Chapter 11 of the Bankruptcy Code (the “**SVS Case**”). SVS’s primary creditor at the time of its filing was and remains Smartmatic for the purchase price of Sequoia. Though in Chapter 11 for a year and a half before being converted to a case under Chapter 7 of the Bankruptcy Code, SVS never had an operating business to reorganize.

On September 21, 2012, Smartmatic filed a motion for the conversion of the SVS Case to a case under Chapter 7. On October 16, 2012, the Bankruptcy Court entered an order converting the SVS Case to a case under Chapter 7 of the Bankruptcy Code and appointing Tom H. Connolly as Trustee (the “**Trustee**”).

3.2 The Adversary Proceeding.

On December 7, 2012, the Trustee proceeded with fraudulent transfer claims against Dominion by filing an adversary proceeding in the Bankruptcy Court captioned *Connolly v. Dominion Voting Sys. Corp., et al.*, Adv. Proc. No. 12-1757 (the “**Adversary Proceeding**”). In the Adversary Proceeding, in addition to the fraudulent transfer claims, the Trustee also sought to substantively consolidate SVS’s bankruptcy estate with the assets and liabilities of Sequoia, which had not yet filed its Chapter 11 petition.

Pursuant to a funding agreement with the Trustee approved by the Bankruptcy Court on December 4, 2012, Smartmatic funded the attorney fees and costs associated with the Adversary Proceeding.

In the Adversary Proceeding, the Trustee and Sequoia sought recovery from Dominion, for the benefit of unsecured creditors of Sequoia and SVS. A crucial element necessary for successful recovery for Sequoia creditors was obtaining an order for substantive consolidation of the Sequoia and SVS cases. The Bankruptcy Court declined to enter such an order as a result of which the litigation has been settled with no recovery or expense to Sequoia.

3.3 The Sequoia Case.

On January 24, 2014, the Bankruptcy Court entered an Order permitting the Trustee to file a Chapter 11 petition on behalf of Sequoia. On February 11, 2014, the Trustee, acting in his capacity as President of Sequoia, filed a petition under Chapter 11 of the Bankruptcy Code in order to substantively consolidate the estates of Sequoia and SVS and to assist with their liquidation and wind-up. As a result of the Court Order denying substantive consolidation, the only course remaining for Sequoia is to complete this liquidation.

ARTICLE 4.

OTHER PLAN PROVISIONS

Pursuant to Bankruptcy Rule 9019 and Bankruptcy Code section 1123, and in consideration for the classifications, distributions, and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims and controversies resolved pursuant to the Plan whether known or unknown, foreseen or unforeseen, asserted or unasserted, by or against any Released Party or holder of a Claim, arising out of, relating to, or in connection with the business or affairs of or transactions with Sequoia.

ARTICLE 5.

MEANS OF EXECUTION OF THE PLAN

5.1 Corporate Action.

Until it is wound up and dissolved, Sequoia shall continue to exist after the Effective Date for the limited purpose of liquidating the assets and making Distributions in accordance with the Plan.

As soon as reasonably practicable after the Plan Administrator has made final Distribution, the Plan Administrator shall, at the expense of the Reserve, (a) dispose of the books, records and files that have been delivered to or created by the Plan Administrator and (b) file the required paperwork with the Office of the Secretary of State for the State of Delaware to effectuate dissolution of Sequoia. Upon the filing of the foregoing, Sequoia shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of the Sequoia or payments to be made in connection therewith.

5.2 The Plan Administrator

On the Effective Date, Tom Connolly shall be appointed Plan Administrator. From and after the Effective Date, the Plan Administrator shall serve as the sole officer and director, as applicable, of Sequoia with the authority to administer and liquidate the assets and make Distributions to holders of Claims. The Plan Administrator, on behalf of Sequoia, shall be authorized to execute, deliver, file or record such appropriate documents, instruments, releases and other agreements and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

Sequoia and the Plan Administrator have executed the Plan Administrator Agreement as a supplement to the Plan. The Plan Administrator shall be compensated from the Reserve in an amount equal to that of a trustee appointed under section 326(a) of the Bankruptcy Code on funds disbursed in the case based upon the calculation formula in section 326(a) of the Bankruptcy Code for services rendered and at an hourly rate of \$300.00 from the Reserve for future services pursuant to the terms and conditions of the Plan Administrator Agreement. Any professionals retained by the Plan Administrator shall be entitled to reasonable compensation for services rendered and reimbursement of expenses incurred from the Reserve. The payment of the reasonable fees and expenses of the Plan Administrator and his retained professionals shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court; provided, however, that any disputes related to such fees and expenses shall be brought before the Bankruptcy Court.

5.3 Vesting of Assets in Reorganized Debtor.

On the Effective Date, all of the Assets of Sequoia shall re-vest in Sequoia. The Plan Administrator shall have the powers and duties set forth in Article 6 of the Plan, including, without limitation: (a) liquidating assets; (b) calculating and paying all Distributions; (c) employing, supervising and compensating professionals retained to represent the interests of and serve on behalf of Sequoia; (d) making and filing tax returns for Sequoia; (e) objecting to Claims filed against the Sequoia Estate, on any basis; (f) seeking estimation of contingent or unliquidated Claims against Sequoia; (g) seeking determination of tax liability for Sequoia; (h) dissolving and winding up Sequoia; (i) exercising all powers and rights, and taking all actions, contemplated by or provided for in the Plan Administrator Agreement; (j) taking any and all other actions necessary or appropriate to implement or consummate the Plan and the provisions of the Plan Administrator Agreement; and (k) ultimately, requesting that the Court enter an order closing the Sequoia Case and entering a final decree.

5.4 General Claims Distribution Mechanics.

(a) Summary. The central features of the Plan are limiting the Smartmatic Reimbursement Claim to payment out of the Reserve and prompt Distribution of the remaining Available Cash to Class 1 and 2 by the Plan Administrator.

(b) Distributions Only on Allowed Claims. Notwithstanding anything in the Plan to the contrary, no Distribution shall be made on account of a Disputed Claim until such Disputed Claim becomes an Allowed Claim.

(c) No Recourse. No holder of a Claim shall have recourse to the Plan Administrator other than regarding enforcement of rights or Distributions under the Plan.

(d) Method of Cash Distributions. Any payment to be made pursuant to the Plan will be in U.S. dollars and may be made by check.

(e) Unclaimed Property. The Plan Administrator shall hold any unclaimed distribution, for the benefit of the holder of the Claim entitled thereto under the Plan. At the end

of 180 days following the Distribution Date, unclaimed distributions shall be deemed to have been forfeited, whereupon all right, title and interest in and to such distributions shall immediately and irrevocably be retained by the Plan Administrator for redistribution in accordance with the Plan, and such holders shall cease to be entitled thereto. The Plan Administrator shall have no obligation to attempt to locate any holder of an Allowed Claim other than by reviewing Sequoia's books and records and proofs of Claim filed against Sequoia.

(f) Distribution Minimum. The Plan Administrator shall not be obligated to make a Distribution of less than \$20.00 in Cash.

5.5 Withholding Taxes.

Any federal or state withholding taxes or other amounts required to be withheld under applicable law shall be deducted and withheld from any Distributions. All Persons holding Claims shall be required to provide any information necessary to effect the withholding of such taxes. Notwithstanding the foregoing, each holder of an Allowed Claim that is to receive a Distribution under the Plan shall have the sole and exclusive responsibility to satisfy and pay any tax obligations imposed on such holder by any governmental unit, including income, withholding and other tax obligations, on account of such Distribution.

5.6 Releases, Injunctions and Related Provisions.

(a) Satisfaction of Claims.

The treatment provided for Allowed Claims pursuant to the Plan shall be in full and final satisfaction, settlement, release, and discharge of such Claims.

(b) No discharge.

Pursuant to section 1141(d)(3) of the Bankruptcy Code, Confirmation of the Plan will not operate to discharge the Claims against Sequoia; provided, however, that no holder of a Claim may, on account of such Claim, seek or receive any payment or other distribution from, or seek recourse against, Sequoia, the Plan Administrator or their respective successors, assigns and property, except as provided in the Plan.

(c) Releases by Claim Holders.

The Plan is the sole means for resolving, paying or otherwise dealing with Claims. To that end, except as expressly provided in the Plan, at all times on and after the Effective Date, through and including the date of entry of a Final Decree closing the Sequoia Case, all Persons who have been, are or may be holders of Claims against Sequoia arising prior to the Effective Date shall be enjoined from taking any actions against or affecting Sequoia or its property.

(d) Releases by Sequoia and SVS.

Except as otherwise specifically provided in the Plan, for good and valuable consideration, including the subordination by Smartmatic of the Smartmatic Reimbursement Claim and after the Effective Date, Smartmatic is hereby expressly, unconditionally, irrevocably and generally released, acquitted and discharged by Sequoia and the Sequoia Estate, from any and all actions, Claims, obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, including any derivative Claims asserted on behalf of Sequoia, whether known or unknown, foreseen or unforeseen, matured or unmatured, existing or hereinafter arising, in law, equity, contract, tort or otherwise, by statute or otherwise, that Sequoia and the Sequoia Estate, or each of their respective affiliates, or on behalf of the holder of any Claim, arising in whole or in part from the Sequoia Case, including, without limitation, the events preceding the filing of the Sequoia Case, the formation, negotiation and funding of the Plan and the Disclosure Statement, or other occurrence relating to Sequoia taking place on or before the Confirmation Date of the Plan, other than Claims or liabilities arising out of or relating to any act or omission of Smartmatic unknown to Sequoia that constitutes willful misconduct, fraud or gross negligence, in each case as determined by final order of a court of competent jurisdiction.

5.7 Retention of Jurisdiction.

The Bankruptcy Court shall retain jurisdiction to adjudicate any and all claims or causes or action in connection with the Sequoia Case including, without limitation, jurisdiction necessary to ensure that the purpose and intent of the Plan are implemented. The Court also shall retain jurisdiction for the purpose of classification of the Claims of any Creditor and the determination of such objections as may be filed with respect to the Claims, including proceedings for estimation of Claims pursuant to section 502(c) of the Bankruptcy Code.

5.8 New Bar Dates for Filing Administrative Claims.

(a) Professional Fee Claims Filing Deadline.

All applications for payment of Professional Fee Claims that accrued on or before the Confirmation Date must be filed with the Bankruptcy Court by the date provided in the Plan.

(b) Other Administrative Claims Bar Date.

Requests for payment of Administrative Claims, other than Professional Fee Claims, for which a Bar Date was not previously established or established by the Plan must be filed no later than 28 days after the Effective Date.

5.9 Conditions Precedent to Confirmation and Consummation of the Plan.

(a) Conditions Precedent to Confirmation.

Confirmation of the Plan is subject to entry of the Confirmation Order.

(b) Conditions to the Effective Date.

The occurrence of the Effective Date is subject to the Confirmation Order having been entered and becoming a Final Order.

ARTICLE 6.

CONFIRMATION OF THE PLAN

6.1 Acceptance of the Plan; Cram Down.

The Bankruptcy Code defines acceptance of a plan by a class of claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of the allowed claims of that class that have voted or are deemed to have voted to accept or reject a plan. Class 2 is impaired under the Plan and is the sole Class entitled to vote to accept or reject the Plan. If Class 2 votes to reject the Plan, Sequoia may, in its discretion, seek confirmation of the Plan if it can meet the requirements of section 1129(b) of the Bankruptcy Code, described in Section 7.3(c) below.

6.2 Confirmation Hearing and Objections.

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after appropriate notice, to hold a hearing to consider confirmation of the Plan. Accompanying this Disclosure Statement is notice of the date and time fixed by the Bankruptcy Court for the Confirmation Hearing and for filing and serving objections to confirmation of the Plan.

ANY OBJECTIONS TO CONFIRMATION OF THE PLAN MUST BE FILED WITH THE BANKRUPTCY COURT AND SERVED IN ACCORDANCE WITH APPLICABLE BANKRUPTCY RULES AND PROCEDURES ESTABLISHED BY THE BANKRUPTCY COURT.

6.3 Confirmation.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of section 1129 of the Bankruptcy Code have been satisfied with respect to the Plan. If so, the Bankruptcy Court will enter an order confirming the Plan. While Sequoia believes that all of these detailed legal requirements will be satisfied prior to the Confirmation Hearing, you should consult your legal advisors concerning such requirements.

(a) Bankruptcy Code Compliance; Classification of Claims.

Section 1123 of the Bankruptcy Code provides that a Chapter 11 plan must classify claims against a debtor. Under section 1122 of the Bankruptcy Code, a Chapter 11 plan may classify claims only into classes containing claims that are substantially similar to the other claims in the same class. The Plan designates three classes of Claims. Sequoia believes the Plan meets the classification requirements of the Bankruptcy Code. However, a holder of a Claim may challenge the classification of Claims, and the Bankruptcy Court could determine that a

different classification is required for the Plan to be confirmed. In such event, Sequoia would seek to modify the Plan to provide for whatever classification might be required by the Bankruptcy Court and to use the acceptances received, to the extent permitted by the Bankruptcy Court, the Bankruptcy Code and the Bankruptcy Rules, to demonstrate acceptance by the affected Class or Classes. Any such reclassification could affect a Class's acceptance of the Plan by changing the composition of such Class and the required vote for acceptance of the Plan and potentially require a resolicitation of votes on the Plan.

(b) Best Interests of Creditors and Liquidation Analysis.

With respect to each impaired Class of Claims, confirmation of the Plan requires that each holder of a Claim (i) has accepted the Plan; or (ii) would receive or retain under the Plan property of a value that is not less than the value such holder would receive if Sequoia were to liquidate under Chapter 7 of the Bankruptcy Code. This often is referred to as the "best interests of creditors" test. Smartmatic has accepted the Plan as to its otherwise significant priority Reimbursement Claim. Class 1 will be deemed to have accepted the Plan. Class 3 consists of equity interests and is deemed to reject the Plan. Thus, at most, the best interests test is relevant to Class 2.

As a result of limiting Smartmatic's Reimbursement Claim to recovery solely from any residual in the Reserve, Creditors will receive a greater recovery than would result from the Chapter 7 liquidation of Sequoia. The Plan Administrator will distribute Available Cash to holders of Allowed Claims in accordance with the Plan. Because a Chapter 7 liquidation requires the appointment of a bankruptcy trustee, conversion of the Sequoia Case to a case under Chapter 7 of the Bankruptcy Code likely would result in substantial additional expenses and delay in liquidation of the Assets.

Ultimately, the Plan will result in a greater percentage recovery to Creditors than would a liquidation under Chapter 7 of the Bankruptcy Code. Accordingly, the Plan is in the "best interests" of each creditor in such Class even if such creditor does not accept the Plan.

(c) Acceptance by All Impaired Classes; Request for Confirmation Without Acceptance by All Impaired Classes / Cram Down.

As previously set forth, Classes 2 and 3 are impaired under the Plan, and only Class 2 is entitled to vote to accept or reject the Plan. Class 1 is unimpaired and, therefore, conclusively presumed to have voted to accept the Plan. Although Class 3 is impaired under the Plan, Class 3 is deemed to have rejected the Plan.

Section 1129(b) of the Bankruptcy Code permits a bankruptcy court to confirm a plan not accepted by all impaired classes if such plan has been accepted by at least one class of impaired claims. Sequoia reserves the right to seek confirmation of the Plan pursuant to section 1129(b). Section 1129(b) provides that, notwithstanding the failure of an impaired class to accept a Chapter 11 plan, the plan still may be confirmed through a procedure commonly known as "cram-down," so long as the plan does not "discriminate unfairly" and is "fair and equitable" respecting each class of claims impaired that did not accept the plan. The condition that a plan

be “fair and equitable” with respect to a non-accepting class of unsecured claims includes the requirement that either (i) such class receive or retain property under the plan of a value as of the effective date of the plan equal to the allowed amount of such claim; or (ii) no class junior to the non-accepting class will receive a distribution under the plan. A class of equity interests may be crammed down if the Plan does not discriminate unfairly against that Class and no junior interest is to receive or retain anything under the Plan on account of such junior interest.

(d) **Feasibility.**

Section 1129(a)(11) provides that a Chapter 11 plan may be confirmed only if the Bankruptcy Court finds that the plan is feasible. A feasible plan is one that will not lead to a need for further reorganization or liquidation of the debtor, unless such reorganization or liquidation is proposed in the plan. The Plan proposes liquidation of Sequoia and orderly distribution of the Cash. Therefore, Sequoia believes that the Plan satisfies the feasibility requirement of the Bankruptcy Code.

6.4 Plan Consummation.

The Plan will be consummated on the Effective Date.

ARTICLE 7.

CERTAIN RISK FACTORS TO BE CONSIDERED

Set forth below are certain risk factors relevant to creditors. These factors should not be regarded as constituting the only risks relevant to the Plan and its implementation.

7.1 Amendments, Modification or Withdrawal of the Plan.

Alterations, amendments or modifications to the Plan may be proposed in writing by Sequoia at any time prior to Confirmation, provided that the Plan, as altered, amended or modified satisfies the conditions of sections 1122 and 1123 of the Bankruptcy Code, and Sequoia shall have complied with section 1125 of the Bankruptcy Code. Sequoia also reserves the right to make such modifications at or prior to the Confirmation Hearing as are necessary to permit the Plan to be confirmed under section 1129 of the Bankruptcy Code. A holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan as altered, amended or modified, provided that the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such holder.

After the Confirmation Date and prior to the Effective Date, Sequoia may make technical adjustments and modifications to the Plan without further order of the Bankruptcy Court, provided that such technical adjustments and modifications do not adversely affect in a material way the treatment of holders of Claims.

7.2 Alternative Chapter 11 Plans May Be Proposed.

Other parties in interest could seek authority from the Bankruptcy Court to propose an alternative Chapter 11 plan.

ARTICLE 8.

RECOMMENDATION AND CONCLUSION

For the reasons set forth in this Disclosure Statement, Sequoia believes that the confirmation and implementation of the Plan is preferable to all other alternatives. Therefore, Sequoia urges all holders of Class 2 General Unsecured Claims to vote to accept the Plan.

Dated: June 2, 2017.

Respectfully submitted,

SEQUOIA VOTING SYSTEMS, INC.,
a Delaware corporation

By: /s/ Tom H. Connolly
Tom H. Connolly, Esquire
President

EXHIBIT 1

PLAN

EXHIBIT 2

CONVENIENCE CLAIMS

Claimant	Sequoia Case Claim Number	Amount of Allowed Convenience Class Claim
Kevin Hurst	N/A	\$704.00
Daniel Blake Davidson	1	\$1,451.25
Daniel Blake Davidson	2	\$1,250.00
Daniel Blake Davidson	3	\$1,452.50

EXHIBIT 3**PROJECTED RECOVERY UNDER THE PLAN**

Sequoia Cash on Hand	\$539,974.18
Reserve for payment of Administrative Claims	-\$90,000.00
Remaining Cash after funding of Reserve	\$449,974.18
Priority Tax Claims	-\$1,279.32
Convenience Claims	-4,875.25\$
Amount available for distribution to Allowed General Unsecured Claims	\$443,819.61
Projected Distribution to General Unsecured Claims based on \$4,513,346.37 of Allowed General Unsecured Claims	9.83%

EXHIBIT 4**LIQUIDATION ANALYSIS****Sequoia Chapter 7 Liquidation Analysis**

Sequoia Cash on Hand	\$539,974.18
Sequoia Administrative Claims	-\$90,000.00
Amount remaining for Sequoia General Unsecured Claims	\$448,694.86
Sequoia General Unsecured Claims	\$4,513,346.37
Recovery for Sequoia General Unsecured Claims in a Chapter 7 liquidation	9.83%

Comparison to Projected Plan Recovery

Sequoia General Unsecured Claims in a Chapter 7 Liquidation	9.83% +
Sequoia General Unsecured Claims under the Plan	9.83% +