

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF COLORADO**

In re:

AJUBEO LLC,  
EIN: 45-2467444,

Debtor.

Case No. 17-17924-JGR

Chapter 11

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**DISCLOSURE STATEMENT  
FOR AJUBEO LLC'S AMENDED CHAPTER 11 PLAN OF LIQUIDATION**

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## **I. INTRODUCTION**

### **A. Overview**

Ajubeo LLC (“**Ajubeo**” or the “**Debtor**”) hereby submits this disclosure statement (the “**Disclosure Statement**”) pursuant to 11 U.S.C. § 1125.

The purpose of this Disclosure Statement is to provide information allowing the Creditors and Interest Holders of the Debtor to make an informed vote on *Ajubeo LLC’s Amended Chapter 11 Plan of Liquidation* (the “**Plan**”), a copy of which is attached hereto as **Exhibit A**. This Disclosure Statement describes the Plan and explains the Debtor’s pre-bankruptcy operating and financial history, the events leading up to the commencement of this chapter 11 case, and the anticipated results if the Plan is confirmed and becomes effective. This Disclosure Statement also describes terms and provisions of the Plan, including certain effects of confirmation of the Plan, certain alternatives to the Plan and the manner in which Distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that holders of claims entitled to vote under the Plan must follow for their votes to be counted.

On November 1, 2017, the Debtor sold substantially all of its assets to Green House Data, Inc. (“**Buyer**”) pursuant to an Order of the Bankruptcy Court [Docket No. 170] (the “**Sale**”). As part of the Sale, the Debtor assumed and assigned certain of its executory contracts and unexpired leases to Buyer. Those executory contracts and unexpired leases not assumed and assigned to Buyer have been rejected or will be rejected pursuant to the Plan.

The Plan is fairly simple. The Debtor has liquidated substantially all of its assets through the Sale and no longer maintains operations. The Debtor holds approximately \$600,000 in cash in its Debtor-in-Possession operating account (“**DIP Account**”), which is subject to the lien of Integrity Capital Income Fund, Inc. (“**Integrity**”). The Debtor’s primary shareholder will contribute funds to the estate to assist with the payments and obligations contemplated under the Plan.<sup>1</sup> Priority non-tax claims (i.e., outstanding priority employee claims) will be paid on the Effective Date. An administrative expense claim bar date will be set and allowed administrative expense claims will be paid. Remaining funds in the Debtor’s DIP operating account will be distributed to Integrity. The Plan also calls for the appointment of a Plan Administrator to, among other things, evaluate the Causes of Action and, if appropriate, pursue them for the benefit of unsecured creditors. Allowed professional fees, the fees and expenses of the Plan Administrator and its professionals, and the cost of pursuing Causes of Action, shall be paid with funds that remain in the Debtor’s Professional Fee Reserve.

### **B. Disclaimers and Limitations**

The information contained in this Disclosure Statement is included for purposes of soliciting acceptances of, and obtaining confirmation of, the Plan and may not be relied upon for any other purpose.

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<sup>1</sup> The Debtor will file an amendment to the Plan to specify the amount of the contribution.

Creditors should note that amendments beneficial to one or more Classes of Claims without further impairment of other Classes may be made to the Plan prior to Confirmation. Amendments of that nature may be approved by the Bankruptcy Court at the Confirmation Hearing without re-solicitation of Creditors.

The descriptions of the Plan contained in this Disclosure Statement are summaries and are qualified in their entirety by reference to the Plan. Each Creditor is encouraged to analyze the terms of the Plan carefully.

The statements contained in this Disclosure Statement are believed to be accurate as of the date of its filing unless another time is specified in the Disclosure Statement. They should not be construed as implying that there has been no change in the facts set forth since the date the Disclosure Statement was prepared and the materials relied upon in preparation of the Disclosure Statement were compiled. Counsel for the Debtor makes no representation as to the accuracy of the information contained in this Disclosure Statement.

This Disclosure Statement has been neither approved nor disapproved by the Securities and Exchange Commission (the “SEC”) or any state securities regulator, and neither the SEC nor any state securities regulator has passed upon the accuracy or adequacy of the statements contained in this Disclosure Statement.

**C. Sources of Information for Disclosure Statement; Financial Reporting**

Substantially all of the factual information utilized in this Disclosure Statement was obtained from information provided by the Debtor’s books, records, Statement of Financial Affairs, Schedules, and the claims register.

**D. Brief Explanation of Chapter 11**

The commencement of a bankruptcy case creates an estate composed of all the legal and equitable interests of the Debtor as of the date it files for bankruptcy protection. The Debtor filed its petition for chapter 11 relief on August 25, 2017. In a chapter 11 case, a debtor may continue to operate its business and remain in possession of its property as a “debtor-in-possession” unless the Bankruptcy Court orders the appointment of a trustee. The principal purpose of a chapter 11 case is to permit the debtor to reorganize its business or liquidate its assets. To further that interest, the debtor or a party in interest will submit a plan as a proposal for ultimately satisfying the claims against the debtor.

**E. Definitions**

**Defined Terms In the Plan.** Various terms are defined in Article II of the Plan. These defined terms are also used in the Disclosure Statement and have the same meaning in this Disclosure Statement as set forth in the Plan.

**Other Terms.** The words “herein,” “hereof,” “hereto,” “hereunder,” and others of similar inference refer to the Disclosure Statement as a whole and not to any particular section, subsection, or clauses contained in the Disclosure Statement unless otherwise specified herein. A term used herein or elsewhere in the Disclosure Statement that is not

defined herein or in the Plan shall have the meaning ascribed to that term, if any, in the Bankruptcy Code or the Bankruptcy Rules. The headings in the Plan and in this Disclosure Statement are only for convenience of reference and shall not limit or otherwise affect the provisions of the Plan.

**Exhibits.** All exhibits to the Plan and Disclosure Statement are incorporated into and are a part of the Plan and Disclosure Statement as if set forth in full herein.

**F. Classification and Treatment of Claims**

<b>Class</b>	<b>Status</b>	<b>Treatment under Plan</b>	<b>Estimated Distribution</b>
Class 1 – Priority Non-Tax Claims	Impaired	Each holder of an Allowed Priority Non-Tax Claim shall receive, in full satisfaction of such Claim, Cash on the Effective Date equal to the Allowed amount of such Claim.	100%
Class 2 – Integrity Secured Claim	Impaired	After all Allowed Administrative Expense Claims have been paid in full, the Plan Administrator shall make a Distribution to Integrity of all Cash in the DIP Account. Integrity's deficiency claim shall be treated as a Class 3 Claim.	50-70% of the Integrity Secured Claim
Class 3 – General Unsecured Claims	Impaired	Class 3 consists of general unsecured Claims that exist against the Debtor. Each Holder of an Allowed Class 3 Claim shall receive, in full and final satisfaction of such Allowed Claim, its <i>pro rata</i> share of the Distributable Cash. The Plan Administrator shall continue to make Distributions to Holders of Allowed Class 3 Claims until all Allowed Class 3 Claims have been paid in full or until a final decree has entered in the Chapter 11 Case.	0-100%, depending on results of litigation brought by Plan Administrator
Class 4 – Equity Interests	Impaired	Class 4 Interests shall be cancelled and shall not receive anything under this Plan.	0%

**The estimated Distributions set forth above are based upon the Debtor's estimates of the Allowed Claims in each class. There is no guarantee that each Class will receive the Distribution estimated above.**

**G. Parties Entitled to Vote on the Plan**

Under the provisions of the Bankruptcy Code, not all parties in interest are entitled to vote on a chapter 11 plan. Creditors whose Claims are not Impaired by the Plan are deemed to

accept the Plan under § 1126(f) of the Bankruptcy Code and are not entitled to vote. Classes that receive or retain nothing under the Plan are deemed to reject the Plan and are not entitled to vote. Under this Plan, the Holders of Claims in Classes 1 through 3, inclusive, are Impaired and thus are entitled to vote on the Plan. Holders of Interests in Class 4 are deemed to reject the Plan.

#### **H. Voting Procedures and Confirmation Hearing**

After approval of the Disclosure Statement by the Bankruptcy Court, Creditors and Interest Holders will have an opportunity to vote on the Plan. Voting will be by Class, as set forth in the Plan and described later in this Disclosure Statement. For classes containing more than one Claim or Interest, a Class is deemed to have accepted the Plan if more than one-half of the Creditors or Interest Holders in number holding at least two-thirds of the aggregate amount of Claims or Interests voting elect to accept the Plan.

If you are entitled to vote to accept or reject the Plan, a ballot is enclosed for the purpose of voting on the Plan. After carefully reviewing the Plan, this Disclosure Statement, and the detailed instructions accompanying your ballot, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan. For your vote to be counted, you must complete and sign your original Ballot and return it by \_\_\_\_\_, 2017, which is the last date set by the Court to vote on the Plan.

The Bankruptcy Court has set a hearing on Confirmation of the Plan and to consider objections to Confirmation, if any, for \_\_\_\_\_, 2017, at \_\_\_\_\_. The Confirmation hearing will be held at the United States Bankruptcy Court for the District of Colorado, U.S. Custom House, Courtroom B, 721 19<sup>th</sup> Street, Denver, Colorado 80202. At the hearing, the Bankruptcy Court will consider whether the Plan satisfies the requirements of the Bankruptcy Code.

#### **I. Effect of Confirmation of the Plan**

Confirmation of the Plan makes the Plan and its provisions binding on the Debtor, all Creditors, all Holders of Interests, and all other parties in interest, regardless of whether they have accepted or rejected the Plan. As a result, Creditors may receive payment on their claims only in accordance with the Plan. If confirmed, the Effective Date of the Plan will be the 30<sup>th</sup> day after the Confirmation Order becomes a Final Order.

#### **J. Approval of the Disclosure Statement**

A decision by the Bankruptcy Court to approve this Disclosure Statement under Bankruptcy Code § 1125 is a finding that the Disclosure Statement contains information of a kind and in sufficient detail to enable a reasonable, hypothetical investor typical of holders of impaired claims to make an informed judgment about the Plan and is not a recommendation by the Bankruptcy Court either for or against the Plan.

## **II. GENERAL INFORMATION ABOUT THE DEBTOR**

### **A. Summary of the Debtor's Business Prior to Asset Sale**

The Debtor was founded in 2011 and headquartered in Boulder, Colorado. Prior to the closing of the Asset Sale, the Debtor was a provider of cloud infrastructure services, providing data storage, backup, disaster recovery, and virtual desktop capabilities.

As of the Petition Date, the Debtor employed 7 employees and consultants. As of the date of this Disclosure Statement, the Debtor has no full-time employees. Substantially all of the Debtor's former employees are now employed by Buyer.

As of the Petition Date, the Debtor had one director and no officers. Pursuant to Court Order, BGA Management, LLC, d/b/a Alliance Management ("**Alliance**") was appointed Chief Restructuring Officer ("**CRO**"), effective as of the Petition Date. *See* Docket No. 128.

### **B. Summary of Debtor's Capital Structure**

A copy of the Debtor's most recent balance sheet is attached as Form 2-C to the Debtor's November Monthly Operating Report (Docket No. 187). The following summary of the Debtor's assets and liabilities is for convenience only; Creditors and Interest holders are encouraged to review the balance sheet in its entirety.

#### **1. Description of Debtor's Assets**

As described in more detail below, the Debtor sold substantially all of its assets to Buyer pursuant to a Bankruptcy Court-approved sale that closed on November 1, 2017. *See* Docket No. 172 (Report of Sale). The Estate's current assets consist of: (i) cash in the amount of approximately \$600,000 held in the Debtor's debtor-in-possession operating account;<sup>2</sup> (ii) cash in the amount of approximately \$60,000 held in the Debtor's Professional Fee Reserve Account after netting out the 25% hold-back for professional fees; and (iii) Causes of Action held by the Estate.

The moneys held in the Professional Fee Reserve are not available for distribution to Creditors other than Professionals. Pursuant to the Court's order approving interim compensation procedures, Professionals have received 75% of fees incurred through November 30, 2017; the 25% of fees held-back remains in the Professional Fee Reserve. *See* Docket No. 148. Under the Plan, in the event there are excess funds in the Professional Fee Reserve after payment of Allowed Professional Fees, such funds may be used by the Plan Administrator to pay Post Effective Date Fees and Expenses and to investigate and pursue Causes of Action. Any funds remaining thereafter shall be transferred to the Estate for distributions in accordance with the terms of the Plan.

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<sup>2</sup> Since November 30, 2017, cash has been used to pay costs associated with the 60-day transition period provided for under the Sale Order, including payments to the Debtor's equipment lessors for use of equipment during such period.



Causes of Action belonging to the Estate have not yet been analyzed in depth, but consist of Avoidance Actions under Chapter 5 of the Bankruptcy Code.

## 2. Description of Claims Against the Debtor

The following summary of Claims against the Debtor is based on (i) the Debtor's Schedule D (Creditors Who Hold Claims Secured by Property) and Amended Schedule E/F (Creditors Who Have Unsecured Claims), filed on the docket in this Case on September 8, 2017 and September 13, 2017, respectively (Docket Nos. 70 and 87); and (ii) proofs of Claim filed against the Debtor, as reflected in the Court's Claims Register.

### a. Administrative Expense Claims

Administrative Expense Claims are defined in the Plan as any right to payment constituting a cost or expense of the Chapter 11 Case under section 503(b), 507(a)(2), or 1114(e)(2) of the Bankruptcy Code, including, without limitation, any actual and necessary costs and expenses of preserving the Estate, any actual and necessary costs and expenses of operating the Debtor's business, any indebtedness or obligations incurred or assumed by the Debtor in connection with the conduct of its business or liquidation of its assets, any Professional Fee claim, and any fees or charges assessed against the Estate under § 1930 of Title 28 of the United States Code. Parties asserting Administrative Expense Claims (other than Professional Fee Claims) are required to file a motion for allowance of such Claim on or before the date that is 28 days after the Effective Date.

Administrative Expense Claims are not reflected in the Debtor's Schedules. The Debtor obtained approval to use cash collateral and borrow funds to operate pending and through the Sale, subject to the budget attached thereto. *See* Docket Nos. 125 and 126. All known Administrative Expense Claims were set forth in, and paid in accordance with, that budget.

The Debtor anticipates that Professional Fees will make up the vast majority of outstanding Allowed Administrative Expense Claims. The Debtor's two Professionals, Brownstein Hyatt Farber Schreck, LLP and Kendall, Koenig & Oelsner PC have already received payment of 75% of fees incurred and 100% of costs incurred through November 30, 2017, pursuant to the Court's order approving interim compensation procedures. *See* Docket No. 148. The remaining amounts owed to such Professionals shall be satisfied with funds in the Professional Fee Reserve. Under the Plan, the deadline for such Professionals to file final fee applications shall be 45 days after the Effective Date.

On December 19, 2017, CSC Leasing Company filed a *Motion for Allowance of Administrative Expense Claim*, seeking approval of an administrative expense claim in the amount of \$27,129.11. *See* Docket No. 184. On December 24, 2017, Microsoft Corporation filed Proof of Claim No. 13 asserting a claim under Bankruptcy Code section 507(a)(2) in the amount of \$130,615.68, but it has not filed a motion seeking allowance of an administrative expense claim. The Debtor has not yet analyzed such claims.

Other than Professional Fee Claims and the potential claims of CSC Leasing Company and Microsoft Corporation, the Debtor is unaware of any other potential material Administrative Expense Claims.



b. Priority Tax Claims

Priority Tax Claims are defined in the Plan as any Claim of a governmental unit of the kind entitled to priority in payment as specified in §§ 502(i) and 507(a)(8) of the Bankruptcy Code. The Debtor is unaware of any Priority Tax Claims.

c. Priority Non-Tax Claims

Priority Non-Tax Claims are defined in the Plan as any Claim entitled to priority under § 507(a)(1), (4), (5), (6), or (7) of the Bankruptcy Code. The Priority Non-Tax Claims consist of Claims under § 507(a)(4) of the Bankruptcy Code for “paid time off” and accrued commission earned within 180 days of the Petition Date by the Debtor’s former employees (the “**Priority PTO Claims**”). The Priority PTO Claims total \$20,833.78. *See* Amended Schedule E/F (Docket No. 87).

d. Secured Claims

As of the Petition Date, the Debtor was a party to that certain Loan and Security Agreement, dated as of May 12, 2014, between the Debtor, as borrower, and Silicon Valley Bank (“**SVB**”), as lender (“**SVB Loan**”). The obligations of the Debtor to SVB pursuant to the SVB Loan were secured by a perfected first priority lien on substantially all of the Debtor’s assets. As of the Petition Date, the Debtor’s indebtedness under the SVB Loan was \$627,261.22 in principal, plus interest. All amounts due under the SVB Loan have been paid in full with proceeds from the Sale, pursuant to Court Order. *See* Docket No. 170 ¶ 6.

The Debtor is also a party to that certain Loan and Security Agreement, dated as of December 17, 2014, by and among the Debtor, as borrower, and Integrity, as lender (“**Integrity Loan**”). The obligations of the Debtor to Integrity pursuant to the Integrity Loan were secured by a perfected second priority lien on substantially all of the Debtor’s assets. As of the Petition Date, the Debtor’s was indebted to Integrity under the Integrity Loan in the approximate amount of \$915,000 (“**Integrity Secured Claim**”). No payments have been made on account of the Integrity Secured Claim.

The Debtor does not believe there are any other Secured Claims against the Estate.

e. Unsecured Claims

The majority of unsecured claims consist of claims of vendors, equipment lessors and other trade creditors. Pursuant to Amended Schedule F, such claims total approximately \$1.75 million as of the Petition Date. There have also been 13 proofs of claim filed.

### 3. **Description of Interests in the Debtor**

The Debtor’s equity interests are owned by Infrastructures Investors, LLC and Tom Whitcomb, who own 2,000,000 Class A interests and 100,000 Class A interests, respectively.

### **III. EVENTS LEADING TO COMMENCEMENT OF THE CHAPTER 11 CASE**

In August 2016, the Debtor engaged the investment bank RCG, LLC (now Drake Star Partners, LLC, or “**Drake Star**”) to market the business for sale. At the time, the business was adding customers and improving its financial performance. Based on the performance of the business and favorable M&A environment for infrastructure service businesses, the Debtor’s Board of Managers determined that it was in the best interests of creditors and equity holders to pursue a sale.

Drake Star contacted and sent teasers to over 100 parties that Drake Star and the Debtor determined were potential candidates for a transaction. Of those parties, 27 executed non-disclosure agreements. On January 31, 2017, the Debtor signed a Letter of Intent with Buyer for the sale of substantially all of the Debtor’s assets. Thereafter, the Debtor suffered the loss or non-renewal of key customers, shortened renewal timeframes from a key customer, and diminished prospects for new customer additions. This deterioration in business performance dampened Stalking Horse Bidder’s interest in a transaction, and both parties terminated the letter of intent in March 2017.

Between March and June 2017, the Debtor implemented cost-saving initiatives, reducing the employee base from 13 employees and consultants to 7 employees and consultants, in an effort to preserve liquidity, focus on serving its existing customer base, and secure customer renewals. In July 2017, the Debtor reestablished dialogue with Buyer regarding a sale of the Debtor’s assets, and signed a second letter of intent with Buyer on August 10, 2017.

While the Debtor was in the process of negotiating a definitive asset sale agreement with Buyer, one of the equipment lessors filed a lawsuit seeking, *inter alia*, to seize the server equipment leased to the Debtor. An “order to show cause” hearing was scheduled for August 25, 2017. The server equipment houses the Debtor’s customers’ data and was critical to the Debtor’s operations. To prevent the lessor from seizing the critical equipment and to preserve the going concern value of the business, the Debtor filed for chapter 11 protection on the Petition Date.

### **IV. SIGNIFICANT EVENTS IN THE CHAPTER 11 CASE**

Following the Petition Date, the Debtor and Buyer resumed negotiations regarding a potential sale. Pursuant to Court Order, Alliance was engaged as CRO to, among other things, assist with the administration of the Case and oversee the negotiation and sale process with Buyer.

On August 25, 2017, the Debtor filed an application to employ Brownstein Hyatt Farber Schreck, LLP as bankruptcy counsel, which as approved by the Court on August 31, 2017 [Docket No. 28]. On August 28, 2017, the Debtor filed an application to employ Koenig & Oelsner PC as special corporate counsel, which as approved by the Court on August 31, 2017 [Docket No. 29].

On September 5, 2017, the Debtor and Buyer finalized an Asset Purchase Agreement, pursuant to which the Debtor would sell substantially all of its assets to Buyer, subject to a competitive bidding and auction process. Also on September 5, 2017, the Debtor filed its sale motion, seeking approval of the bidding and auction process with Buyer to serve as the stalking

horse bidder [Docket No. 42]. On September 20, 2017, the Court entered an Order approving the bid procedures. [Docket No. 110].

The Debtor did not receive any qualified bids by the bid deadline. On October 31, 2017, the Court entered an Order approving the sale of substantially all of the Debtor's assets to Buyer ("Sale") [Docket No. 170]. The Sale closed on November 1, 2017. The total consideration paid by Buyer was \$1,705,844.72, which figure included a credit bid of the \$299,366.03 balance under the Court-approved post-petition loan provided by Buyer ("**DIP Loan**"). Pursuant to the Sale Order, approximately \$625,000 was paid to SVB on account of the SVB Loan [Docket No. 170]. The Asset Purchase Agreement with Buyer also provided that the Debtor must keep the estate open for 60 days following Sale closing to transfer customer data to Buyer, with the Debtor bearing certain costs for the same.

To fund operations pending the closing of the Sale, the Debtor obtained authorization to use cash collateral of SVB and Integrity and to utilize proceeds of the DIP Loan from Buyer. *See* Docket Nos. 125 and 126.

The Debtor also obtained an Order establishing bar dates for filing proofs of claim in the Case, pursuant to which February 21, 2018 is the deadline for governmental units (as defined in § 101(27) of the Bankruptcy Code) to file proofs of claim and November 24, 2017 was the bar date with respect to all other proofs of claim. *See* Docket No. 122.

## **V. DESCRIPTION OF THE PLAN**

The entire text of the Plan has been provided with this Disclosure Statement. The following is a brief summary of certain provisions of the Plan; however, this summary is not comprehensive. The Plan and not the Disclosure Statement is the legally operative document that controls the relationship between the Debtor and its Creditors and Interest Holders. Therefore, the Plan should be read carefully and independently of this Disclosure Statement. Creditors and Interest Holders are urged to consult with counsel and other professionals in order to fully resolve any questions concerning the Plan.

### **A. Overview of the Plan**

The Plan is simple and straightforward. The Debtor has liquidated substantially all of its assets through the Sale and no longer maintains operations. The Debtor holds approximately \$600,000 in cash in its operating account, which is subject to the lien of Integrity. The Debtor's primary shareholder will contribute funds to the estate to assist with the payments and obligations contemplated under the Plan. Priority non-tax claims (i.e., outstanding employee claims) will be paid on the Effective Date. An administrative expense claim bar date will be set and allowed administrative expense claims will be paid. Thereafter, remaining funds in the DIP Account will be distributed to Integrity. A Plan Administrator will be appointed to, among other things, evaluate the Causes of Action and, if appropriate, pursue them for the benefit of unsecured creditors. Funds that remain in the Debtor's Professional Fee Reserve shall be used to pay allowed professional fees and, to the extent funds remain thereafter, to pay the fees and expenses of the Plan Administrator and its professionals and the cost of pursuing Causes of Action.

**B. Treatment of Unclassified Claims**

**1. Administrative Expense Claims**

Any party who claims to hold an Administrative Expense Claim (other than a Claim for Professional Fees) shall file a motion seeking allowance of such Administrative Claim on or before the date that is 28 days after the Effective Date (the “**Administrative Expense Claim Bar Date**”), regardless of whether or not such party has previously asserted an Administrative Expense Claim in a proof of claim. Except to the extent any entity entitled to payment of an Allowed Administrative Expense Claim has received payment on account of such Claim prior to the Effective Date or agrees to less favorable treatment, each Holder of an Allowed Administrative Expense Claim (other than a Claim for Professional Fees) shall receive Cash in an amount equal to such Allowed Claim by the later of either (i) the Effective Date or as soon thereafter as is reasonably practicable, or (ii) the date that is 14 days after the Administrative Expense Claim is Allowed.

**2. Professional Fee Claims**

All Professionals seeking payment of Professional Fees or reimbursement of expenses incurred through and including the Effective Date under section 503(b)(2), (3), (4) or (5) of the Bankruptcy Code (“Professional Fees”) shall file their respective final applications on or before the date that is 45 days after the Effective Date. Except to the extent that the Holder of a Professional Fees Claim agrees to different treatment, the Allowed Professional Fees shall be paid in full in Cash from the Professional Fee Reserve as soon as practicable after such Claims are Allowed by the Bankruptcy Court.

**C. Classification and Treatment of Claims and Interests**

**1. Class 1: Priority Non-Tax Claims**

Each holder of an Allowed Priority Non-Tax Claim shall receive, in full satisfaction of such Claim, Cash on the Effective Date equal to the Allowed amount of such Claim.

**2. Class 2: Integrity Secured Claim**

After all Allowed Administrative Expense Claims have been paid in full, the Plan Administrator shall make a Distribution to Integrity of all Cash in the DIP Account. Integrity’s deficiency claim shall be treated as a Class 3 Claim.

**3. Class 3: General Unsecured Claims**

Class 3 consists of general unsecured Claims that exist against the Debtor. Each Holder of an Allowed Class 3 Claim shall receive, in full and final satisfaction of such Allowed Claim, its *pro rata* share of the Distributable Cash. The Plan Administrator shall continue to make Distributions to Holders of Allowed Class 3 Claims until all Allowed Class 3 Claims have been paid in full or until a final decree has entered in the Chapter 11 Case. The timing and amount of Distributions to Holders of Allowed Class 3 Claims shall be made in accordance with Article VI of the Plan.

#### **4. Equity Interests**

Class 4 Interests shall be cancelled and shall not receive anything under this Plan.

#### **D. Plan Administrator**

a. Appointment and Compensation. As of the Effective Date, BGA Management, LLC d/b/a Alliance Management shall be appointed Plan Administrator. It is anticipated that Alex Smith of Alliance Management shall perform most of the Plan Administrator duties. The Plan Administrator shall be compensated at its standard hourly rates: \$385/hour for Mark Thomas and David Burke; \$375/hour for Brock Kline; \$395/hour for Alex Smith; and \$495/hour for Michael Knight. The Plan Administrator shall also be entitled to reimbursement for actual out-of-pocket expenses.

b. Powers and Duties. In addition to any other powers described in this Plan, the powers and duties of the Plan Administrator consist of the following:

i. To take control of, preserve, and convert to Cash property of the Estate, subject to the terms of this Plan;

ii. To investigate and prosecute or abandon all Causes of Action belonging to or assertible by the Estate;

iii. Subject to Bankruptcy Court approval, to enter into a litigation funding agreement to obtain further funding to enable the Plan Administrator to pursue or continue to pursue Causes of Action belonging to or assertible by the Estate;

iv. To review, object to, seek equitable subordination of, or seek any other remedy with respect to Claims filed against the Debtor;

v. To abandon, discontinue, dismiss, amend, settle, compromise, negotiate or otherwise resolve all disputes, including all Causes of Action, Avoidance Claims and Objections to Claims;

vi. To make Distributions on account of all Allowed Claims and Interests consistent with the terms of this Plan;

vii. To retain persons and professionals to assist in carrying out the powers and duties enumerated pursuant to this Plan;

viii. To enter into contracts as necessary to assist in carrying out the powers and duties enumerated pursuant to this Plan;

ix. To pay expenses incurred in carrying out the powers and duties enumerated pursuant to this Plan, including professional fees incurred after the Effective Date;

x. To the extent the Plan Administrator deems necessary, to take all necessary actions to assure that the corporate existence of the Debtor remains in good standing until entry of a final decree closing the Chapter 11 Case;

xi. To open and maintain bank accounts and deposit funds and draw checks and make disbursements in accordance with the Plan;

xii. To effectuate any of the provisions in this Plan;

xiii. At the appropriate time, to ask the Bankruptcy Court to enter the final decree; and

xiv. To execute all documents appropriate to convey assets of the Estate consistent with the terms of this Plan.

c. Vesting of Causes of Action. Except as otherwise provided in the Plan, as of the Effective Date, pursuant to § 1123(b)(3)(B) of the Bankruptcy Code, any and all Causes of Action accruing to the Debtor, or the Debtor in its capacity as debtor-in-possession, and not released or compromised pursuant to this Plan, including, without limitation, Avoidance Claims, shall remain assets of the Estate, and the Plan Administrator shall have the exclusive authority to prosecute such Causes of Action for the benefit of the Estate. On and after the Effective Date, the Plan Administrator shall also have the authority to abandon, discontinue, dismiss, amend, settle, compromise, negotiate or otherwise resolve all such Causes of Action in accordance with the terms of the Plan.

d. Exculpation for the Plan Administrator. Neither the Plan Administrator nor any of his designees, retained professionals or any duly designated agent or representative shall be liable for anything other than such person's own acts as shall constitute willful misconduct or gross negligence in the performance (or nonperformance) of its duties, or acts contrary to the express terms of this Plan. The Plan Administrator may, in connection with the performance of his functions, consult with counsel, accountants and its agents, and may reasonably rely upon advice or opinions received in the course of such consultation. If the Plan Administrator determines not to consult with counsel, accountants or its agents, such determination shall not in itself be deemed to impose any liability on the Plan Administrator, or his designees.

e. Termination of Appointment of Plan Administrator. The Plan Administrator's appointment shall terminate upon the entry of a final decree closing the Chapter 11 Case, at which time the Plan Administrator shall have no powers and duties.

**E. Conditions Precedent to Effectiveness of the Plan**

The Plan shall not become effective unless and until the following have been satisfied or waived in accordance with Section 9.02 of the Plan:

a. The Confirmation Order, in form and substance reasonably satisfactory to the Debtor, shall have been entered by the Bankruptcy Court;



- b. There is no stay or injunction in effect with respect to the Confirmation Order; and
- c. 14 days shall have passed since the Confirmation Order has become a Final Order.

**F. Settlement, Release, Injunction, and Related Provisions**

The Plan does not provide for any settlements or releases of claims.

**G. Feasibility; Financial Projections; Distributions to Creditors**

Section 1129(a)(11) of the Bankruptcy Code requires that a debtor or plan proponent demonstrate that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization unless the plan calls for liquidation. The Plan calls for the continued liquidation of the Debtor and is therefore, by definition, feasible. The Debtor has no ongoing operations, and thus this Disclosure Statement does not contain any financial projections of operations.

The Debtor has analyzed its ability to meet its obligations under the Plan. Based upon current cash, the Debtor will be able to meet its post-confirmation wind-down costs, make all payments required on Unclassified Claims, and pay all Class 1 Claims and the Integrity Secured Claim in accordance with the Plan terms. The Plan Administrator will investigate and pursue Causes of Action as he deems appropriate. Recoveries to Holders of Claims in Class 3 will be dependent on the outcome of such litigation.

**H. Federal Income Tax Consequences of the Plan**

**Any tax advice contained in this Disclosure Statement is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding tax-related penalties under the Internal Revenue Code of 1986, as amended. Any tax advice contained in this Disclosure Statement was written to support the promotion of the transactions described in this Disclosure Statement.**

The following discussion is not intended as a substitute for professional tax advice, including the evaluation of recently enacted and pending legislation, since recent changes in the federal income taxation of reorganizations under the Bankruptcy Code are complex and lack authoritative interpretation. The Debtor has not received, nor will it request, a ruling from the IRS as to any of the tax consequences of the Plan with respect to holders of Claims or Interests. The Debtor assumes no responsibility for the tax effect that Confirmation and receipt of any Distribution under the Plan may have on any given creditor or other party in interest. The Debtor recommends that Creditors and other parties in interest consult with their own tax advisors concerning the federal, state and local tax consequences of the Plan.

Creditors may be required to report income or may be entitled to a deduction as a result of implementation of the Plan. To the extent a Creditor receives, or expects to receive, less pursuant to the Plan than the Creditor's basis in the claim to which such amount relates, the Creditor may be permitted to claim a bad debt deduction. The amount, timing and character of



the deduction will depend, among other things, upon the Creditor's tax accounting method for bad debts, the Creditor's tax status, the nature of the Creditor's claim, whether the Creditor receives consideration in more than one year, and whether the creditor has previously taken a bad debt deduction or worthless security deduction with respect to the Creditor's claim. If the debt is not business related, a deduction is only available if the debt is worthless. A cash-basis taxpayer can deduct a bad debt only if an actual cash loss has been sustained or if the amount deducted was included in income. All accrual-basis taxpayers must use the specific charge-off method to deduct business bad debts.

To the extent that a Creditor receives payment pursuant to the Plan in an amount in excess of the Creditor's adjusted tax basis in the claim to which payment relates, the excess will be treated as income or gain to the Creditor. A Creditor not previously required to include in its taxable income any accrued but unpaid interest on a Claim may be treated as receiving taxable interest, to the extent the amount it receives pursuant to the Plan is allocable to such accrued but unpaid interest. A Creditor previously required to include in its taxable income any accrued but unpaid interest on a claim may be entitled to recognize a deductible loss, to the extent the amount of interest actually received by the Creditor is less than the amount of interest taken into income by the creditor.

## **VI. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

### **A. Assumption or Rejection of Executory Contracts and Unexpired Leases.**

The Debtor believes all executory contracts and unexpired leases have been or will be deemed rejected pursuant to an Order of this Court. Nonetheless, pursuant to §§ 365(a) and 1123(b)(2) of the Bankruptcy Code, all remaining executory contracts and unexpired leases that exist between the Debtor and any party that have not been previously assumed pursuant to an order of the Bankruptcy Court shall be deemed rejected on the Effective Date.

### **B. Claims Based on Rejection of Executory Contracts or Unexpired Leases.**

With respect to Claims arising from the rejection of executory contracts or unexpired leases pursuant to the Plan, the bar date to file Proofs of Claim in this Case shall be reopened for a period of 28 days after the Effective Date, and all such Proofs of Claim must be filed with the Bankruptcy Court during that time. Any Claim arising from the rejection of an executory contract or unexpired lease pursuant to the Plan for which a Proof of Claim is not timely filed within that time period shall be forever barred from assertion against the Estate, the Debtor, the Plan Administrator, their successors and assigns, or their assets and properties, unless otherwise ordered by the Bankruptcy Court or as otherwise provided herein.

## **VII. MISCELLANEOUS PLAN PROVISIONS**

### **A. No Discharge**

Pursuant to Bankruptcy Code § 1141(d)(3), the Confirmation Order will not discharge the Debtor of any debts.

**B. Post-Effective Date Fees and Expenses.**

From and after the Effective Date, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, the reasonable fees and expenses of professional persons incurred after the Effective Date by the Plan Administrator shall be paid by the Plan Administrator, including, without limitation, those fees and expenses incurred in connection with the implementation and consummation of the Plan.

**C. Post-Effective Date Statutory Fees.**

All fees payable pursuant to § 1930 of Title 28 of the United States Code incurred after the Effective Date shall be paid in accordance with applicable law. The Plan Administrator shall submit post-confirmation reports in compliance with applicable law.

**D. Causes of Action Vest in Estate and are Preserved for Prosecution by Plan Administrator**

Except as expressly provided in the Plan, on the Effective Date the property of the Estate, including all Causes of Action, shall remain vested in the Estate, or vest in the Estate, as the case may be, until entry of the final decree in the Chapter 11 Case. Preserved Causes of Action include, without limitation, Avoidance Actions.

The Debtor's Statement of Financial Affairs list numerous payments made during the 90 days prior to the Petition Date and a potential unauthorized post-petition payment to one or more creditors, including Pay Chex (the "**Transfers**"). The Debtor has not yet analyzed the Transfers in depth. Nevertheless, all potential Causes of Action regarding such Transfers, including Avoidance Actions, are preserved under the Plan and the Plan Administrator shall be entitled to bring any such Cause of Action if he determines that doing so is in the best interest of the Estate.

**E. Objections to Claims and Settlements**

After the Effective Date, Objections to Claims may be made, and Objections to Claims made previous thereto shall be pursued, only by the Plan Administrator. After the Effective Date, the Plan Administrator shall, without further order of the Bankruptcy Court, have the right to retain and compensate counsel or other professionals to assist with Objections to Claims or any other duties of the Plan Administrator under the Plan.

After the Effective Date, the Plan Administrator may settle any Disputed Claims where the proposed Allowed Claim is to be less than \$25,000 without notice and a hearing and without an order of the Bankruptcy Court. All other settlements shall be subject to notice and a hearing pursuant to section 102(1) of the Bankruptcy Code and Bankruptcy Rule 9019.

**F. Compromise and Settlement of Claims and Controversies.**

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the classification, Distributions and other benefits provided pursuant to the Plan, on the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims, interests and controversies resolved pursuant to the Plan or relating

to the contractual, legal and subordination rights that a Holder of a Claim or Interest may have with respect to any Claim or Interest, or any Distribution to be made on account of such Claim or Interest. The entry of the Confirmation Order shall constitute the Court's approval of the compromise or settlement of all such Claims, interests and controversies, as well as a finding by the Court that such compromise or settlement is in the best interests of the Debtor, the Estate and Holders of Claims and Interests and is fair, equitable and reasonable. For the avoidance of any doubt, the Plan does not provide for releases of any claims.

**G. Other Provisions.**

Creditors and other parties in interest are directed to the Plan with respect to the provisions that are not specifically discussed in this Disclosure Statement.

**VIII. RISK FACTORS**

As with any plan or other financial transaction, there are certain risk factors which must be considered. It should be noted that all risk factors cannot be anticipated, that some events will develop in ways that were not foreseen and that many or all of the assumptions that have been used in connection with this Disclosure Statement and the Plan will not be realized exactly as assumed. Some or all of such variations may be material. While every effort has been made to be reasonable in this regard, there can be no assurance that subsequent events will bear out the analysis set forth herein. Not all possible risks can be, or are discussed in this Disclosure Statement. Under the Plan, some of the principal risks that Holders of Claims and Interests should be aware of, in the Debtor's view, are as follows:

- Dilution of Distribution Based on Allowed Claims. No final determination has been made as to which Claims will be Disputed Claims, and it is possible that the number of Disputed Claims may be material and that the amounts allowed in respect of such Disputed Claims maybe materially in excess of the estimates of Allowed Claims used to develop the Plan and this Disclosure Statement. The Holders of Allowed Claims are subject to the risk of dilution if the amount of actual Allowed Claims exceeds such estimates. Accordingly, Distributions to the Holders of Allowed Claims are at risk of being adversely affected by the total amount of Allowed Claims.
- Litigation Risk. Litigation is inherently uncertain. The Debtor has not yet analyzed the Causes of Action in depth. If the Plan Administrator does not achieve any recovery from the Causes of Action, then it is unlikely that any funds will be Distributed to Holders of unsecured Claims.
- Priority Tax Claims. The Debtor is unaware of any Priority Tax Claims; it believes it is current on its tax obligations and no taxing authority has asserted any. However, in the event Priority Tax Claims are asserted, there could be insufficient to pay them.

February 20, 2018

**AJUBEO CORP.**

Debtor and Debtor-in-Possession

By: s/ Alex Smith  
Name: Alex Smith, Alliance Management  
Title: Chief Restructuring Officer

APPROVED AS TO FORM:

**BROWNSTEIN HYATT FARBER SCHRECK, LLP**

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**Attorneys for the Debtor**

**EXHIBIT A**

**AJUBEO CORP.'S CHAPTER 11 PLAN OF LIQUIDATION**

**FILED SEPARATELY**

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF COLORADO**

In re:

AJUBEO LLC,  
EIN: 45-2467444,

Debtor.

Case No. 17-17924-JGR

Chapter 11

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**AJUBEO LLC'S AMENDED CHAPTER 11 PLAN OF LIQUIDATION**

Dated: February 20, 2018

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## AJUBEO LLC'S CHAPTER 11 PLAN OF LIQUIDATION

### ARTICLE I INTRODUCTION

Pursuant to Title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”), Ajubeo LLC (the “Debtor”) proposes the following Amended Plan of Liquidation (the “Plan”). Holders of Claims and Interests should refer to the Disclosure Statement for a discussion of the Debtor’s history, business, assets, results of operations, historical financial information, and liquidation analysis, as well as a summary and description of the Plan.<sup>1</sup>

The Plan is simple. The Debtor no longer maintains operations. Substantially all of the Debtor’s assets were sold to Green House Data, Inc. on November 1, 2017, pursuant to an Order of this Court. Certain of the sale proceeds were distributed to the Debtor’s first lienholder, Silicon Valley Bank. The Debtor’s remaining cash is subject to the lien of the Debtor’s second lienholder, Integrity Capital Income Fund, Inc. (“Integrity”).

The Plan provides for (i) the Debtor’s majority shareholder to contribute funds to the estate to assist with the payments and obligations contemplated under the Plan, (ii) the establishment of an administrative expense claim bar date and distributions to allowed administrative expense claims, (iv) distribution to Integrity of all remaining funds in the Debtor’s operating account, and (v) appointment of a Plan Administrator to, among other things, evaluate the Causes of Action and, if appropriate, pursue them for the benefit of unsecured creditors.

### ARTICLE II DEFINITIONS, RULES OF INTERPRETATION, COMPUTATION OF TIME

2.01 **Definitions.** As used herein, the following terms have the respective meanings specified below, unless the context otherwise requires:

“**Administrative Expense Claim**” means any right to payment constituting a cost or expense of the Chapter 11 Case under §§ 503(b), 507(a)(2), or 1114(e)(2) of the Bankruptcy Code, including, without limitation, any actual and necessary costs and expenses of preserving the Estate, any actual and necessary costs and expenses of operating the Debtor’s business, any indebtedness or obligations incurred or assumed by the Debtor in connection with the conduct of its business or liquidation of its assets, any Professional Fee claim, and any fees or charges assessed against the Estate under § 1930 of Title 28 of the United States Code.

“**Administrative Expense Claim Bar Date**” shall have the meaning set forth in § 3.01 of this Plan.

“**Allowed**” means, with respect to any Claim, the Claim or portion thereof that is not a Disputed Claim or Disallowed Claim: (a) for which a Proof of Claim was timely filed with the Bankruptcy Court, and as to which no Objection is interposed; (b) for which no Proof of Claim thereof was filed, to the extent that such Claim has been listed by the Debtor in its Schedules as

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<sup>1</sup> All capitalized terms shall have meaning set forth in Article II of this Plan.

liquidated in amount and not disputed or contingent as to liability, and as to which no Objection is interposed; (c) which arises from the recovery of property under §§ 550 or 553 of the Bankruptcy Code and is allowed in accordance with § 502(h) of the Bankruptcy Code; (d) which is allowed under the Plan; or (e) which is allowed by a Final Order.

**“Avoidance Claims”** means any and all rights, claims, causes of action or rights to avoid any transfer or incurrence of debt that may be asserted or recovered by the Debtor in its capacity as debtor-in-possession pursuant to Chapter 5 of the Bankruptcy Code.

**“Bankruptcy Code”** shall have the meaning set forth in Article I of this Plan.

**“Bankruptcy Court”** means the United States Bankruptcy Court for the District of Colorado.

**“Bankruptcy Rules”** means the Federal Rules of Bankruptcy Procedure.

**“Business Day”** means any day other than a Saturday, Sunday or any legal holiday under federal law or the State of Colorado.

**“Cash”** means legal tender of the United States of America and equivalents thereof.

**“Causes of Action”** means, without limitation, any and all actions, causes of action, liabilities, obligations, rights, suits, debts, sums of money, damages, judgments, claims and demands whatsoever, whether known or unknown, in law, equity or otherwise, including but not limited to Avoidance Claims.

**“Chapter 11 Case”** or **“Case”** means the Debtor’s case under Chapter 11 of the Bankruptcy Code, administered under Case No. 17-17924-JGR on the docket of the Bankruptcy Court.

**“Claim”** has the meaning set forth in § 101(5) of the Bankruptcy Code.

**“Collateral”** means any property or interest in property of the Debtor’s Estate subject to a Lien, charge, or other encumbrance to secure the payment or performance of a Claim, which Lien, charge, or other encumbrance is not subject to avoidance under the Bankruptcy Code.

**“Common Stock”** means shares of common stock in the Debtor.

**“Confirmation Order”** means the order of the Bankruptcy Court confirming this Plan pursuant to § 1129 of the Bankruptcy Code.

**“Contributing Shareholder”** means Infrastructures Investors, LLC.

**“Creditor”** has the meaning ascribed to such term in § 101(10) of the Bankruptcy Code.

**“Debtor”** shall have the meaning set forth in Article I of this Plan.

**“DIP Account”** means the Debtor’s Debtor-In-Possession bank account held at Wells Fargo Bank, N.A., with account number ending xx-1230.

**“Disallowed”** means, when referring to a Claim, a Claim or any portion thereof, that (a) has been disallowed or expunged, in whole or in part, by a Final Order; (b) has been withdrawn by agreement between the Debtor and the Holder thereof, in whole or in part; (c) has been withdrawn, in whole or in part, by the Holder thereof; (d) is listed in the Schedules as zero or as disputed, contingent or unliquidated and in respect of which a Proof of Claim has not been timely filed or deemed timely filed pursuant to the Plan, the Bankruptcy Code or any Final Order of the Bankruptcy Court; (e) has been reclassified, expunged, subordinated or estimated to the extent that such reclassification, expungement, subordination or estimation results in a reduction in the filed amount of any Proof of Claim; or (f) is evidenced by a Proof of Claim which has been filed, or which has been deemed to be filed under applicable law or order of the Bankruptcy Court or which is required to be filed by order of the Bankruptcy Court, but as to which such Proof of Claim was not timely or properly filed. In each case a Disallowed Claim is disallowed only to the extent of disallowance, withdrawal, reclassification, expungement, subordination or estimation.

**“Disclosure Statement”** means the Disclosure Statement for the Plan, as it may be amended, supplemented, or modified from time to time, that is prepared and distributed in accordance with sections 1125, 1126(b), and/or 1145 of the Bankruptcy Code and/or Bankruptcy Rule 3018.

**“Disputed Claim”** means any Claim as to which an Objection is pending, filed or contemplated by the Debtor.

**“Distributable Cash”** means Cash held by the Estate after (i) payment on account of Claims specified in Article III of this Plan, (ii) payment on account of Allowed Class 1 Claims and Allowed Class 2 Claims, and (iii) satisfaction of and reservation for any remaining litigation and other expenses of the Estate, including any Post Effective Date Fees and Expenses.

**“Distribution”** means any payment of Cash called for under the Plan.

**“Effective Date”** means the first day after the conditions to effectiveness of the Plan provided in Section 9.01 hereof have been satisfied.

**“Entity”** means an entity as defined in section 101(15) of the Bankruptcy Code.

**“Estate”** means the estate in the Chapter 11 Case.

**“Final Order”** means an order of the Bankruptcy Court as to which the time to appeal, petition for certiorari or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari or other proceeding for reargument or rehearing will then be pending or as to which any right to appeal, petition for certiorari, reargument, or rehearing will have been waived in writing, in form and substance, satisfactory to the Debtor or, in the event that an appeal, writ of certiorari, or reargument or rehearing thereof has been sought, such order of the Bankruptcy Court will have been determined by the highest court to which such order was appealed, or certiorari reargument or rehearing will have been denied and the time to take any further appeal, petition for certiorari or move for reargument or rehearing will have expired; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Federal Rules of Bankruptcy

Procedure, may be filed with respect to such order will not cause such order not to be a Final Order.

**“Holder”** means the holder of any Claim or Interest.

**“Impaired”** means, when used in reference to a Claim or Interest or a class thereof, a Claim or Interest or class thereof that is impaired within the meaning of section 1124 of the Bankruptcy Code.

**“Integrity”** shall have the meaning set forth in Article I of this Plan.

**“Integrity Secured Claim”** means the Claim held by Integrity pursuant to that certain Loan and Security Agreement, dated as of December 17, 2014, by and among the Debtor, as borrower, and Integrity, as lender, together with any ancillary documents or agreements executed in connection therewith.

**“Interest”** means any equity or ownership interests in and with respect to the Debtor, including any issued, unissued, authorized or outstanding common and preferred shares of stock together with any warrants, options or contract rights to purchase or acquire such interests at any time.

**“Lien”** has the meaning set forth in section 101(37) of the Bankruptcy Code.

**“Litigation Proceeds”** means any Cash received by the Estate from prosecution or settlement of Causes of Action.

**“Objection”** means any objection, application, motion, complaint or any other legal proceeding seeking, in whole or in part, to disallow, determine, liquidate, classify, reclassify, establish the priority of, expunge, subordinate, or estimate any Claim (including the resolution of any request for payment of any Administrative Expense Claim) or Interest, other than a Claim or an Interest that is Allowed.

**“Person”** means a person as defined in section 101(41) of the Bankruptcy Code.

**“Petition Date”** means August 25, 2017.

**“Plan”** means this Chapter 11 plan, either in its present form or as the same may be altered, amended or modified from time to time.

**“Plan Administrator”** means BGA Management, LLC d/b/a Alliance Management.

**“Plan Funding”** means funding in the amount of \$60,000 from the Contributing Shareholder.

**“Post Effective Date Fees and Expenses”** means the fees and expenses of the Plan Administrator and counsel or other advisors or professionals retained by the Plan Administrator.

**“Priority Non-Tax Claim”** means any Claim entitled to priority under § 507(a)(1), (4), (5), (6), or (7) of the Bankruptcy Code.

**“Priority Tax Claim”** means any Claim of a governmental unit (i) of the kind entitled to priority in payment as specified in §§ 502(i) and 507(a)(8) of the Bankruptcy Code, or (ii) which would otherwise meet the description of an unsecured claim of a governmental unit under § 507(a)(8) of the Bankruptcy Code, but for the secured status of such claim.

**“Professionals”** means the professionals retained by the Debtor under Bankruptcy Code §§ 327 or 1103 and to be compensated pursuant to Bankruptcy Code §§ 327, 328, 330, 331, or 503(b)(2), (4) or (5), including, solely for purposes of this Plan, the Debtor’s Chief Restructuring Officer.

**“Professional Fee Reserve”** means the Debtor’s bank account held at Wells Fargo Bank, N.A., with account number ending in xx-1289, established pursuant to Bankruptcy Court Order for payment of Professional Fees.

**“Professional Fees Claim”** means a Claim for Professional Fees.

**“Professional Fees”** shall have the meaning set forth in Section 3.02 of this Plan.

**“Proof of Claim”** means a proof of claim filed in connection with the Chapter 11 Case.

**“Schedules”** mean the Schedules of Assets and Liabilities, the List of Holders of Interests, and the Statement of Financial Affairs filed by the Debtor, as may be amended.

**“Unimpaired”** means, when used in reference to a Claim or Interest or a class thereof, a Claim or Interest or a class thereof that is not impaired within the meaning of § 1124 of the Bankruptcy Code.

**“U.S. Trustee”** means the Office of the United States Trustee of the District of Colorado.

**2.02 Rules of Interpretation.** Wherever from the context it appears appropriate, each term stated in either the singular or the plural will include both the singular and the plural and pronouns stated in the masculine, feminine or neuter gender will include the masculine, feminine and neuter. Unless otherwise specified, all section, article, schedule or exhibit references in the Plan are to the respective Section in, Article of, Schedule to, or Exhibit to, the Plan. The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to the Plan as a whole and not to any particular section, subsection or clause contained in the Plan. The rules of construction contained in § 102 of the Bankruptcy Code will apply to the construction of the Plan. A term used herein that is not defined herein, but that is used in the Bankruptcy Code, will have the meaning ascribed to that term in the Bankruptcy Code. The headings in the Plan are for convenience of reference only and will not limit or otherwise affect the provisions of the Plan.

**2.03 Computation of Time.** In computing any period of time prescribed or allowed by the Plan, the provisions of Rule 9006(a) of the Bankruptcy Rules shall apply.

### **ARTICLE III**

#### **TREATMENT OF UNCLASSIFIED CLAIMS**

3.01 **Administrative Expense Claims.** Any party who claims to hold an Administrative Expense Claim (other than a Claim for Professional Fees) shall file a motion seeking allowance of such Administrative Claim on or before the date that is 28 days after the Effective Date (the “Administrative Expense Claim Bar Date”), regardless of whether or not such party has previously asserted an Administrative Expense Claim in a proof of claim. Except to the extent any entity entitled to payment of an Allowed Administrative Expense Claim has received payment on account of such Claim prior to the Effective Date or agrees to less favorable treatment, each Holder of an Allowed Administrative Expense Claim (other than a Claim for Professional Fees) shall receive Cash in an amount equal to such Allowed Claim by the later of either (i) the Effective Date or as soon thereafter as is reasonably practicable, or (ii) the date that is 14 days after the Administrative Expense Claim is Allowed.

3.02 **Professional Fee Claims.** All Professionals seeking payment of Professional Fees or reimbursement of expenses incurred through and including the Effective Date under section 503(b)(2), (3), (4) or (5) of the Bankruptcy Code (“Professional Fees”) shall file their respective final applications on or before the date that is 45 days after the Effective Date. Except to the extent that the Holder of a Professional Fees Claim agrees to different treatment, the Allowed Professional Fees shall be paid in full in Cash from the Professional Fee Reserve as soon as practicable after such Claims are Allowed by the Bankruptcy Court.

3.03 **Priority Tax Claims.** Except to the extent any entity entitled to payment of any Allowed Priority Tax Claim has received payment on account of such Claim prior to the Effective Date, each Holder of an Allowed Priority Tax Claim shall be paid in full on the Effective Date, or as soon thereafter as is reasonably practicable, unless such Holder of an Allowed Priority Tax Claim agrees to different treatment.

3.04 **Statutory Fees.** On the Effective Date, the Debtor via the Plan Administrator shall make all payments required to be paid to the U.S. Trustee pursuant to § 1930 of Title 28 of the United States Code. All fees payable pursuant to § 1930 of Title 28 of the United States Code after the Effective Date shall be paid by the Plan Administrator on a quarterly basis until the Chapter 11 Case is closed, converted, or dismissed.

### **ARTICLE IV**

#### **DESIGNATION OF CLASSES**

4.01 **Classification.** Claims and Interests are classified for all purposes, including voting, confirmation, and Distribution pursuant to the Plan, as follows:

<b>Class</b>	<b>Designation</b>	<b>Impairment</b>	<b>Entitled to Vote</b>
Class 1	Priority Non-Tax Claims	Yes	Yes
Class 2	Integrity Secured Claim	Yes	Yes



Class 3	General Unsecured Claims	Yes	Yes
Class 4	Equity Interests	Yes	Deemed to Reject

**ARTICLE V**  
**TREATMENT OF CLASSIFIED CLAIMS AND INTERESTS**

**5.01 Class 1: Priority Non-Tax Claims.**

Each holder of an Allowed Priority Non-Tax Claim shall receive, in full satisfaction of such Claim, Cash on the Effective Date equal to the Allowed amount of such Claim.

**5.02 Class 2: Integrity Secured Claim.**

After all Allowed Administrative Expense Claims have been paid in full, the Plan Administrator shall make a Distribution to Integrity in the amount equal to the Cash in the DIP Account. Integrity's deficiency claim shall be treated as a Class 3 Claim.

**5.03 Class 3: General Unsecured Claims.**

Class 3 consists of general unsecured Claims that exist against the Debtor. Each Holder of an Allowed Class 3 Claim shall receive, in full and final satisfaction of such Allowed Claim, its *pro rata* share of the Distributable Cash. The Plan Administrator shall continue to make Distributions to Holders of Allowed Class 3 Claims until all Allowed Class 3 Claims have been paid in full or until a final decree has entered in the Chapter 11 Case. The timing and amount of Distributions to Holders of Allowed Class 3 Claims shall be made in accordance with Article VI of the Plan.

**5.04 Class 4: Equity Interests.**

Class 4 consists of Interests in the Debtor. Class 4 Interests shall be cancelled and shall not receive anything under this Plan.

**5.05 Cramdown.** If any class of Claims fails to accept the Plan in accordance with § 1126(c) of the Bankruptcy Code, the Bankruptcy Court may confirm the Plan in accordance with § 1129(b) of the Bankruptcy Code on the basis that the Plan is fair and equitable and does not discriminate unfairly with respect to any non-accepting, impaired Class.

**ARTICLE VI**  
**PROVISIONS REGARDING RESOLUTION OF CLAIMS**  
**AND DISTRIBUTIONS UNDER THE PLAN**

**6.01 Method of Distributions Under the Plan.**

a. **In General.** Subject to Bankruptcy Rule 9010, all Distributions under the Plan shall be made to the Holders of each Allowed Claim at the address of such Holder as listed on the Schedules or Proof of Claim, as applicable.

b. Distributions of Cash. Post-Effective Date Distributions under the Plan shall be made by the Plan Administrator. Such Distributions shall be made by check. All checks for Distribution shall be negotiated within 120 days of the date of such check, after which such check shall be void. The Holder of an Allowed Claim or Interest that does not negotiate payment within the 120-day period shall have one year after the check becomes void to assert payment on account of its claim pursuant to this Plan, after which time its Claim shall be reduced to zero. At such time, the Plan Administrator shall no longer be obligated to reserve for such Claim or make any further Distributions in respect of such Claim.

c. Timing of Distributions.

(i) Any payment or Distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

(ii) Distributions of Litigation Proceeds to Holders of Allowed Claims and Interests shall be made as soon as reasonably practicable upon receipt of such Litigation Proceeds and after accounting for the reserves set forth in Distributable Cash.

(iii) The timing and amount of Distributions of Distributable Cash other than Litigation Proceeds shall be made in the Plan Administrator's discretion.

d. Tax Withholding. Cash Distributions to Holders of Allowed Claims and Interests shall be net of amounts required to be withheld pursuant to applicable state and federal wage or backup withholding requirements.

6.02 Objections to Claims.

a. After the Effective Date, Objections to Claims may be made, and Objections to Claims made previous thereto shall be pursued, only by the Plan Administrator. After the Effective Date, the Plan Administrator shall, without further order of the Bankruptcy Court, have the right to retain and compensate counsel or other professionals to assist with Objections to Claims or any other duties of the Plan Administrator under the Plan.

b. After the Effective Date, the Plan Administrator may settle any Disputed Claims where the proposed Allowed Claim is to be less than \$25,000 without notice and a hearing and without an order of the Bankruptcy Court. All other settlements shall be subject to notice and a hearing pursuant to § 102(1) of the Bankruptcy Code and Bankruptcy Rule 9019.

6.03 Reserves for Disputed Claims. If any Claim is a Disputed Claim, no Distribution provided hereunder shall be made on account of such Claim unless and until said Disputed Claim becomes an Allowed Claim. In the event any Distribution is made while there is an extant Disputed Claim, the Distribution that would be paid on account of the Disputed Claim shall be withheld until the Disputed Claim is Allowed or Disallowed. If the Claim is Allowed, the Holder of the Allowed Claim will receive its withheld Distribution. If the Claim is Disallowed, then any Distribution that was withheld with respect to such Claim shall be

Distributed *pro rata* among the Holders of Allowed Class 3 Claims and Allowed Class 4 Claims in accordance with Article V of the Plan.

6.04 **Claims Estimation.** The Plan Administrator may at any time request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to § 502(c) of the Bankruptcy Code, regardless of whether the Debtor or the Plan Administrator previously objected to such Claim or whether the Bankruptcy Court has ruled on any such Objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time concerning any Objection to any Claim, including during the pendency of any appeal relating to any such Objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Plan Administrator may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism pursuant to this Plan or approved by the Bankruptcy Court.

6.05 **Claims Allowance.** Except as expressly provided in the Plan or any order entered in the Chapter 11 Cases prior to the Effective Date (including the Confirmation Order), the Plan Administrator shall have and shall retain after the Effective Date any and all rights and defenses that the Debtor had with respect to any Claim as of the Petition Date. All Claims of any entity, subject to § 502(d) of the Bankruptcy Code, shall be deemed Disallowed as of the Effective Date unless and until such entity pays in full the amount that it owes the Debtor.

## **ARTICLE VII**

### **EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

7.01 **Assumption or Rejection of Executory Contracts and Unexpired Leases.** Pursuant to §§ 365(a) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases that exist between the Debtor and any party that have not been previously assumed or rejected pursuant to an order of the Bankruptcy Court shall be deemed rejected on the Effective Date.

7.02 **Claims Based on Rejection of Executory Contracts or Unexpired Leases.** With respect to Claims arising from the rejection of executory contracts or unexpired leases pursuant to Section 7.01 of this Plan, the bar date to file Proofs of Claim in this Case shall be reopened for a period of 28 days after the Effective Date, and all such Proofs of Claim must be filed with the Bankruptcy Court during that time. Any Claim arising from the rejection of an executory contract or unexpired lease pursuant to Section 7.01 of this Plan for which a Proof of Claim is not timely filed within that time period shall be forever barred from assertion against the Estate, the Debtor, the Plan Administrator, their successors and assigns, or their assets and properties, unless otherwise ordered by the Bankruptcy Court or as otherwise provided herein.

**ARTICLE VIII**  
**OTHER MEANS FOR IMPLEMENTATION AND**  
**EFFECT OF CONFIRMATION OF PLAN**

8.01 **Term of Bankruptcy Injunction or Stays.** All injunctions or stays provided for in this case under §§ 105 or 362 of the Bankruptcy Code, or otherwise, and in existence as of the date of entry of the Confirmation Order, shall remain in full force and effect.

8.02 **Plan Funding.** The Plan shall be funded by (i) the Plan Funding; (ii) Cash in the DIP Account; and (iii) Cash in the Professional Fee Reserve.

a. On the Effective Date, the Contributing Shareholder shall fund the Estate with the Plan Funding.

b. Funds held in the Professional Fee Reserve shall be used by the Plan Administrator to pay Allowed Professional Fees. To the extent any funds remain in the Professional Fee Reserve after payment of Allowed Professional Fees, such funds may be used by the Plan Administrator to pay Post Effective Date Fees and Expenses and to investigate and pursue Causes of Action. Funds remaining thereafter, if any, shall be transferred to the Estate for distributions in accordance with the terms of this Plan.

8.03 **Plan Administrator.**

a. **Appointment and Compensation.** As of the Effective Date, BGA Management, LLC d/b/a Alliance Management shall be appointed Plan Administrator. It is anticipated that Alex Smith of Alliance Management shall perform most of the Plan Administrator duties. The Plan Administrator shall be compensated at its standard hourly rates: \$385/hour for Mark Thomas and David Burke; \$375/hour for Brock Kline; \$395/hour for Alex Smith; and \$495/hour for Michael Knight. The Plan Administrator shall also be entitled to reimbursement for actual out-of-pocket expenses.

b. **Powers and Duties.** In addition to any other powers described in this Plan, the powers and duties of the Plan Administrator consist of the following:

(i) To take control of, preserve, and convert to Cash property of the Estate, subject to the terms of this Plan;

(ii) To investigate and prosecute or abandon all Causes of Action belonging to or assertible by the Estate;

(iii) Subject to Bankruptcy Court approval, to enter into a litigation funding agreement to obtain further funding to enable the Plan Administrator to pursue or continue to pursue Causes of Action belonging to or assertible by the Estate;

(iv) To review, object to, seek equitable subordination of, or seek any other remedy with respect to Claims filed against the Debtor;

(v) To abandon, discontinue, dismiss, amend, settle, compromise, negotiate or otherwise resolve all disputes, including all Causes of Action, Avoidance Claims and Objections to Claims;

(vi) To make Distributions on account of all Allowed Claims and Interests consistent with the terms of this Plan;

(vii) To retain persons and professionals to assist in carrying out the powers and duties enumerated pursuant to this Plan;

(viii) To enter into contracts as necessary to assist in carrying out the powers and duties enumerated pursuant to this Plan;

(ix) To pay expenses incurred in carrying out the powers and duties enumerated pursuant to this Plan, including professional fees incurred after the Effective Date;

(x) To the extent the Plan Administrator deems necessary, to take all necessary actions to assure that the corporate existence of the Debtor remains in good standing until entry of a final decree closing the Chapter 11 Case;

(xi) To open and maintain bank accounts and deposit funds and draw checks and make disbursements in accordance with the Plan;

(xii) To effectuate any of the provisions in this Plan;

(xiii) At the appropriate time, to ask the Bankruptcy Court to enter the final decree; and

(xiv) To execute all documents appropriate to convey assets of the Estate consistent with the terms of this Plan.

c. Causes of Action. Except as otherwise provided in the Plan, as of the Effective Date, pursuant to § 1123(b)(3)(B) of the Bankruptcy Code, any and all Causes of Action accruing to the Debtor, or the Debtor in its capacity as debtor-in-possession, and not released or compromised pursuant to this Plan, including, without limitation, Avoidance Claims, shall remain assets of the Estate, and the Plan Administrator shall have the exclusive authority to prosecute such Causes of Action for the benefit of the Estate. On and after the Effective Date, the Plan Administrator shall have the authority to abandon, discontinue, dismiss, amend, settle, compromise, negotiate or otherwise resolve all such Causes of Action in accordance with the terms of the Plan.

d. Exculpation for the Plan Administrator. Neither the Plan Administrator nor any of his designees, retained professionals or any duly designated agent or representative shall be liable for anything other than such person's own acts as shall constitute willful misconduct or gross negligence in the performance (or nonperformance) of its duties, or acts contrary to the express terms of this Plan. The Plan Administrator may, in connection with the performance of his functions, consult with

counsel, accountants and its agents, and may reasonably rely upon advice or opinions received in the course of such consultation. If the Plan Administrator determines not to consult with counsel, accountants or its agents, such determination shall not in itself be deemed to impose any liability on the Plan Administrator, or his designees.

e. Termination of Appointment of Plan Administrator. The Plan Administrator's appointment shall terminate upon the entry of a final decree closing the Chapter 11 Case, at which time the Plan Administrator shall have no powers and duties.

8.04 **Vesting of Assets.**

a. Except as provided in this Plan, on the Effective Date the property of the Estate shall remain vested in the Estate, or vest in the Estate, as the case may be, until entry of the final decree in this case as provided in the Plan.

b. As of the Effective Date, except as otherwise expressly provided in the Plan, all property of the Debtor shall be free and clear of all liens, claims and interests of Holders of Claims or Interests.

8.05 **Dissolution of Board of Directors.** As of the Effective Date, the Debtor's board of directors shall be dissolved and shall have no further rights or duties.

8.06 **Corporate Existence of the Debtor.** To the extent necessary, as of the Effective Date, the Plan Administrator shall maintain the Debtor's good standing as a corporation under the laws of the state of its incorporation until and unless appropriate documents are filed dissolving the Debtor.

8.07 **Default Remedies.** In the event that the Plan Administrator fails to comply with any of his obligations under the Plan, Creditors or Interest Holders, as applicable, shall move for relief in the Bankruptcy Court to enforce the terms of the Plan.

8.08 **No Discharge.** Pursuant to Bankruptcy Code § 1141(d)(3), the Confirmation Order will not discharge the Debtor of any debts.

8.09 **Preservation of Setoff Rights.** On and after the Effective Date, rights of setoff pursuant to Bankruptcy Code § 553 shall be preserved. After the Effective Date, such setoff may be exercised pursuant to agreement of the Plan Administrator, on the one hand, and the affected Creditor, on the other hand. Any disputes regarding the right of setoff shall be determined upon motion before the Bankruptcy Court.

**ARTICLE IX**  
**EFFECTIVENESS OF THE PLAN**

9.01 **Conditions Precedent to Effectiveness.** The Plan shall not become effective unless and until the following have been satisfied or waived in accordance with Section 9.02 below:

a. The Confirmation Order, in form and substance reasonably satisfactory to the Debtor, shall have been entered by the Bankruptcy Court;

b. There is no stay or injunction in effect with respect to the Confirmation Order; and

c. 14 days shall have passed since the Confirmation Order has been entered by the Bankruptcy Court.

9.02 **Waiver of Conditions Precedent.** Only the Debtor may waive the conditions listed in Section 9.01 above, and such waiver may be without notice to parties in interest or the Bankruptcy Court and without a hearing.

9.03 **Effect of Non-Occurrence of Effective Date.** In the event that the conditions to the occurrence of the Effective Date have not been timely satisfied or waived pursuant to Section 9.02, and upon notification filed by the Debtor with the Bankruptcy Court, the Confirmation Order shall be vacated and the Debtor and all parties in interest shall be restored to the *status quo ante*. If the Confirmation Order is vacated this Plan shall be null and void in all respects and nothing contained in this Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any Claims by or against, or any Interests in, the Debtor; (2) prejudice in any manner the rights of the Debtor or any other Person or Entity; or (3) constitute an admission, acknowledgment, offer or undertaking by the Debtor in any respect.

## **ARTICLE X**

### **RETENTION OF JURISDICTION**

10.01 To the extent permitted under applicable law, the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of and related to the Chapter 11 Case and this Plan pursuant to, and for the purposes of, §§ 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

a. To determine pending applications for the assumption or rejection of executory contracts or unexpired leases, if any are pending, and the allowance of Claims resulting therefrom;

b. To determine any and all adversary proceedings, applications and contested matters;

c. To determine any Objection to Claims and Administrative Expense Claims;

d. To approve settlements between the Plan Administrator and the Holder of a Disputed Claim, if Bankruptcy Court approval is necessary under the terms of the Plan;

e. To issue such orders in aid of execution and consummation of the Plan, to the extent authorized by § 1142 of the Bankruptcy Code;



- f. To consider any amendments to or modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;
- g. To determine all applications for compensation and reimbursement of expenses of Professionals under §§ 330, 331 and 503(b) of the Bankruptcy Code;
- h. To determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;
- i. To determine disputes arising in connection with the recovery of all assets of the Debtor and property of the Estate, wherever located;
- j. To determine matters concerning taxes in accordance with §§ 346, 505 and 1146 of the Bankruptcy Code;
- k. To determine any other matter not inconsistent with the Bankruptcy Code;
- l. To enter a final decree closing the Chapter 11 Case; and
- m. To determine any disputes with or concerning the Plan Administrator.

## **ARTICLE XI**

### **MISCELLANEOUS PROVISIONS**

11.01 **Effectuating Documents and Further Transactions.** The Plan Administrator is authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan and any notes or securities pursuant to the Plan.

11.02 **Aid in Implementation of Plan.** The Bankruptcy Court may direct the Plan Administrator, the Debtor and any other necessary party to execute or deliver or to join the execution or delivery of any instrument required to effectuate the Plan, and to perform any other act necessary to consummate the Plan.

11.03 **[Intentionally Omitted]**.

11.04 **Post-Effective Date Fees and Expenses.** From and after the Effective Date, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, Post-Effective Date Fees and Expenses shall be paid by the Plan Administrator, including, without limitation, those fees and expenses incurred in connection with the implementation and consummation of the Plan.

11.05 **Post-Effective Date Statutory Fees.** All fees payable pursuant to § 1930 of Title 28 of the United States Code incurred after the Effective Date shall be paid in accordance with applicable law. The Plan Administrator shall submit post-confirmation reports in compliance with applicable law.

11.06 **Amendment or Modification of the Plan.** Alterations, amendments or modifications of the Plan may be proposed in writing by the Debtor at any time before entry of the Confirmation Order, provided that the Plan, as altered, amended or modified, satisfies the conditions of §§ 1122 and 1123 of the Bankruptcy Code, and the Debtor shall have complied with § 1125 of the Bankruptcy Code. The Plan may be altered, amended or modified at any time after entry of the Confirmation Order and before substantial consummation, provided that the Plan as altered, amended, or modified satisfies the requirements of §§ 1122 and 1123 of the Bankruptcy Code, and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as altered, amended or modified, under § 1129 of the Bankruptcy Code and the circumstances warrant such alterations, amendments or modifications. A Holder of a Claim or Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim or Interest of such Holder.

11.07 **Severability.** In the event that the Bankruptcy Court determines, before entry of the Confirmation Order, that any provision in the Plan is invalid, void or unenforceable, such provision shall be invalid, void or unenforceable with respect to the Holder or Holders of such Claims or Interests as to which the provision is determined to be invalid, void or unenforceable. The invalidity, voidness, or unenforceability of any such provision shall not limit or affect the enforceability and operative effect of any other provision of the Plan.

11.08 **Revocation or Withdrawal of the Plan.** The Debtor shall have the right to revoke or withdraw the Plan before entry of the Confirmation Order. If the Debtor revokes or withdraws the Plan, then the Plan shall be deemed null and void. In such event, nothing contained herein shall constitute or be deemed a waiver or release of any Claims by or against the Debtor or any other person or to prejudice in any manner the rights of the Debtor or any person in any further proceedings involving the Debtor.

11.09 **Binding Effect.** The Plan shall be binding upon and inure to the benefit of the Debtor and the Holders of Claims and Interests and their respective successors and assigns.

11.10 **Notices.** To be effective, all notices, requests and demands to or upon the Debtor or the Plan Administrator shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission or electronic mail, when received, addressed as follows:

*If to the Debtor:*

Ajubeo LLC  
c/o Brownstein Hyatt Farber Schreck, LLP  
Joshua M. Hantman, Esq.  
410 17<sup>th</sup> Street, Suite 2200  
Denver, CO 80202  
Facsimile: 303-223-1111  
E-mail: jhantman@bhfs.com

*If to the Plan Administrator:*

Alex Smith  
Alliance Management  
Market Square, Suite 400  
1400 Sixteenth Street  
Denver, CO 80202  
Facsimile: 720-932-8107  
E-mail: [asmith@alliancemgmt.com](mailto:asmith@alliancemgmt.com)

11.11 **Governing Law.** Except to the extent the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure or other federal law is applicable, or to the extent the Plan provides otherwise, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Colorado without giving effect to the principles of conflicts of law of such jurisdiction.

11.12 **Allocation of Plan Distributions Between Principal and Interest.** To the extent that any Allowed Claim entitled to a Distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall, for federal income tax purposes, be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

February 20, 2018

**AJUBEO LLC**

Debtor and Debtor-in-Possession

By: s/ Alex Smith  
Name: Alex Smith, Alliance Management  
Title: Chief Restructuring Officer

APPROVED AS TO FORM:

BROWNSTEIN HYATT FARBER SCHRECK, LLP

By:   
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