IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
SPEED VEGAS, LLC,[1]	Case No. 17-11752 (KJC)
Debtor.	

FIRST AMENDED COMBINED DISCLOSURE STATEMENT AND LIQUIDATING PLAN OF SPEED VEGAS, LLC

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Co-Counsel to the Debtor and Debtor in Possession

[1] The last four digits of the Debtor's Tax Identification Number are 8686. The Debtor's corporate address is 14200 South Las Vegas Blvd., Las Vegas, Nevada 89054.

Speed Vegas, LLC ("Speed Vegas" or the "Debtor"), respectfully submits this first amended combined disclosure statement and plan of reorganization (the "Plan and Disclosure Statement") pursuant to sections 1125 and 1129 of Title 11 of the United States Code.

PLEASE READ THIS COMBINED PLAN AND DISCLOSURE STATEMENT CAREFULLY. THIS DOCUMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PLAN OF REORGANIZATION WHICH IS PART OF THIS COMBINED DOCUMENT. THE DEBTOR BELIEVES THAT ACCEPTANCE OF THE PROPOSED PLAN IS IN THE BEST INTERESTS OF THE DEBTOR AND ITS CREDITORS AND PROVIDES THE HIGHEST AND MOST EXPEDITIOUS RECOVERIES TO HOLDERS OF ALLOWED CLAIMS AGAINST THE DEBTOR.

I.

DESCRIPTION OF THE PLAN AND DISCLOSURE STATEMENT

The purpose of this Plan and Disclosure Statement is to provide creditors and equity holders of the Debtor with adequate information to enable them to make an informed judgment concerning the method by which the Debtor plans to reorganize and emerge from bankruptcy. The Plan and Disclosure Statement contains the exclusive and final statement of the rights of the Debtor, its creditors, equity holders and other interested parties, and sets forth what (if anything) each of those groups will receive and how they will receive it. It is strongly recommended that the Plan and Disclosure Statement be read in its entirety. **IF THE BANKRUPTCY COURT CONFIRMS THE PLAN AND DISCLOSURE STATEMENT, IT WILL BECOME BINDING ON THE DEBTOR, ALL CREDITORS, EQUITY HOLDERS AND OTHER INTERESTED PARTIES.**

You are also urged to read the contents of the Plan and Disclosure Statement in order to determine what rights you may have to vote on or object to the method by which the Debtor plans to reorganize. Particular attention should be directed to the provisions of the Plan and Disclosure Statement affecting or impairing your rights as they existed before and as of the commencement of this bankruptcy case. Please note, however, that this document cannot tell you everything about your rights. For instance, this Plan and Disclosure Statement cannot and does not provide a complete description of the financial status of the Debtor, all of the applicable provisions of the Bankruptcy Code, or other matters that may be deemed significant by creditors and other parties in interest. You are encouraged to consult with your lawyers and/or advisors as you review and consider the Plan and Disclosure Statement to enable you to obtain more specific advice on how the Debtor's proposed actions will affect you.

Creditors whose claims are impaired have the right to vote to accept or reject the Plan and Disclosure Statement. Generally speaking, a claim or interest is impaired if the legal, contractual or

equitable rights of the holder of the claim or interest is altered by the Plan and Disclosure Statement. A class of creditors accepts the Plan and Disclosure Statement when creditors in that class holding two-thirds in dollar amount of such class and more than one-half in number of the claims in such class who submit completed ballots vote to accept the Plan and Disclosure Statement.

In this case, the Plan and Disclosure Statement contains five (5) classes of claims and one (1) class of interests. The Plan and Disclosure Statement impairs holders of Claims in Class 4 and Class 5 and holders of Class 6 Interests. Class 5 Claims and Class 6 Interests receive no distribution under the Plan and Disclosure Statement, and holders of Class 6 Interests are deemed to reject the Plan and Disclosure Statement. **Accordingly, votes will be solicited from Class 4 only.**

The Plan is proposed to be funded by a newly created entity that is, in turn, funded by Cisneros Corp. and/or Brightpark Investments LLC along with EME Finance, LLC that will together purchase substantially all of the assets of the Debtor. As described more fully herein, the Plan Funder has agreed to the terms of a term sheet, annexed hereto as **Exhibit A**, that provides in part that the Plan Funder shall acquire substantially all of the assets of the Debtor for a purchase price of $5 million, plus assumption of certain liabilities of the Debtor. If approved, upon the occurrence of the Effective Date, the Plan and Disclosure Statement will satisfy the DIP Loan, Secured Claims, Administrative Claims and Priority Claims, on the terms described herein. As the Debtor's assets will be transferred to a purchaser, *i.e.* the Plan Funder, this is a liquidating plan whereby the Debtor's equity will survive until the estate is wound down.

IN THE OPINION OF THE DEBTOR, THE TREATMENT OF CREDITORS AND INTEREST HOLDERS UNDER THE PLAN CONTEMPLATES A GREATER RECOVERY THAN IS LIKELY TO BE ACHIEVED IF THE DEBTOR IS LIQUIDATED UNDER CHAPTER 7 OF THE BANKRUPTCY CODE. ACCORDINGLY, THE DEBTOR BELIEVES THAT CONFIRMATION OF THE PLAN AND DISCLOSURE STATEMENT IS IN THE BEST INTERESTS OF THE DEBTOR'S CREDITORS AND INTEREST HOLDERS AND RECOMMENDS THAT VOTING CREDITORS ACCEPT THE PLAN.

The following materials are included with this Plan and Disclosure Statement:

1. A copy of an order (the "Order") that establishes: (a) the date by which objections to confirmation of the Plan and Disclosure Statement must be served and filed; (b) the date by which all votes with respect to the Plan and Disclosure Statement must be cast; (c) the date of the hearing in the Bankruptcy Court to consider confirmation of the Plan and Disclosure Statement; and (d) other relevant information; and

2. A Ballot for holders of Claims in Class 4 to vote with respect to the Plan and Disclosure Statement.

As stated in the Order, the Bankruptcy Court has scheduled a hearing to consider (i) the adequacy of the disclosures in this Plan and Disclosure Statement pursuant to section 1125 of the Bankruptcy Code and (ii) confirmation of the Plan and Disclosure Statement pursuant to section 1129 of the Bankruptcy Code for _____at [__]:00 [_].m. (the "Confirmation Hearing"). The

Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of the adjourned date at the Confirmation Hearing or the filing of a notice of adjournment with the Bankruptcy Court.

Holders of claims and interests, as well as other parties in interest, may attend the Confirmation Hearing. Objections, if any, to the adequacy of the information contained in the Plan and Disclosure Statement and/or confirmation of the Plan and Disclosure Statement must be in writing and filed with the Bankruptcy Court and served, so as to be received no later than 5:00 p.m. on_____, 2018 upon all of the following parties:

Bielli & Klauder, LLC
Co-Counsel to the Debtor
1204 N. King Street
Wilmington, DE 19801
Attn: David M. Klauder, Esq.

-and-

Halperin Battaglia Benzija, LLP
Co-Counsel to the Debtor
40 Wall Street, 37th Floor
New York, New York 10005
Attn: Alan D. Halperin, Esq.
Donna H. Lieberman, Esq.
Julie Dyas Goldberg, Esq.

-and-

The Office of the United States Trustee
844 King Street, Suite 2207
Lockbox 35
Wilmington, DE 19801
Attn: Jane Leamy, Esq.

All Ballots must be completed in full and signed, in order to be counted in the tabulation of the votes, and must be received no later than 5:00 p.m. on _____, 2018 by:

Halperin Battaglia Benzija, LLP
Co-Counsel to the Debtor
40 Wall Street, 37th Floor
New York, New York 10005
Attn: Donna H. Lieberman, Esq.
Julie Dyas Goldberg, Esq.

This document contains, among other things, a description of the assets, liabilities and affairs of the Debtor, a description and analysis of the plan by which the Debtor intends to liquidate (the "Plan"), and an analysis of alternatives to the Plan.

A. Representations/Limitations

NO PERSON IS AUTHORIZED BY THE DEBTOR IN CONNECTION WITH THE PLAN AND DISCLOSURE STATEMENT OR THE SOLICITATION OF VOTES THEREON TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS DOCUMENT AND THE EXHIBITS ANNEXED HERETO OR INCORPORATED HEREIN BY REFERENCE OR REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DEBTOR.

THE INFORMATION CONTAINED HEREIN HAS BEEN PREPARED BY THE DEBTOR IN GOOD FAITH, BASED UPON UNAUDITED INFORMATION AVAILABLE TO THE DEBTOR AS OF THE DATE HEREOF. ALTHOUGH THE DEBTOR HAS USED BEST EFFORTS TO ENSURE THAT SUCH INFORMATION IS ACCURATE, THE INFORMATION CONTAINED HEREIN IS UNAUDITED.

THE STATEMENTS CONTAINED IN THIS PLAN AND DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF, UNLESS ANOTHER TIME IS SPECIFIED HEREIN, AND DELIVERY OF THIS PLAN AND DISCLOSURE STATEMENT SHALL NOT CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE FACTS SET FORTH HEREIN SINCE THE DATE OF THIS DOCUMENT AND THE DATE THE MATERIALS RELIED UPON IN PREPARATION OF THIS PLAN AND DISCLOSURE STATEMENT WERE COMPILED.

THE DEBTOR BELIEVES THAT THIS PLAN AND DISCLOSURE STATEMENT COMPLIES WITH THE REQUIREMENTS OF THE BANKRUPTCY CODE.

THIS DOCUMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN, AND NOTHING CONTAINED HEREIN SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE ADVICE ON THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON HOLDERS OF CLAIMS AGAINST OR INTERESTS IN THE DEBTOR.

FAILURE BY A CREDITOR OR INTEREST HOLDER TO TIMELY CAST A BALLOT OR FILE AN OBJECTION TO CONFIRMATION OF THE PLAN AND DISCLOSURE STATEMENT IN ACCORDANCE WITH THE DISCLOSURE STATEMENT ORDER AND THE BANKRUPTCY CODE SHALL CONSTITUTE AN AGREEMENT BY SILENCE TO ACCEPT THE TERMS CONTAINED IN THE PLAN AND DISCLOSURE STATEMENT.

THIS PLAN AND DISCLOSURE STATEMENT PROVIDES FOR INJUNCTIVE RELIEF AS TO THE DEBTOR. THE PERMANENT INJUNCTIONS SET FORTH IN THE PLAN AND DISCLOSURE STATEMENT WILL APPLY TO HOLDERS OF ANY CLAIM, INTEREST, LIEN, ENCUMBERANCE OR DEBT, WHETHER SECURED OR UNSECURED, GRANTED PRIORITY STATUS, INCLUDING PRIORITY TAX (FEDERAL OR STATE), NON-PRIORITY UNSECURED CLAIM OR ANY INTEREST IN THE DEBTOR. CREDITORS AND INTEREST HOLDERS WILL BE BOUND BY THIS INJUNCTIVE PROVISION UNLESS CREDITORS TIMELY FILE OBJECTIONS IN ACCORDANCE WITH THE PROVISIONS SET FORTH IN THE DISCLOSURE STATEMENT ORDER OR HEREIN AND APPEAR AT THE CONFIRMATION HEARING, TO PROSECUTE ANY OBJECTION AND THE BANKRUPTCY COURT UPHOLDS SUCH OBJECTION.

THE DEBTOR URGES ALL HOLDERS OF CLAIMS TO ACCEPT THE PLAN.

B. Definitions

Certain of the capitalized terms used in the Plan and Disclosure Statement are defined in the first section in which the terms appear. In addition, the following defined terms have the meanings ascribed to them below.

"Administrative Expense Bar Date" means the deadline set by the Bankruptcy Court for an the filing of an Administrative Expense Claim for the period from December 12, 2017 through and including the date of entry of the Confirmation Order, excluding Professional Fee Claims.

"Administrative Expense Claim" means any right to payment for actual and necessary costs and expenses of preserving the Debtor's estate under section 503(b) and 507(a)(2) of the Bankruptcy Code, including but not limited to (i) Professional Fee Claims, (ii) Court costs and U.S. Trustee fees, and (iii) Claims arising under section 503(b)(9) of the Bankruptcy Code.

"Allowed Claim" means any Claim, proof of which was timely filed, or if no proof of Claim was filed, which is listed by the Debtor in its Schedules as liquidated in amount and not disputed or contingent, and in either case, as to which (i) no objection has been made, or (ii) an objection has been made and the Claim has been allowed, in whole or in in part, by a Final Order.

"Bankruptcy Code" means title 11 of the United States Code, as the same may be amended from time to time.

"Bankruptcy Court" means the United States Bankruptcy Court for the District of Delaware.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are required or authorized to close by law or executive order.

"Claim" has the meaning set forth in section 101(5) of the Bankruptcy Code.

"Claims Objection Deadline" means the date that is 120 days from the entry of the Confirmation Order, subject to further extension by the Bankruptcy Court for cause.

"Confirmation Order" means the Order of the Bankruptcy Court confirming this Plan and Disclosure Statement pursuant to Section 1129 of the Bankruptcy Code.

"Cure Claim Objection Deadline" has the meaning ascribed to it in Section VI, below.

"Cure Claim Objection" has the meaning ascribed to it in Section VI, below.

"DIP Lender" means the lender(s) under the Debtor in Possession Financing Agreement approved by the Bankruptcy Court by Final Order dated January 9, 2018 [D.I.135].

"DIP Loan" means the post-petition secured loan provided to the Debtor by the DIP Lender, as authorized by the Bankruptcy Court by Final Order dated January 9, 2018 [D.I.135].

"DIP Motion" has the meaning given in Section III, below.

"Disputed Claim" means any Claim, or portion of a Claim, that (i) is listed on the Schedules as unliquidated, disputed and/or contingent, and for which no proof of claim in a liquidated and non-contingent amount has been timely filed, or (ii) is the subject of an objection or request for estimation filed by the Debtor or any other party in interest and which objection has not been withdrawn, or overruled by Final Order.

"Effective Date" means the date on which both of the following have occurred: (i) the Confirmation Order has been entered and has become final and non-appealable; and (ii) the conditions to the Effective Date have been satisfied.

"Equity Interests" means all equity interests in the Debtor, including but not limited to all issued, unissued, authorized or outstanding shares or membership interests and any warrants, options or contractual rights to purchase or acquire such interests at any time.

"Executory Contract" means any unexpired executory contract or lease, including the Lease (defined in section 2.A.a hereof) and any license agreement, existing as of or after the Petition Date between the Debtor and any other Person or Persons, that has not expired or terminated pursuant to its terms, and excluding contracts and agreements entered into pursuant to the Combined Plan and Disclosure Statement.

"Final Order" means an order of the Bankruptcy Court or any Court of competent jurisdiction authorized to hear appeals from the Bankruptcy Court, that has not been reversed, stayed, modified or amended and as to which the time to appeal, move for reargument or rehearing or petition for certiorari has expired and as to which no appeal, proceeding for reargument or rehearing or petition for certiorari is then pending.

"Other Priority Claim" means a Claim that is entitled to priority in payment under section 507 of the Bankruptcy Code (including a Priority Gap Period Claim), other than a Priority Tax Claim.

"Other Secured Claim" means a Claim that is secured by any assets of the Debtor, other than the Claim of the DIP Lender.

"Person" means any natural person, partnership, company, corporation or entity.

"Petition Date" means December 12, 2017, the date on which the Bankruptcy Court entered its Order for Relief [D.I. 73] converting the Debtor's case from an involuntary case to a voluntary case under Chapter 11 of the Bankruptcy Code.

"Plan Funder" means, collectively, Cisneros Corp. or any of its affiliates or assigns ("Cisneros") and EME Finance, LLC, or any of its affiliates or assigns ("EME").

"Post-Effective Date Debtor" means the Debtor after the Effective Date.

"Priority Gap Period Claim" means any right to payment for a claim arising in the ordinary course of the Debtor's business or financial affairs after the commencement of the case but before the entry of the order for relief in accordance with sections 502(f) and 507(a)(3) of the Bankruptcy Code, which was so scheduled by the Debtor or asserted by the claimant.

"Priority Tax Claim" means a Claim that is entitled to priority in payment under section 507(a)(8) of the Bankruptcy Code.

"Professional Fee Claim" means all claims for compensation and reimbursement of expenses by any professional Person employed in this Chapter 11 case pursuant to section 327, 328, 329, 330, 331 or 363 of the Bankruptcy Code.

"Professional Fee Bar Date" means the date that is forty-five (45) days after the Effective Date.

"Pro Rata" means the proportion that an Allowed Claim in a class bears to the total amount of Allowed Claims in the same class.

"Purchaser" means the newly created entity funded by the Plan Funder that will purchase substantially all of the Debtor's assets on the Effective Date.

"Schedules" means the schedules of assets and liabilities, executory contracts and unexpired leases and the statement of financial affairs (as the same may be amended from time to time) filed by the Debtor pursuant to section 521 of the Bankruptcy Code and the Bankruptcy Rules.

"Tax Code" means the Internal Revenue Code of 1986, as the same may be amended.

"Unclaimed Distribution" means a distribution on account of an Allowed Claim that is unclaimed (or if a check, not cashed or deposited) as of ninety (90) days after the date on which the distribution is made.

II.

BACKGROUND AND DISCLOSURES

A. The Debtor's Pre-Petition Business

The Debtor was originally formed as a Delaware corporation named Vulcan Motor Club, Inc. on September 10, 2007, and was converted into a Delaware limited liability company just a few days later. Per a certificate of amendment which was filed with the State of Delaware on October 28, 2014, the name of the company was changed to Speed Vegas LLC.

The initial investors were a mix of entities and high net worth individuals, and membership interests were made up of common units and preferred units.

Between 2007 and late 2011, the business was based in New Jersey, and it was essentially a private car club. Club members paid an annual fee and could drive exotic cars in the company's collection for up to 50 days in that year, depending on membership level. Club members had the choice of picking up the cars at the Debtor's headquarters or having the cars delivered to them.

In 2011, the management and owners of the company began exploring other approaches to the exotic car business, and from 2011 until mid-2015, the company, using its d/b/a World Class Driving,[2] provided exotic car driving experiences to the public, with guided road tours which usually lasted three to four hours. During that same period, the owners of Speed Vegas determined that the best future for the business was to develop a permanent car racing facility in or near Las Vegas, Nevada.

a. The Las Vegas Lease and Construction

On December 15, 2014, the Debtor entered into a twenty-five year, triple net ground lease with Sloan Ventures 90, LLC (the "Landlord") for approximately eighty-five acres of land located at the I-15 and Sloan Road exit in Las Vegas (the "Lease").[3] The property is generally known as 14200 South Las Vegas Boulevard, Las Vegas (Clark County), Nevada. The rent under the Lease for the twelve months beginning on the Rent Commencement Date of December 1, 2015 was $637,500.00, or $53,125.00 per month. The rent increased to $828,750.00 per year ($69,062.50 per month) on December 1, 2016, and increased again, to $972,188.00 per year ($81,015.66 per month) on December 1, 2017.

After entering into the Lease, Speed Vegas contracted with J.A. Tiberti Construction Co., Inc. ("Tiberti Construction") to develop the leased property as a 1.5 mile racetrack with adjoining buildings providing offices, a retail shop, and a cafe and event space. The contract set a price of

[2] The trade name World Class Driving is a "d/b/a" that the company filed with the Clerk of Clark County, Nevada.

[3] The twenty-five year term began on the Rent Commencement Date (as defined in the Lease), which was December 1, 2015.

$7,363,285.00, and the construction work was scheduled to be completed on or about March 20, 2016.

Due to repeated delays and non-performance on the part of the general contractor, the work was not completed until on or about September 6, 2016 – nearly six months late. During that six month period, the company incurred substantial costs for staff that was not needed, equipment rentals that were not necessary, refunds to customers and the like.

The cost of the project ultimately exceeded the contract price by $1,154,360. Approximately half of that was for agreed additional work, while the other half was for work that came in over budget. The Debtor paid more than half of the total amount due to Tiberti Construction -- $4,483,814 – during the construction period.

b. The Launch of the Business in Las Vegas

The track was paved in April of 2016 and partially opened to the public at that time, a few months after the Rent Commencement Date. But the balance of the facilities did not become available until the completion of construction in September 2016. Upon completion of the facilities, Speed Vegas was able to offer customers the experience of driving high-end sports cars such as Porsches, Lamborghinis and Ferraris -- generally referred to as "exotic cars" or "super-cars" by driving aficionados -- on its 1.5 mile track, with each driver accompanied by a Speed Vegas coach, as well as access to a cafe and event space, a gift shop, and multiple viewing terraces adjoining the track. The company now offers individuals the choice of driving one car, or purchasing a package containing multiple options, and offers group packages for corporate events, bachelor parties and other occasions.

The company operates under the name SPEEDVEGAS, and until the removal of Scott Gragson from the Board in late August of 2017, the Debtor was managed by a five person Board of Managers. Currently, there are four managers serving on the Board, and the company has sixty-eight employees. Fourteen of the employees are salaried full-time employees, while the balance are hourly employees, including coaches, driving instructors and event concierges who are engaged on an "as needed" basis.

c. Pre-Petition Financing Arrangements

On or about March 18, 2016, the Debtor entered into a Note and Warrant Purchase and Security Agreement, which, among other things, provided a senior secured loan to the business in the principal amount of five million dollars ($5,000,000) (the "Senior Loan"). Pursuant to the terms of the Senior Loan, which is administered by a collateral agent, parties loaned funds and received both secured notes and warrants to purchase common units in the business.

The Senior Loan is secured by liens and security interests in all of the assets owned (or thereafter acquired) by the Debtor and the products and proceeds of the same, excepting vehicles. The term of the Senior Loan is five years, and the non-default rate of interest is 10%. (The default rate of interest is 12%.) As of the Petition Date, the Debtor is in year two of the Senior Loan, and pursuant

to the terms of the Senior Loan, interest was payable quarterly. None of the principal amount of the Senior Loan had been repaid as of the Petition Date.

All of the lenders under the Senior Loan (together, the "Senior Lenders" and individually, a "Senior Lender") are also equity holders in the Debtor. Shortly before entering into the Senior Loan, the Debtor created a wholly-owned subsidiary called SLV Automobiles, LLC ("SLV Auto"). SLV Auto, like the Debtor, is a Delaware limited liability company, but it is a non-operating company. SLV Auto holds title to many of the vehicles used in the Debtor's business. A few of the vehicles are leased by the Debtor from third parties or directly owned by the Debtor, and in addition to the racing cars, there are three shuttle vans which are used to transport customers from their hotels and other locations to the Speed Vegas track.

SLV Auto and the Debtor entered into a Revolving Credit and Security Agreement (the "Vehicle Financing Line") dated as of March 15, 2016 with lender SV Auto Finance LLC,[4] pursuant to which the Debtor and SLV Auto could (as jointly and severally liable co-borrowers) borrow up to $1.5 million in order to finance the purchase of the vehicles used in the Debtor's business. Under the Vehicle Financing Line, non-default interest of 7% is payable on the last day of each month, together with a principal payment equal to 1/60th of the principal amount then drawn and unpaid. (The default rate of interest is 10%.)

The Vehicle Financing Line is secured by the vehicles purchased with the borrowed funds, all of which are held in the name of SLV Auto and used in the day-to-day business of the Debtor's business. The principal amount borrowed and outstanding under the line as of the Petition Date was approximately $850,000, and the Debtor has been making the required monthly payments on the Vehicle Financing Line in the ordinary course of its business. The current approximate amount outstanding on the Vehicle Financing Line is $1,275,976.80.

Additionally, while Speed Vegas was negotiating a global resolution of its financial issues with Tiberti Construction, the Landlord and the Senior Lenders, the company experienced a serious cash shortage. At that time, the Debtor's Chief Executive Officer, Aaron Fessler, advanced $75,000 to the company and Scott Gragson (then both a board member of the Debtor and a manager of Sloan-Speed LLC, the equity holder and Senior Lender owned by principals of the Landlord) advanced $175,000. A third equity holder and Senior Lender advanced $75,000.

d. Litigation with Competitor

On June 29, 2012, a competitor of the Debtor's, Dreamdealers USA, LLC, dba Exotics Racing ("Exotics"), filed a lawsuit against the Debtor (the "First Case"). Exotics filed applications for a TRO and for a preliminary injunction, both of which were denied by the court, and then made multiple motions to expedite discovery, all of which were also denied. Ultimately, the parties settled their dispute pursuant to a May 31, 2013 confidential settlement agreement, and all claims were dismissed with prejudice.

[4] SV Auto Finance is indirectly owned by the owners of EME Finance, LLC, who also comprise the lenders under the DIP Facility.

As discussed above, Speed Vegas subsequently constructed a car racing track in Las Vegas. This track competes directly with the Exotics facility in another section of the city, and shortly before the launch of the Speed Vegas track (approximately three years after the settlement agreement and dismissal of the First Case), Exotics restarted its campaign of harassment and litigation in order to prevent Speed Vegas (a much smaller company) from competing in the Las Vegas marketplace. On June 10, 2016, Exotics filed another lawsuit (the "Second Case"), restating many of the original claims that were dismissed with prejudice, adding counts and alleging breach of the confidential settlement agreement. Speed Vegas moved to dismiss the complaint, Exotics amended its complaint, and Speed Vegas again moved to dismiss. The Debtor also moved for a stay of discovery pending a decision on its motion to dismiss, which was granted by the court. Apparently sensing that its arguments were not being well received by the judge in the Second Case, Exotics decided to try another tactic, and moved to reopen the First Case. Speed Vegas opposed that motion, and the motion to reopen was denied on August 2, 2017.

The parties attempted mediation in the Second Case, but the mediation was unsuccessful. And while Speed Vegas had considerable success in addressing Exotics' meritless claims, these litigations were costly.

B. Events Leading to the Commencement of the Case

a. Events of Early 2017

Despite the delays and additional costs in connection with construction, during the track's initial months of operations in 2016, Speed Vegas gained popularity among car racing enthusiasts, and was able to timely pay its operating expenses. However, it was unable to pay the balance due to Tiberti Construction, and on January 24, 2017, Tiberti Construction filed a mechanics' lien on the real property in the amount of $4,033,831.00.[5]

In addition, while Speed Vegas made rent payments to the Landlord under the Lease throughout 2016 and into early 2017, beginning in December of 2016, there was a shortfall in the monthly rent payments. The Debtor was continuing to pay rent at the amount due during the first year from the Rent Commencement Date, and had not yet adjusted for the approximately $17,000 per month increase in rent as of December 2016.

In February of 2017, an accident at the track resulted in the deaths of two people: a customer who was driving, and a company employee who was in the passenger seat. That tragic event resulted in the closing of the track for twelve days. Thereafter, the Debtor made professional counseling available to employees and gave employees the option of up to sixty days of paid leave.

The track re-opened on February 23, 2017. The business was, of course, adversely affected by the accident and the closure. Refunds totaling about $200,000 were issued as a result of the twelve day closure and additional cancellations, and Speed Vegas spent more than $50,000 in connection with various safety reviews and consulting services. Moreover, a lawsuit was brought on behalf of the

[5] In March of 2017, Speed Vegas contracted with Tiberti Construction for additional construction work at a cost of $161,332.

estate of the Speed Vegas employee who died in the accident, a notice of claim was issued by the estate of the customer (that action had not been commenced as of the Involuntary Petition Date or the Petition Date) and an action was brought by another Speed Vegas employee who sought, among other things, to have the track shut down. The last action was settled shortly after it was filed, but the lawsuit brought by the employee's estate is still pending. On March 17, 2017, just weeks after the track's re-opening, the Landlord issued a notice of demand for (i) payment of a security deposit, (ii) payment of rent and (iii) bonding or discharge of the Tiberti Construction mechanics' lien.

After receiving the notice of demand, the management of Speed Vegas contacted both the Landlord and Tiberti Construction to initiate discussions about how to best resolve the claims. The Senior Lenders, through their collateral agent and in some cases directly, were also part of the negotiation process.

In April of 2017, Speed Vegas believed that a settlement in principle had been reached in the four party negotiation. Term sheets had been signed, and documents memorializing the agreement were drafted. However, issues were raised in connection with the documents which delayed a final resolution, and on June 20, 2017, Tiberti Construction filed a lawsuit against the Debtor and the Landlord in the District Court for the State of Nevada, Clark County. That action was voluntarily dismissed by Tiberti Construction on July 24, 2017, after the Landlord satisfied the mechanic's lien. Even after Tiberti Construction's commencement of its lawsuit, the Debtor continued to communicate with the Landlord and the Senior Lenders, in the hope of reaching a resolution that would eliminate the Tiberti Construction mechanic's lien and resolve all of the lease-related issues. However, on or about July 6, 2017, the Landlord served Speed Vegas with a notice to pay rent or quit the premises (the "Notice"). The Landlord also notified Speed Vegas for the first time that Scott Gragson, the individual who had been participating in the negotiations on behalf of the Landlord for several months, had not been authorized to represent the Landlord in those negotiations.

Speed Vegas responded to the Notice by filing an answer in Justice Court for the Las Vegas Township on July 13, 2017, and on August 2, 2017, the Landlord filed a summary eviction/unlawful detainer action in the same court. Approximately a week later, the Landlord also filed a separate action in a different court, against both Speed Vegas and certain members of management. A hearing on the summary eviction/unlawful detainer action in the Justice Court was scheduled for August 14, 2017.

b. The Involuntary Bankruptcy Filing

On August 12, 2017 (the "Involuntary Petition Date") an involuntary chapter 11 petition was filed against Speed Vegas by the collateral agent on behalf of certain of the Senior Lenders. That filing stayed the hearing before the Las Vegas Justice Court.

The business continued to operate after the Involuntary Petition Date, and the Debtor obtained several extensions of its time in which to respond to the involuntary petition. That time was used to, among other things, carefully review operations and financial results, and then to investigate the possibility of obtaining financing that would enable Speed Vegas to conduct an orderly chapter 11 case. The September and October operating results were important to both management's analysis

of the viability of this business and to prospective lenders, as (while Speed Vegas' business does not have a traditional "season") the slowest months of the year for a Las Vegas-based business of this type are generally June, July and August.

During the period from the Involuntary Petition Date to the Petition Date, the Debtor was able to pay its ordinary course, current operating expenses, including its rent under the Lease, from the income generated by its operations as supplemented by the Gap Period Loan (defined below). By late October of 2017, management had determined that a voluntary chapter 11 made sense for the business, and had reached an agreement in principle with certain of the Senior Lenders with respect to debtor-in-possession financing. Speed Vegas therefore directed its restructuring counsel to appear in the involuntary case, and at a hearing that was held on October 30th, the Debtor advised the Court of its decision and the anticipated timetable for finalizing "DIP" financing terms and converting the involuntary case to a voluntary one.

The October 30th hearing was also the adjourned hearing date for the Landlord's Motion for Order that the Stay is Not Applicable Pursuant to 11 U.S. C. § 362(b)(10), or in the Alternative, Motion for Relief from Automatic Stay, or in the Alternative, Motion for Payment of Post-Petition Obligations Pursuant to 11 U.S.C. §365(D)(3) (the "Landlord's Motion"), which was filed on September 12, 2017. The petitioning creditors had opposed that motion and discovery had been conducted in advance of the October 30th hearing date, when it was anticipated that a substantive hearing on the Landlord's Motion would be held.

Following a Chambers conference with respect to the Landlord's Motion, an agreement was reached between Speed Vegas, the Landlord and the petitioning creditors as to how the case would proceed, and after some back and forth between the parties in early November, a negotiated form of order was submitted to the Court. The Order was entered on November 16, 2017, and provided, among other things, that: (i) the deadline for Speed Vegas to respond to the involuntary was extended through December 11, 2017; and (ii) if an order for relief was entered by December 12, 2017 and Speed Vegas continued to meet its Lease obligations to pay rent and maintain insurance, the Landlord Motion would be adjourned until a date on or after April 13, 2018.

During the month of November, the company also arranged for a short-term loan from certain of its Senior Lenders, largely the same lender group that had indicated a willingness to provide DIP financing, in the amount of $200,000 (the "Gap Period Loan"). Speed Vegas had determined that it would need the additional funds for the payment of professionals in connection with the preparation for the voluntary chapter 11, and for certain other expenses. That loan was effected as an amendment to the existing Senior Loan on November 14, 2017. It was agreed that Speed Vegas would ask the Court to allow it to "roll-up" this gap period loan and make it part of the DIP loan.

The Debtor filed its consent to the entry for an order for relief under chapter 11 of the Bankruptcy Code on December 11, 2017, and the order was entered on the Petition Date. Speed Vegas expressed its intention to utilize the chapter 11 process to reorganize and strengthen its business, develop new sources of funding, whether through new investments or new loans, and negotiate a plan of reorganization with its creditors. Given the timeframe to which the parties agreed regarding the Landlord Motion, the Debtor aggressively pursued an exit strategy to resolve its issues with its Landlord and emerge from chapter 11 in a relatively short time.

c. The Sherwood Parties' Stipulation

Following entry of the Order for Relief, on March 8, 2018 the Bankruptcy Court entered an Order Approving the Stipulation among the Debtor and Gwen Ward, as Personal Representative of the Estate of Craig Sherwood; Gwen Ward, individually and as surviving spouse of Craig Sherwood, deceased; and Gwen Ward, as guardian of Zane Sherwood, surviving minor child of Craig Sherwood, deceased (collectively, the "Sherwood Parties" D.I. 172). On October 11, 2017, the Sherwood Parties had filed a Motion for Relief from the Automatic Stay [D.I. 28] to pursue their wrongful death claim(s) against Debtor in the Eighth Judicial District Court, Clark County, Nevada. The Motion stated that the Sherwood Parties would look only to insurance with respect to their claims against the Debtor. Accordingly, through the stipulation, the parties agreed to the modification of the automatic stay, on a limited basis, to permit the Sherwood Parties to liquidate their claims, and if the Debtor's insurers do not settle the matter prior to litigation, to proceed to judgment. The parties further agreed that the Sherwood Parties would not file, execute on or pursue collection on any judgment absent further Order of the Bankruptcy Court.

III.

THE CHAPTER 11 CASE

A. Commencement of Bankruptcy Case

On August 12, 2017, the date defined above as the Involuntary Petition Date, an involuntary petition was filed against the Debtor. That case was docketed as case number 17-11752 and assigned to Judge Kevin J. Carey, United States Bankruptcy Judge. On December 11, 2017, the Debtor filed its Consent to Relief and on December 12, 2017, the Bankruptcy Court entered its Order for Relief converting the Bankruptcy Case to a voluntary case under Chapter 11 of the Bankruptcy Code. The Debtor continues to administer its assets as a debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. On February 2, 2018, the Office of the United States Trustee filed a Notice of Appointment of Official Creditors' Committee, appointing R&R Partners Inc., Consensus Media LLC, dba Consensus Agency, and Mr. Richard Herbert, to the Official Committee of Unsecured Creditors (the "Committee"). The Committee retained counsel effective February 23, 2018.

B. The DIP Financing Facility

During the "gap period,", Speed Vegas had evaluated its cash position and analyzed how much money it would need to operate the business and fund the expenses of a chapter 11 case. The company's cash needs for the post-petition period were set forth in the budget attached to the Debtor's motion to approve post-petition secured financing (the "DIP Motion").[6] The DIP Motion provided for a senior secured, superpriority revolving credit facility (the "DIP Facility") in the aggregate amount not to exceed $800,000, inclusive of the roll-up of the Gap Period Loan and applicable fees, as well as interest at the rate of eighteen percent (18%) and default rate of interest of an additional two percent (2%).

[6] Capitalized terms used but not defined in this section have the meanings ascribed to them in the DIP Motion.

The DIP Facility granted the DIP Lenders valid first priority, senior security interests in, and liens on all assets of the Debtor and other property acquired and/or created by the Debtor from and after the Petition Date (the "Post-Petition Collateral"), subject only to the Prior Permitted Liens and the Carve-Out. Pursuant to sections 364(c)(2) and 364(c)(3) of the Bankruptcy Code, the Debtor granted valid, binding, enforceable, unavoidable and fully perfected security interests and liens (collectively, the "DIP Liens") in, against, and upon all prepetition and post-petition real and personal, tangible and intangible property and assets of the Debtor of any kind or nature whatsoever, wherever located, whether now existing or hereafter acquired or arising. The DIP Liens include causes of action and, upon entry of the Final DIP Order, all proceeds and recoveries from Avoidance Actions.

The DIP Facility included a customary Superpriority Administrative Claim, a Carve-Out for the payment of U.S. Trustee fees, Court costs and professional fees, events of default and indemnification provision.

Given the Debtor's financial position and its inability to meet its obligations without post-petition financing, combined with the DIP Lender serving as the only viable source of funding, the Bankruptcy Court approved the DIP as being in the best interests of the Debtor and its estate of both an interim and final basis.

C. "First Day" Motions

The Debtor sought other relief of the Bankruptcy Court in motions filed on the Petition Date and heard by the Bankruptcy Court shortly thereafter, in addition to the DIP Motion. The Debtor made a *Motion Pursuant to Sections 105(a), 345(b) and 363(c) of the Bankruptcy Code Authorizing (i) Continued Maintenance of Existing Bank Accounts; (ii) Continued Use of Existing Cash Management System; (iii) Continued Use of Existing Checks and Business Forms; and (iv) Waiver of Certain Investment and Deposit Requirements*, which relief was granted by the Bankruptcy Court by Final Order dated January 5, 2018 (D.I. 123). The Debtor also sought relief pursuant to its *Motion (i) Authorizing the Payment of Prepetition Wages, Salaries and Benefits; (ii) Authorizing the Continuance of Prepetition Employee Benefit Programs; and (iii) Directing All Banks to Honor Prepetition Checks for Payment of Prepetition Wage, Salary and Benefit Obligations*, which relief was granted by the Bankruptcy Court by Final Order dated January 5, 2018 (D.I. 125). The Debtor also sought relief pursuant to its *Motion Seeking to Honor Certain Pre-Petition Policies and Obligations to Customers*, which relief was granted by the Bankruptcy Court by Order dated December 14, 2017 (D.I. 88). The Debtor sought additional relief pursuant to its *Motion Prohibiting Utility Providers from (I) Altering or Discontinuing Service on Account of Prepetition Invoices; (II) Approving the Adequate Assurance of Postpetition Payment; And (III) Establishing Procedures for Resolving any Subsequent Requests Utility Providers for Additional Adequate Assurance of Payment Pursuant to 11 U.S.C. §366*. This relief was granted by the Bankruptcy Court by Final Order dated January 5, 2018 (D.I. 124). Finally, the Debtor requested approval of the Bankruptcy Court for its *Motion Pursuant to 11 U.S.C. §§ 105(a) and 363(b) for Authority to Pay Prepetition Obligations Owed to Google, Inc. and Done Deal Promotions*, critical vendors to the Debtor's day-to-day business operations. This relief was granted by the Bankruptcy Court by Order dated December 14, 2017 (D.I. 90).

Though "first day" relief was not requested, on the Petition Date, the Debtor also sought retention of its bankruptcy counsel by its *Application For Entry Of An Order Authorizing The Retention Of Halperin Battaglia Benzija, LLP As Bankruptcy Counsel To The Debtor Nunc Pro Tunc To The Petition Date* and its *Application For Entry Of An Order Authorizing The Retention Of Bielli & Klauder LLC As Bankruptcy Counsel To The Debtor Nunc Pro Tunc To The Petition Date*, both of which were approved by Order dated January 5, 2018 (Docket No. 126 & 127, respectively).

E. The Debtor's Schedules and the Establishment of the Claims Bar Date

On January 18 and 19, 2018, the Debtor filed its Schedules. [D.I. 139-142]. The Schedules set forth the various claims against Speed Vegas's estate as well as other information pertaining to transactions to which the Debtor was a party prior to the Petition Date. By motion dated January 24, 2016, the Debtor asked the Bankruptcy Court to set a deadline, known as a "bar date," and related procedures for the filing of Claims by any Person wishing to assert a pre-petition Claim against Speed Vegas. By Order dated February 12, 2018, the Bankruptcy Court set a deadline of March 19, 2018 for parties other than governmental entities to file proofs of Claim, and set a deadline of June 11, 2018 for governmental entities.

The bar date for pre-petition Claims for parties other than governmental entities has now passed, and the total amount of asserted Unsecured Claims (both those shown as undisputed in the Debtor's Schedules and those evidenced by proofs of claim) is approximately $150 million, of which almost $148 million are disputed litigation claims, many of which are duplicates. The Claims are already being reviewed by the Debtor, and some will be the subject of objections. The Debtor believes that the amount of valid pre-petition, non-litigation Unsecured Claims against it, exclusive of Claims of governmental entities, totals approximately $2.6 million. The Debtor estimates that there are no Priority Tax Claims, but notes that the bar date for the Claims of governmental entities (including Priority Tax Claims) has not yet passed. The Debtor estimates that (per its Schedules) there are Priority Gap Period Claims of approximately $30,000. No proofs of claim filed with the Bankruptcy Court asserted that they were Priority Gap Period Claims.

F. The Re-Focusing of the Business

Following resolution of a timeline for the Landlord's Motion concerning the Debtor's principal lease, the Debtor focused its attention on the remaining steps necessary to streamline its balance sheet and operating business into a structure that more readily facilitates a positive, profitable going-forward business. During the Chapter 11 process, the Debtor performed a detailed analysis of its contracts and determined which of those agreements were beneficial for the company on a going-forward basis, and which should be rejected. Ultimately, after substantial marketing of the Debtor's business under a variety of different structures, the Debtor determined that a sale of substantially all of its assets through the chapter 11 plan process would best maximize its value for the benefit of creditors. Through the bankruptcy process and, in particular, the identification of contracts to be assumed or rejected under this Plan and Disclosure Statement, the Plan Funder is poised to continue its relationships with many vendors with whom it can profit going forward.

On April 2, 2018, the Debtor filed its *Motion for an Order Pursuant to 11 U.S.C. § 365(d)(4) Extending the Deadline by Which the Debtor Must Assume or Reject the Unexpired Lease of Non-Residential Real Property with Sloan Ventures 90, LLC* (the "Lease Extension Motion" D.I. 189) seeking to extend the deadline to assume or reject the Lease for an additional ninety (90) days from the current April 11, 2018 deadline. The ability to assume and assign the Lease to the Purchaser, including prompt cure of all defaults under the Lease, is an integral component of the Debtor's exit strategy from Chapter 11.

IV.

SUMMARY OF TREATMENT OF CLAIMS/INTERESTS AND ESTIMATED RECOVERIES

A. Introduction

The formulation of a chapter 11 plan is the principal purpose of a chapter 11 case. The plan sets forth the means for satisfying the holders of claims against and interests in a debtor's estate. A chapter 11 plan may provide anything from a complex restructuring of a debtor's business and its related obligations to a simple liquidation of the debtor's assets. In either event, upon confirmation of the plan, it becomes binding on the debtor and all of its creditors and equity holders, and the prior obligations owed by the debtor to such parties are compromised and exchanged for the treatments specified in the plan. If all classes of claims and equity interests accept a plan, the bankruptcy court may confirm the plan if the bankruptcy court independently determines that the requirements of section 1129(a) of the Bankruptcy Code have been satisfied.

Chapter 11 of the Bankruptcy Code does not require that each holder of a claim or interest in a particular class vote in favor of a chapter 11 plan in order for the bankruptcy court to determine that the class has accepted the plan. Rather, a class of claims will be deemed to have accepted the plan if the bankruptcy court determines that the plan has been accepted by more than a majority in number and at least two-thirds in amount of those claims **actually voting** in such class. Only the holders of claims who complete and return their ballots will be counted as either accepting or rejecting the plan.

In addition, classes of claims or equity interests that are not "impaired" under a chapter 11 plan are conclusively presumed to have accepted the plan under § 1126(f) of the Bankruptcy Code and, thus, are not entitled to vote. Conversely, classes of claims or equity interests that are not to receive or retain any property under the plan are conclusively deemed to have rejected the plan under § 1126(g) of the Bankruptcy Code and are also, therefore, not entitled to vote.

Class 4, Class 5 and Class 6 are impaired under the Plan. Because holders of Class 5 Claims and Class 6 Equity Interests will not receive or retain any property under the Plan on account of those Claims or Equity Interests, the holders of Class 5 Claims and Class 6 Equity Interests are deemed to reject the Plan and Disclosure Statement and will not receive ballots. Holders of Claims in Class 4 are entitled to vote on this Plan and Disclosure Statement.

In addition, two types of Claims, Administrative Expense Claims and Priority Tax Claims, are addressed by the Plan, but are not in Classes. This is because the treatment of these types of Claims is dictated by the Bankruptcy Code.

B. Brief Overview of the Plan Structure

Subject entirely to the full disclosures made throughout this Plan and Disclosure Statement, the basis of the Debtor's Plan is to reorganize as follows:

The Plan Funder proposes to acquire 100% of substantially all of the Debtor's assets (including cash) through its sponsorship of this Plan and Disclosure Statement. The Plan and Disclosure Statement are proposed to be funded with $5 million in cash. Funding is proposed to occur through a newly created entity that will purchase the Debtor's assets (*i.e.* the Purchaser), for which the Plan Funder will hold 100% of the equity interests.

The Debtor estimates that cash held by the Debtor as of the Effective Date of the Plan and Disclosure Statement (including undrawn DIP Financing) is at least $730,000, bringing aggregate cash available to fund the Plan and Disclosure Statement to $5.73 million.

As part of the liquidation and asset sale, the DIP Lender will exchange $500,000 of the DIP Loan, plus fees and interest, for equity in the Purchaser. The remaining $300,000 of the DIP Loan, plus interest and fees, will be assumed by the Purchaser as a senior secured loan to be paid in equal installments over a period of four (4) years with an annual interest of seven percent (7%).

As part of the Plan and Disclosure Statement, the Debtor shall assume and assign to the Purchaser the ground lease with Sloan Ventures 90, LLC and shall promptly cure the arrears with respect to the lease, which are estimated in the amount of $5.113 million.

The Debtor shall also assume and assign to the Purchaser the Debtor's obligations for auto financing liability owed by the Debtor to various third parties under existing terms and conditions, up to a maximum of $300,000.

The Debtor shall also assume and assign the obligations under the Debtor's existing auto financing line of credit provided by SV Auto Finance LLC to the Purchaser, up to a maximum of $1.3 million, under existing terms and conditions including term of payment of three (3) years and a non-default interest rate of seven percent (7%). The amount of financing available to the Purchaser under the auto financing line of credit will remain at its current $1.5 million.

Finally, on the Effective Date, the Plan Funder shall make available to the Purchaser a revolving line of credit of up to $300,000 to fund any working capital requirements

This agreement with the Plan Funder and the DIP Lender is expected to allow the Debtor to satisfy Allowed (i) Administrative Expense and Priority Tax Claims, (ii) Other Secured Claims, if any, (iii) Priority Gap Period Claims, and (iv) Other Priority Claims, if any.

Absent this arrangement, there would be no realistic chance of any recovery for any creditors other than the DIP Lender and the holders of Allowed Administrative Expense Claims subject to the

Carve-Out under the DIP Loan and related Orders. Other types of Claims, including Priority Gap Period Claims, would not be paid, and the Chapter 11 case would likely be converted to Chapter 7 without confirmation of a plan or any recovery to other creditors. However, after arms' length negotiations among the Debtor, the Plan Funder and the DIP Lender, these parties have consented to the terms of this Plan and Disclosure Statement, which affords as many creditors as possible a meaningful opportunity for some recovery on their claims. A copy of the term sheet memorializing the commitments of the Plan Funder is annexed hereto as **Exhibit A**.

C. Alternative Liquidation Scenario Under Section 363 Bankruptcy Sale

Given the importance of the Lease to the Debtor's ability to consummate a transaction of any kind that will preserve its assets for the benefit of the estate and its creditors and the limited timeframe in which the Debtor has to assume and assign the Lease, out of an abundance of caution, it is the Debtor's intention to contemporaneously proceed with a liquidation scenario whereby substantially all of the Debtor's assets will be sold pursuant to Section 363 of the Bankruptcy Code (the "Sale Process"). The Debtor anticipates making a motion for approval of a sale process and bidding procedures, the timing of which will overlap with the proposed Plan and Disclosure Statement, for the principal purpose of ensuring that the Debtor's assets (including the Lease) remain viable for transfer to a prospective purchaser should the Plan and Disclosure Statement not be confirmed for any reason. As the Debtor has already canvassed the available potential purchasers for its business and believe that the Plan Funder's proposed purchase represents the highest and best offer available for the Debtor's assets, the Sale Process would include a stalking horse bid from the Plan Funder on terms substantially similar to those presented in this Plan and Disclosure Statement with regard to the Plan Funder's purchase price, but subject to higher and better offers. After liquidation of the Debtor's assets through the Sale Process, the Debtor would propose to liquidate and distribute proceeds from the sale in accordance with the Bankruptcy Code and wind down, either following a dismissal of the Chapter 11 case or a conversion to a case under Chapter 7.

The Debtor is hopeful that creditors will support the Plan and Disclosure Statement, as, after substantial efforts and due diligence, the Debtor believes liquidation through the Sale Process will not yield sufficient proceeds to satisfy priority claims that would be required to confirm an alternative plan, nor does the Debtor believe unsecured creditors would receive a distribution of any kind under such scenario, as the DIP Loan would likely be required to be satisfied in full before payment of other creditor classes.

D. Summary of Debtor's Plan to Reorganize

The following chart provides a summary of treatment of each class of claims (other than Administrative Claims and Priority Tax Claims) and an estimates of the recoveries of each class. The treatment provided in this chart is for informational purposes only.

Class	Estimated Allowed Claims	Treatment	Estimated Recovery to Holders of Allowed Claims
Class 1 – DIP Lender Secured Claim	$800,000 plus interest and fees	Has consented to its treatment under the Plan– not entitled to vote – deemed to accept	Obligation unaltered by the Plan except on consent.
Class 2 – Other Secured Claims	$52,000	Unimpaired – not entitled to vote – deemed to accept	100%
Class 3 –Other Priority Claims (including Priority Gap Period Claims)	$30,000	Unimpaired – not entitled to vote – deemed to accept	100%
Class 4 – Prepetition Senior Loan Claims	$5,000,000	Impaired – entitled to vote	Unknown but estimated to be 0-5%
Class 5 – General Unsecured Claims	$2.6 million (plus disputed litigation claims of $148 million)	Impaired – deemed to reject	None
Class 6 – Equity Interests	n/a	Impaired – deemed to reject – not entitled to vote	None

E. Treatment of Fees of the United States Trustee, Administrative Expense Claims and Priority Tax Claims

U.S. Trustee Fees. There are fees payable to the United States Trustee pursuant to 28 U.S.C. §1930(a)(6), which is a non-classified category of Claims. All statutory fees, to the extent due and unpaid through the Confirmation Date, shall be paid by the Debtor within seven (7) business days after the Effective Date. Also, on or prior to the Effective Date, the Debtor shall pre-pay its obligations for U.S. Trustee Fees that will become due for Q2 and Q3 2018, which will afford the

Post-Effective Date Debtor ample time to confirm distributions have been made and the chapter 11 case has been closed. All distribution amounts under this Plan and Disclosure Statement are known with sufficient certainty to ensure that the correct fees pursuant to 28 U.S.C. §1930(a)(6) are paid.

Administrative Expense Claims. Except for statutory fees, each holder of an allowed Administrative Expense Claim shall receive cash in an amount equal to any unpaid portion of such Allowed Administrative Expense Claim within seven (7) business days after the later of (i) the Effective Date or (ii) the date that such Claim is Allowed, unless the holder of that Allowed Administrative Expense Claim and the Post-Effective Date Debtor agree to different treatment.

> **Professional Fee Claims.** These are the Administrative Expense Claims of the Debtor's attorneys (and accountants, if any) for fees and expenses that accrued during the Chapter 11 case. The payment of Professional Fee Claims can only be made on a final basis after the Bankruptcy Court has allowed such fees upon application of each professional firm.
>
> All final applications for payment of Professional Fee Claims for the period through and including the Effective Date shall be filed with the Bankruptcy Court on or before the Professional Fee Bar Date, and served on the parties entitled to notice pursuant to the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and any orders issued by the Bankruptcy Court. It is estimated that Professional Fee Claims, which are expected to be solely the fees and expenses of the Debtor's bankruptcy counsel, Halperin Battaglia Benzija, LLP and Bielli & Klauder, LLC, will, together, total approximately [$_____], for services rendered to the estate. That estimate is net of all pre-petition retainers.

Priority Tax Claims. Each holder of an Allowed Priority Tax Claim shall receive in full satisfaction of such Allowed Priority Tax Claim (a) payment in cash equal to the unpaid portion of such Allowed Priority Tax Claim (as determined in accordance with Section 1129(a)(9)(C)), within seven (7) business days after the later of (i) the Effective Date or (ii) the date that such Priority Tax Claim is Allowed, (b) payment in cash equal to the unpaid portion of such Allowed Priority Tax Claim in equal annual installments, with payment in full to be made within five (5) years of the Petition Date, or (c) in a lesser amount and upon a schedule agreed to by the Debtor or the Post-Effective Date Debtor, as applicable, and the holder of the Allowed Priority Tax Claim.

F. Classification and Treatment of All Other Claims/Equity Interests

1. Class 1 – DIP Lender Secured Claims

Class 1 consists of the DIP Lender's allowed secured claims, which are unimpaired by the Plan and Disclosure Statement. Holders of claims in Class 1 are deemed to have accepted the Plan and Disclosure Statement and are not entitled to vote to accept or reject the Plan and Disclosure Statement. As set forth above, the DIP Lender has agreed to convert $500,000 of the DIP Loan, plus fees and interest, to equity interest in the Purchaser on the Effective Date. The remaining $300,000, plus interest and fees, will be assumed by the Purchaser as a senior secured loan to be paid in equal installments over a period of four (4) years with an annual interest of seven percent (7%).

On the Effective Date, each holder of a Class 1 claim shall receive: (i) a pro rata distribution of its portion of the equity interests in the Purchaser; and (ii) a pro rata interest in the assumed senior secured loan in the principal amount of $300,000.

2. Class 2 – Other Secured Claims

Class 2 consists of other secured claims, if any, which are unimpaired by the Plan and Disclosure Statement. There are only two known claims in Class 2 with estimated claims totaling approximately $52,000. Holders of claims in Class 2 are deemed to have accepted the Plan and Disclosure Statement and are not entitled to vote to accept or reject the Plan and Disclosure Statement.

Except to the extent that a holder of an allowed Class 2 claim agrees to a less favorable or different treatment, on, or as soon as is reasonably practicable after the Effective Date or the date such claim becomes an Allowed Claim, each holder of a Class 2 claim shall receive the collateral securing such claim (to the extent such collateral is not subject to senior liens granted by the DIP Loan and related Orders).

3. Class 3 – Other Priority Claims

Class 3 consists of claims arising under § 507(a) of the Bankruptcy Code, including Priority Gap Period Claims of approximately $30,000; provided, however, that claims arising under § 507(a)(8), *i.e.* priority tax claims shall not be part of Class 3 claims as such priority tax claims are unclassified. Class 3 claims, if any, are unimpaired by the Plan and Disclosure Statement. Holders of claims in Class 3 are deemed to have accepted the Plan and Disclosure Statement and are not entitled to vote to accept or reject the Plan and Disclosure Statement.

Except to the extent that a holder of an allowed Class 3 claim agrees to a less favorable or different treatment, on, or as soon as is reasonably practicable after the Effective Date or the date such claim becomes an allowed claim, each holder of a Class 3 claim shall receive cash in the amount of such claim.

4. Class 4 – Prepetition Senior Loan Claims

Class 4 consists of all Prepetition Senior Loan Claims, which are impaired by the Plan and Disclosure Statement. Each holder of an allowed Class 4 Claim is entitled to vote to accept or reject the Plan and Disclosure Statement.

On the Effective Date, each holder of a Class 4 claim shall receive a pro rata share of any of the proceeds of collateral in which the Prepetition Senior Loan Claims were secured, in the event such collateral is proven, on the Effective Date, to have a value in excess of the amount of the DIP Loan.

5. Class 5 – General Unsecured Claims

Class 5 consists of all general unsecured claims, which are impaired by the Plan and Disclosure Statement. The holders of Class 5 Claims are deemed to reject the Plan and Disclosure Statement as they receive no distribution.

6. Class 6 – Equity Interests

Class 6 consists of all Equity Interests, which are impaired by the Plan and Disclosure Statement. Because holders of Equity Interests will receive no distribution under the Plan and Disclosure Statement on account of such interests, holders of Class 6 Equity Interests are deemed to have voted to reject the Plan and Disclosure Statement and are not entitled to vote to accept or reject the Plan and Disclosure Statement. Equity Interests shall survive confirmation of the Plan and Disclosure Statement and shall not be cancelled by entry of the Confirmation Order.

V.

PROVISIONS REGARDING OBJECTIONS TO CLAIMS/DISTRIBUTIONS

A. Funding of Plan Distributions

On the Effective Date, the Debtor shall use the proceeds from the sale of its assets to the Purchaser to satisfy all claims in the manner provided for in the Plan and Disclosure Statement.

The Post-Effective Date Debtor shall, to the extent applicable, comply with all tax withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements. The Post-Effective Date Debtor shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements including, without limitation, requiring that, as a condition to the receipt of distribution, the holder of an allowed claim complete the appropriate IRS Form W-8 or W-9 as applicable to the holder of each allowed claim. Notwithstanding any other provision herein, each holder of an allowed claim that is to receive a distribution shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by such holder by any governmental unit and no distribution shall be made

unless and until such holder has made arrangements to comply with its tax withholding and reporting requirements.

B. Power and Authority of the Post-Effective Date Debtor

The Post-Effective Date Debtor shall, in addition to any powers set forth in other provisions of the Plan and Disclosure Statement and/or the Confirmation Order, and shall be empowered to (i) effect all actions and executed all agreements and documents necessary to perform its duties under the Plan and Disclosure Statement; (ii) establish disbursement accounts; (iii) make distributions; (iv) object to claims; (v) employ and compensate professional persons to represent it with respect to its responsibilities; (vi) prepare and file post-Effective Date reports with the Bankruptcy Court; (vii) move to close the Chapter 11 case; (viii) exercise such other powers as may be vested in the Post-Effective Date Debtor by the Plan and Disclosure Statement and/or the Confirmation Order; and (ix) seek dissolution if and when its duties have been fulfilled.

C. Post-Effective Date Expenses of the Post-Effective Date Debtor

The reasonable fees and expenses incurred by the Post-Effective Date Debtor on or after the Effective Date, including reasonable attorney and professional fees and expenses, shall be paid by the Post-Effective Date Debtor without further court order.

D. Post-Effective Date Dissolution of Creditors' Committee

The Committee shall continue in existence until the Effective Date to exercise those powers and perform those duties specified in section 1103 of the Bankruptcy Code. On the Effective Date, the Committee shall be dissolved and its members shall be deemed released of all their duties, responsibilities and obligations in connection with the Chapter 11 Case and this Plan and Disclosure Statement and its implementation, and the retention or employment of the Committee's attorneys and other agents shall terminate as of the Effective Date; *provided, however*, that following the Effective Date, the Committee shall continue in existence and have standing and a right to be heard for the following limited purposes: filing and prosecuting applications for (x) allowance of compensation for professional services rendered and reimbursement of expenses incurred; or (y) reimbursement of expenses of members of the Committee.

E. Claims Objection Deadline

The Post-Effective Date Debtor shall file and serve any objection to claims no later than the Claims Objection Deadline; provided, however, that the Claims Objection Deadline may be extended by the Bankruptcy Court from time to time upon motion and notice by the Post-Effective Date Debtor, for cause.

F. Unclaimed Distributions

Distributions to holders of Allowed Claims shall be made at the address set forth on the respective proof of claim filed by such holder or at the address reflected on the Schedules if no proof of claim was filed. If a distribution is returned to the Post-Effective Date Debtor as undeliverable, no further

distribution shall be made to such holder. Any cash or other unclaimed property distributed by the Post-Effective Date Debtor shall revert to the Post-Effective Date Debtor if it is not claimed within three (3) months of such distribution, including, without limitation, failure of a holder of a claim to cash a distribution check.

VI.

CONFIRMATION REQUIREMENTS AND EFFECT OF CONFIRMATION

A. Alternate Plan

If the Plan and Disclosure Statement is not confirmed, the Debtor or any other party in interest could attempt to formulate a different plan. However, the additional costs, including, among other things, additional professional fees or asserted substantial contribution claims, which could constitute administrative claims against the estate, may be so significant that one or more parties could request that the Chapter 11 case be converted to one under Chapter 7. Moreover, it is extremely unlikely that the DIP Lender would consent to a modification of the DIP Budget or increase in the amount of the DIP Loan (the latter being subject to the approval of the Bankruptcy Court as well as the consent of the lender) to cover such administrative expenses. Accordingly, the Debtor believes that the Plan and Disclosure Statement enables creditors to realize the very best return under the circumstances.

B. Best Interests Test and Liquidation Analysis

Section 1129(a)(7) of the Bankruptcy Code requires that each holder of an impaired claim or interest either (a) accept the Plan and Disclosure Statement or (b) receive or retain under the Plan and Disclosure Statement property of a value, as of the Effective Date, that is not less that the value such holder would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code. A hypothetical Chapter 7 liquidation analysis is attached hereto as **Exhibit B**. Because the Debtor, as a service–based business, has little in the way of "hard" assets other than some inventory, the value of any distributions if the Debtor's Chapter 11 case were converted to a case under Chapter 7 would be less than the value of distributions under the Plan and Disclosure Statement. There are several reasons for this. Conversion to Chapter 7 would require the appointment of a Chapter 7 trustee, and such trustee's likely retention of new professionals. The "learning curve" that the trustee and the new professionals would face comes with additional costs to the estate and with a delay in time compared to the distributions under the Plan and Disclosure Statement. Additionally, a Chapter 7 trustee would be entitled to statutory fees relating to distributions of the already monetized assets made to creditors.

Moreover, the funds that are available to creditors under this plan are available because the DIP Lender has agreed to allow the Purchaser to assume a substantial portion of the DIP Loan for payment over time under this Plan and Disclosure Statement. Absent that agreement, $800,000 plus interest would be payable to the DIP Lender (which holds senior liens and superpriority administrative claims) and no funds would be available to pay Administrative Claims for which there is no Carve-Out, Priority Tax Claims, Prepetition Senior Loan Claims, or Unsecured Claims.

As a result, the Debtor believes that the estate would have fewer funds to be distributed in a hypothetical Chapter 7 liquidation than it will if the Plan and Disclosure Statement are confirmed, and that holders of claims in all of the impaired classes would recover less in the hypothetical Chapter 7 case than those Persons will receive under this Plan and Disclosure Statement. Accordingly, the Debtor believes that the "best interests" test of Bankruptcy Code Section 1129 is satisfied.

C. Feasibility

The Bankruptcy Code requires that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization. Because distributions will be made initially only to the extent of existing assets, and thereafter, the remaining estate obligations under the portion of the DIP Loan to be assumed are to be paid over a period of four years, the Debtor believes the Plan and Disclosure Statement is feasible.

D. No Unfair Discrimination

A chapter 11 plan "does not discriminate unfairly" if (a) the legal rights of a non-accepting class are treated in a manner that is consistent with the treatment of other classes whose legal rights are similar to the legal rights of the non-accepting class, and (b) no class receives payments in excess of that which it is legally entitled to receive for its claims or interests. The Debtor believes that under the Plan and Disclosure Statement all impaired classes of claims and interests are treated in a manner that is consistent with the treatment of other classes of claims and interests that are similarly situated, if any, and no class of claims or interests will receive payments or property with an aggregate value greater than the aggregate value of the allowed claims and allowed interests in such class. Accordingly, the Plan and Disclosure Statement does not discriminate unfairly as to any impaired class of claims or interests.

E. Bar Date for Professional Fee Claims

Professionals or other entities asserting a fee claim for services rendered before the Effective Date must file and serve their final fee applications on the Post-Effective Date Debtor and such other entities as may be designated by the Bankruptcy Rules, the Local Bankruptcy Rules and the Confirmation Order on or before the Professional Fee Bar Date.

F. Treatment of Executory Contracts

Certain unexpired executory contracts and leases (including certain license agreements) are listed on **Exhibit C** to this Plan and Disclosure Statement. Those executory contracts and leases are proposed to be assumed and assigned to the Purchaser as of the Effective Date. Also listed on Exhibit C are the "cure amounts" with respect to each contract or lease that is proposed to be assumed pursuant to the terms of this Plan and Disclosure Statement. To the extent any non-debtor counterparty to an executory contract or lease that is listed on Exhibit C objects to the Debtor's assumption and assignment of its contract or lease, or objects to the proposed "cure amount" the Debtor lists to satisfy the Debtor's obligations under Section 365 of the Bankruptcy Code, such non-debtor counterparty shall file an objection (a "Cure Claim Objection") on or before [_____]

(the "Cure Claim Objection Deadline"). To the extent the Debtor and the non-debtor counterparty cannot subsequently resolve the Cure Claim Objection, either party may seek permission of the Bankruptcy Court to file a Notice of Hearing on the Cure Claim Objection; provided, however, that the Debtor may remove any contract or lease from Exhibit C at any time on or before the Effective Date, whether before or after hearing on the Cure Claim Objection.

Certain unexpired executory contracts and leases are listed on **Exhibit D** to this Plan and Disclosure Statement. Those executory contracts and leases are proposed to be rejected as of the Effective Date; provided, however, that the Debtor may remove any contract or lease from Exhibit D at any time on or before the Effective Date.

Executory contracts and unexpired leases that (i) are not listed on Exhibit D hereto, (ii) have not previously been assumed, assumed and assigned or rejected under section 365 of the Bankruptcy Code, or (iii) are listed on Exhibit D but are removed by the Debtor on or before the Effective Date, will be assumed and assigned to the Purchaser pursuant to the Plan. Each counterparty to an executory contract whose contract is to be rejected (and that has not already been assumed or rejected in the Bankruptcy Case) shall be entitled to file, no later than thirty (30) days following the Effective Date, a proof of claim for any damages arising from the rejection of the contract pursuant to § 365 of the Bankruptcy Code. The failure of the counterparty to a rejected contract to file a proof of claim within the proscribed time period will forever bar such person from asserting any claim for rejection damages. The filing of any such proof of claim on account of rejection damages will not preclude the estate or the Post-Effective Date Debtor from objecting to such claim if appropriate. Each counterparty to an executory contract whose contract is to be assumed (and that has not already been assumed or rejected in the Bankruptcy Case) shall be entitled to file a Cure Claim Objection, no later than twenty (20) days following the date on which the Post-Effective Date Debtor serves a notice of proposed cure claim on such counterparty. In the event the Post-Effective Date Debtor and the counterparty are unable to agree as to the amount of the cure claim, the parties may seek intervention from the Bankruptcy Court; provided, however, that nothing shall prohibit the Post-Effective Date Debtor from removing the contract from the list of assumed contracts and rejecting such contract in the event the parties are unable to reconcile an agreed cure claim amount.

G. Effect of Confirmation of the Plan and Disclosure Statement

The Confirmation Order will be the final determination of the rights of all claimants and interest holders to participate in the distributions under the Plan and Disclosure Statement, whether or not (a) a proof of claim or interest is filed, (b) such claim or interest is allowed, or (c) the holder of such claim or interest has accepted the Plan and Disclosure Statement.

H. Injunction

On the Effective Date, except as otherwise provided in the Plan and Disclosure Statement or the Confirmation Order, all persons shall be deemed to be bound by the terms of the Plan and Disclosure Statement, including all holders of claims or interests, whether or not listed on the Schedules, or listed on the Schedules as disputed, unliquidated or contingent, who did not file proofs of claim or interest by the applicable Bar Date, and, to the extent permitted under section 1141(d)(3) of the Bankruptcy Code, will be prohibited from:

a) commencing or continuing any suit, action or other proceeding of any kind or nature or employing any process against the Debtor, the estate, the Debtor's assets, the Post-Effective Date Debtor, or any direct or indirect successor to the Debtor, or to interfere with the consummation or implementation of this Plan and Disclosure Statement, or the distributions to be made hereunder,

b) enforcing, levying, attaching, collecting or otherwise recovering by any manner or means, directly or indirectly, any judgment, award, decree or order against the Debtor, the estate or the Debtor's assets or any direct or indirect successor in interest to the Debtor, or any assets or property of such successor,

c) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any lien against the Debtor, the estate or the Debtor's assets, or any direct or indirect successor in interest to the Debtor, or any assets or property of such successor other than as contemplated by the Plan,

d) except as provided herein, asserting any setoff, right of subrogation or recoupment of any kind, directly or indirectly, against any obligation due the Debtor, the estate or the Debtor's assets, or any direct or indirect successor in interest to the Debtor, or any assets or property of such successor, and

e) proceeding in any manner in any place whatsoever that does not conform to or comply with the provisions of the Plan and Disclosure Statement.

I. Exculpation

From and after the Effective Date, to the extent permitted under section 1125(e) of the Bankruptcy Code, the Debtor and the estate, the officers and directors of the Debtor, the Debtor's Professionals, the Official Committee of Unsecured Creditors and their Professionals, shall neither have nor incur any liability to any Person for any act taken or omitted to be taken in connection with the Chapter 11 case, including the formulation, preparation, dissemination, implementation, confirmation or approval of the Plan and Disclosure Statement; *provided, however*, that the foregoing provisions (a) shall not affect the liability of any Person that otherwise would result from any such act or omission to the extent that act or omission is determined in a Final Order to have constituted gross negligence or willful misconduct and (b) shall not abrogate any applicable disciplinary rules. Any of the foregoing parties in all respects shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan and Disclosure Statement.

J. Exemption from Transfer Taxes

Pursuant to section 1146(a) of the Bankruptcy Code, the assignment or surrender of any lease or sublease, or the delivery of any deed or other instrument of transfer of real or personal property under, in furtherance of, or in connection with the Plan and Disclosure Statement, including any deeds, bills of sale or assignments executed in connection with any disposition of assets contemplated by the Plan and Disclosure Statement shall not be subject to any stamp, real estate transfer, mortgage recording, sales, use or other similar tax.

K. Miscellaneous Provisions of the Plan

The Bankruptcy Court will retain jurisdiction over the Chapter 11 case after the Confirmation Date and until the case is closed for certain specific purposes. For example, the Bankruptcy Court will, among other things and without limitation, (a) hear and determine any objections to claims, (b) any and all controversies, suits and disputes (c) hear and determine all applications for compensation by professionals, and (d) interpret and enforce the provisions of the Plan and Disclosure Statement.

VII.

TAX IMPLICATIONS OF THE PLAN

The U.S. federal income tax consequences to a holder receiving, or entitled to receive, a payment in partial or total satisfaction of a claim will depend on a number of factors, including the nature of the claim, the holder's method of tax accounting, and its own particular tax situation.

Because the holders' claims and tax situations differ, holders should consult their own tax advisors to determine how the Plan and Disclosure Statement affects them for federal, state and local tax purposes, based on their particular tax situations. Among other things, the U.S. federal income tax consequences of a payment to a holder may depend initially on the nature of the original transaction pursuant to which the claim arose. For example, a payment in repayment

of the principal amount of a loan is generally not included in the gross income of an original lender.

The U.S. federal income tax consequences of a transfer to a holder may also depend on whether the item to which the payment relates has previously been included in the holder's gross income or has previously been subject to a loss or a worthless security or bad debt deduction. For example, if a payment is made in satisfaction of a receivable acquired in the ordinary course of a holder's trade or business, the holder had previously included the amount of such receivable payment in its gross income under its method of tax accounting, and had not previously claimed a loss or a worthless security or bad debt deduction for that amount, the receipt of the payment should not result in additional income to the holder but may result in a loss. Conversely, if the holder had previously claimed a loss or worthless security or bad debt deduction with respect to the item previously included in income, the holder generally would be required to include the amount of the payment in income.

A holder receiving a payment pursuant to the Plan and Disclosure Statement in satisfaction of its claim generally may recognize taxable income or loss measured by the difference between (i) the amount of cash and the fair market value (if any) of any property received by the holder (other than any consideration attributable to a claim for accrued but unpaid interest) and (ii) its adjusted tax basis in the claim (other than basis attributable to accrued but unpaid interest previously included in the holder's taxable income). For this purpose, the adjusted tax basis may include amounts previously included in income (less any bad debt or loss deduction) with respect to that item. The character of any income or loss that is recognized will depend upon a number of factors, including the status of the creditor, the nature of the claim in its hands, whether the claim was purchased at a discount, whether and to what extent the creditor has previously claimed a bad debt deduction with respect to the claim, and the creditor's holding period of the claim.

Generally, the income or loss will be capital gain or loss if the claim is a capital asset in the holder's hands. When gain or loss is recognized, such gain or loss may be long-term capital gain or loss if the claim has been held for more than one year. Each holder of a claim should consult its own tax advisor to determine whether gain or loss recognized by such holder will be long-term capital gain or loss and the specific tax effect thereof on such holder.

VIII.

THE POST-EFFECTIVE DATE PURCHASER

Simultaneously with the Effective Date, it is contemplated that the Purchaser shall merge with the operations of VORE Inc. (the "Merger"). Upon the completion of the Merger, it is contemplated that EME shall own a 15% interest in the new company and Cisneros and VORE Inc.'s shareholders shall own the remaining 85%. The Merger is not a condition to the effectiveness of the Plan and Disclosure Statement but is disclosed herein to provide information to relevant parties as to the potential future business operations of the Plan Funder in the event the Plan and Disclosure Statement are successful. VORE, Inc. is an entity related to the Plan Funder that currently owns and operates entertainment vehicle services such as desert tours, truck racing, UTV experiences and

other "adrenaline" entertainment services. Accordingly, combination of VORE, Inc.'s existing business and acquisition of the Debtor's assets is symbiotic.

The new company's management will initially be led by Mike Self as CEO along with the current COO of the Debtor, Johnny McMahon, who shall remain in such position during a period of valuation post-merger. Mr. Self is a member of the management team of VORE, Inc. and has an ongoing relationship with Cisneros in its role as Plan Funder. Other executive positions, if any, shall be determined post-merger.

It is contemplated that the board will ultimately be composed of seven (7) members, including four (4) from Cisneros Corp, one (1) from EME, and two (2) from VORE, Inc. Given that the Merger with VORE, Inc. is not a condition to the Effective Date and the timing and circumstances are to be negotiated only after the new company has acquired the Debtor's assets, selection of the potential future board members is premature. For the avoidance of doubt, prior to the Merger, the new company shall be run by Mr. Self and Mr. McMahon as disclosed above. With respect to the post-Effective Date Debtor, it is contemplated that Aaron Fessler, the Debtor's current CEO, will serve as director.

In the event the Merger is realized, the new company contemplates an equity compensation plan with newly issued share not to exceed 5% of total outstanding shares as of the Effective Date and Merger, and which will dilute shareholders pro-rata.

IX.

CONCLUSION

The Debtor believes that the Plan and Disclosure Statement is in the best interest of all holders of claims and interests and urges all holders of impaired claims against the Debtor to vote to accept the Plan and Disclosure Statement and to evidence such acceptance by returning their ballots in accordance with the instructions accompanying this document.

Dated: May 7, 2018

SPEED VEGAS, LLC
Debtor and Debtor-in-Possession

By: */s/ Aaron Fessler*
Aaron Fessler
Chief Executive Officer

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