

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF FLORIDA  
WEST PALM BEACH DIVISION

CASE NO. 16-25312-EPK  
CHAPTER 11

COMPOUNDING DOCS, INC.

Debtor.

\_\_\_\_\_ /

**DISCLOSURE STATEMENT**

**IMPORTANT: THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PROPOSED CHAPTER 11 PLAN. READ THIS DOCUMENT WITH CARE.**

**Table of Contents**

ARTICLE I PRELIMINARY STATEMENT ..... 5

ARTICLE II INTRODUCTION..... 6

    2.1 The Chapter 11 Case. .... 6

    2.2 Purpose of Disclosure Statement. .... 6

    2.3 Impaired Creditors. .... 7

    2.4 Voting. .... 7

    2.5 Section 1126(c). .... 8

    2.6 Adjournment..... 8

    2.7 Disclaimers. .... 8

    2.8 Forward Looking Statements..... 8

    2.9 Solicitation. .... 9

    2.10 Brief Overview of Chapter 11. .... 9

    2.11 Commencement. .... 9

    2.12 Filing of the Case..... 9

    2.13 Formulation of a Plan..... 10

    2.14 Filing of the Plan..... 10

    2.15 Acceptance of the Plan. .... 10

    2.16 Not Impaired..... 11

    2.17 Section 1129. .... 11

    2.18 Confirmation of the Plan..... 11

ARTICLE III CONFIRMATION PROCEDURES..... 12

    3.1 In General..... 12

    3.2 Objections to Confirmation. .... 12

    3.3 Confirmation Hearing. .... 13

    3.4 Effective Date. .... 13

ARTICLE IV HISTORY AND BACKGROUND ..... 15

ARTICLE V DESCRIPTION OF THE PLAN ..... 19

    5.1 Principal Provisions..... 19

    5.2 Greater Recovery..... 19

ARTICLE VI CLASSIFICATION AND TREATMENT OF CLAIMS ..... 19

    6.1 Various Classes of Creditors. .... 19

    6.2 Treatment of Claims..... 19

    6.3 Allowed Secured Claims..... 20

    6.4 Class 1 – Secured Claim..... 20

    6.5 Class 2 – Secured Claims – Executory Contracts and Leases. .... 21

    6.6 Class 3 – General Unsecured Claims – Active Vendors – Less Than \$1,500..... 22

    6.7 Class 4 – General Unsecured Claims – Active Vendors – More Than \$1,500. .... 22

6.8 Class 5 – Equity Holders..... 24

6.9 Insiders – Disclaimed Pre-Petition Loans to Company..... 25

6.10 Priority Tax Claims..... 25

6.11 Administrative Claims..... 25

ARTICLE VII CLASSES IMPAIRED BY THE PLAN ..... 28

ARTICLE VIII IMPLEMENTING THE PLAN ..... 28

    a. Application of Funds..... 28

    b. DCDRx’s Business and Financial Plan..... 29

    c. DCDRx’s Investment Summary..... 30

ARTICLE IX MANAGEMENT – COMPENSATION ..... 31

ARTICLE X FINANCIAL INFORMATION..... 32

ARTICLE XI TREATMENT OF DISPUTED, CONTINGENT, AND UNLIQUIDATED CLAIMS ..... 32

    11.1 No Payment to Disputed Claims..... 32

    11.2 Claims Objections..... 32

    11.3 Estimation..... 33

    11.4 Delivery of Distributions..... 33

    11.5 Undeliverable Distributions..... 33

    11.6 Professional Fees and Expenses..... 34

    11.7 Claims Based Upon Rejection of Executory Contracts or Unexpired Leases..... 34

    11.8 Lawsuits Reserved ..... 35

    11.9 Voidable transfers..... 35

    11.10 Non-Bankruptcy Litigation ..... 35

    11.11 Impairment Controversies..... 35

ARTICLE XII SOLICITATION OF VOTES..... 35

    12.1 Eligibility..... 35

    12.2 Multiple Claims..... 35

    12.3 Ballots..... 36

    12.4 Voting Procedure..... 36

    12.5 Change of Vote..... 36

    12.6 Ballot Not Received..... 36

    12.7 Importance of Voting..... 37

ARTICLE XIII CONFIRMATION ..... 37

    13.1 Cramdown..... 37

    13.2 Best Interest Test..... 37

    13.3 Feasibility Test..... 38

    13.4 Cost of Trustee..... 38

    13.5 Risk Factors and Additional Costs..... 38

    13.6 Subordination of Claims..... 39

    13.7 New Claims Bar Date..... 39

    13.8 Smaller Distribution..... 39

13.9 Feasibility ..... 40

ARTICLE XIV CONFIRMATION OF PLAN WITHOUT NECESSARY ACCEPTANCES; CRAMDOWN ... 40

14.1 No Unfair Discrimination; Fair and Equitable Test. .... 40

14.2 Absolute Priority Rule. .... 41

ARTICLE XV EFFECT OF CONFIRMATION ..... 41

15.1 Binding Effect of Confirmation. .... 41

15.2 Good Faith. .... 44

ARTICLE XVI TAX ANALYSIS..... 44

ARTICLE XVII ALTERNATIVES TO CONFORMATION AND CONSUMMATION OF THE PLAN ..... 47

ARTICLE XVIII RECOMMENDATION..... 47

ARTICLE XIX DEFINITIONS ..... 47

EXHIBIT A CREDITOR CLASSES AND CLAIMS ..... 54

Class 1 – Secured Claims..... 54

Class 2 – Leases and Executory Contracts ..... 55

Class 3 – General Unsecured Claims – Page 1. Active Vendors – Less Than \$1,500.00 ..... 56

Class 3 – General Unsecured Claims – Page 2. Active Vendors – Less Than \$1,500.00 ..... 57

Class 3 – General Unsecured Claims – Page 3. Active Vendors – Less Than \$1,500.00 ..... 58

Class 4 – General Unsecured Claims – Page 1. Active Vendors – More Than \$1,500.00 ..... 58

Class 4 – General Unsecured Claims – Page 2. Active Vendors – More Than \$1,500.00 ..... 59

Class 4 – General Unsecured Claims – Page 3. Active Vendors – More Than \$1,500.00 ..... 60

Class 4 – General Unsecured Claims – Vendors and Providers – Zero Balance..... 60

Class 4 – General Unsecured Claims – Page 4. Vendors and Providers – Zero Balance ..... 61

Class 4 – General Unsecured Claims – Page 5. Vendors and Providers – Zero Balance ..... 62

Class 4 – General Unsecured Claims – Disputed Priority Unsecured Claims ..... 62

Class 4 – General Unsecured Claims – Page 6. Disputed Priority Unsecured Claims..... 63

Class 4 – General Unsecured Claims – Under-Secured UCC Loans ..... 63

Class 5 – Equity – Officer Loans to Company ..... 63

Insiders – Disclaimed Pre-Petition Loans to Company ..... 64

Priority Tax Claims ..... 64

Pre-Petition – Lawsuits Disclosed ..... 65

EXHIBIT B STONEGATE BANK AMORTIZATION SCHEDULE ..... 66

EXHIBIT C DEBTOR’S CHAPTER 7 LIQUIDATION ANALYSIS ..... 67

EXHIBIT D DEBTOR’S PROJECTED POST-CONFIRMATION OPERATING BUDGET ..... 71

EXHIBIT E DEBTOR’S PLAN OF REORGANIZATION..... 72

**ARTICLE I  
PRELIMINARY STATEMENT**

1.1 The following preliminary statement is qualified in its entirety by the more detailed information appearing elsewhere in this Disclosure Statement with respect to the Chapter 11 Plan proposed by the Debtor. All capitalized terms contained in this preliminary statement, as well as elsewhere in this Disclosure Statement, shall, unless otherwise defined herein, have the meanings ascribed to such capitalized terms in the "DEFINITIONS" section of this Disclosure Statement.

1.2 The Bankruptcy Court will hold a hearing on confirmation of the Plan, at which time it will consider objections to confirmation, if any, commencing at a time and place to be set forth in an order accompanying this Disclosure Statement ("the Confirmation Hearing"). The Confirmation Hearing may be adjourned from time to time without notice other than the announcement of an adjourned date at the hearing. Objections to Confirmation of the Plan, if any, must be in writing and served and filed as described in the aforesaid order accompanying this Disclosure Statement. The order scheduling the Confirmation Hearing should also be reviewed to better understand the confirmation procedures described herein.

**1.3 THE DEBTOR BELIEVES THAT, UNDER THE CIRCUMSTANCES, THE PLAN PROVIDES THE BEST POSSIBLE AND MOST EQUITABLE RECOVERY TO ALL CREDITORS HOLDING ALLOWED CLAIMS AGAINST THE DEBTOR. THE DEBTOR BELIEVES ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF CREDITORS AND RECOMMENDS THAT ALL CREDITORS ENTITLED TO VOTE ACCEPT THE PLAN.**

1.4 A separate Ballot to be used for voting to accept or reject the Plan is

enclosed in the solicitation materials with this Disclosure Statement and the accompanying Plan. After carefully reviewing the Disclosure Statement and the Plan, please indicate your vote on the enclosed Ballot and return it to the address set forth below so as to be actually received on or before 5:00 p.m. on the date set in the order accompanying this Disclosure Statement. For your convenience, a pre-addressed envelope is provided. The Ballot must be RECEIVED by the deadline at this address:

Office of the Clerk  
United States Bankruptcy Court  
Flagler Waterview Building  
1515 N. Flagler Drive  
West Palm Beach, FL 33401

**1.5 IF YOU HAVE ANY QUESTIONS WITH RESPECT TO FILLING OUT YOUR BALLOT, YOU MAY CONTACT KENNETH S. RAPPAPORT, ATTORNEY FOR THE DEBTOR, AT (561) 368-2200. THE FOREGOING IS A PRELIMINARY STATEMENT. THIS DISCLOSURE STATEMENT AND THE PLAN SHOULD BE READ IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN.**

## **ARTICLE II INTRODUCTION**

**2.1 The Chapter 11 Case.** On November 18, 2016, Debtor filed in the United States Bankruptcy Court for the Southern District of Florida, its voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code. Since the Petition Date, the Debtor has been operating its business as Debtor-in-Possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

**2.2 Purpose of Disclosure Statement.** The Debtor submits this Disclosure Statement in connection with its Plan of Reorganization pursuant to Section 1125 of

the Bankruptcy Code in connection with the solicitation of acceptances of the Plan. The purpose of the Disclosure Statement is to provide adequate information to enable Creditors to make an informed judgment as to whether or not to vote in favor of the Plan. This Disclosure Statement contains only a brief summary of the Plan. The entire Plan is enclosed with this Disclosure Statement and Creditors are urged to review the Plan in its entirety before voting. If there are any inconsistencies between the Plan and this Disclosure Statement, the provisions of the Plan will control. All terms defined in the Plan have the same meaning in this Disclosure Statement. The statements made in this Disclosure Statement are made as of the date set forth below, unless another time is specified. The delivery of this Disclosure Statement does not mean or imply that there has not been any change in the representations set forth in this Disclosure Statement after the date of its execution.

**2.3 Impaired Creditors.** The legal, contractual and equitable rights of certain Creditors and holders of Equity Interests of each of the Debtor are altered, modified or changed by the proposed treatment under the Plan and are, therefore, considered “impaired.” Creditors with Claims that are impaired are entitled to vote to accept or reject the Plan, and may vote on the Plan by completing the Ballot, which is enclosed. Creditors should mail their Ballots to the address set forth on the Ballot.

**2.4 Voting. THE VOTE OF EACH HOLDER OF A CLAIM IS IMPORTANT. TO BE COUNTED, YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE OFFICE OF THE CLERK, UNITED STATES BANKRUPTCY COURT BY THE DATE AND TIME AND AT THE ADDRESS STATED ON THE ORDER ACCOMPANYING THIS DISCLOSURE STATEMENT.**

2.5 **Section 1126(c).** The Bankruptcy Code requires, as a condition to confirmation of a Chapter 11 plan, that each class of claims or interests that is impaired under such plan shall have accepted the plan. Under Section 1126(c) of the Bankruptcy Code, a class of claims has accepted a plan if the plan has been accepted by voting creditors that hold at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the allowed claims.

2.6 **Adjournment.** 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 made at the Confirmation Hearing. Objections to Confirmation of the Plan, if any, must be in writing and filed and served as described herein below.

2.7 **Disclaimers.** THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT CONCERNING THE FINANCIAL CONDITION OF THE DEBTOR OR THE EVENTS LEADING UP TO THE BANKRUPTCY ARE BASED UPON THE DEBTOR'S BOOKS AND RECORDS AND UPON OTHER FINANCIAL AND OTHER INFORMATION KNOWN BY THE DEBTOR AND THE PROFESSIONALS EMPLOYED BY THE DEBTOR IN THIS CHAPTER 11 CASE. NONE OF THIS INFORMATION HAS BEEN SUBJECTED TO AN AUDIT BY INDEPENDENT CERTIFIED ACCOUNTANTS OR AUDITORS. THE DEBTOR HAS ATTEMPTED TO INCORPORATE ACCURATE INFORMATION IN THIS DISCLOSURE STATEMENT AND THE PLAN, AND TO THE BEST OF THE DEBTOR'S KNOWLEDGE, THE INFORMATION IS TRUE AND ACCURATE.

2.8 **Forward Looking Statements.** CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT BY NATURE, IS FORWARD



LOOKING, CONTAINS ESTIMATES AND ASSUMPTIONS WHICH MAY PROVE TO BE WRONG, AND CONTAINS PROJECTIONS WHICH MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE EXPERIENCES.

**2.9 Solicitation.** THE SOLICITATION OF ACCEPTANCES OF THE PLAN, BY AND THROUGH THIS DISCLOSURE STATEMENT IS NOT AND WILL NOT BE GOVERNED BY OR BE SUBJECT TO ANY OTHERWISE APPLICABLE LAW, RULE OR REGULATION GOVERNING THE SOLICITATION OR ACCEPTANCE OF THE PLAN, AS PROVIDED FOR IN SECTION 1125(e) OF THE BANKRUPTCY CODE.

**2.10 Brief Overview of Chapter 11.** Chapter 11 is the principal reorganization Chapter of the Bankruptcy Code. Under Chapter 11, a debtor is authorized to reorganize its financial affairs for its own benefit and that of its creditors, or to effect an orderly liquidation of its assets and the distribution of the cash proceeds therefrom to creditors.

**2.11 Commencement.** The commencement of a Chapter 11 case creates an estate comprised of all the legal and equitable interests that a debtor has in property as of the date that the bankruptcy petition is filed. The Bankruptcy Code provides that a debtor may continue to manage its financial affairs and remain in possession of its property as a “Debtor in Possession.” The Debtor has remained in possession of its property as Debtor-in-Possession. No trustee or examiner has been appointed as of the date of filing this Disclosure Statement.

**2.12 Filing of the Case.** The filing of a Chapter 11 petition also triggers the “automatic stay” provisions of the Bankruptcy Code. Section 362 of the Bankruptcy

Code provides for a stay of (very similar to an injunction against) any attempt to collect a pre-petition debt, claim or obligation from a debtor or to otherwise interfere with its property or business. Unless the Bankruptcy Court orders otherwise, the automatic stay remains in full force and effect until a plan is confirmed or the case is dismissed.

**2.13 Formulation of a Plan.** The formulation of a plan is the primary purpose of a Chapter 11 case. A plan sets forth the means by which a debtor will satisfy creditors that hold claims against a debtor. Although it is generally referred to as a plan of reorganization, it may also provide for the orderly liquidation or transfer of the debtor's assets, and in such instances, may also be referred to as a plan of liquidation.

**2.14 Filing of the Plan.** After a plan is filed, the holders of claims against or interests in a debtor are requested to vote to accept or reject the plan. Before someone may solicit acceptances of a proposed plan, the Bankruptcy Code requires that a disclosure statement (usually prepared by the plan's proponent) be approved by the Bankruptcy Court as containing adequate information about a debtor, its assets and its liabilities that will enable a hypothetical, reasonable investor to make an informed decision about the plan.

**2.15 Acceptance of the Plan.** Chapter 11 does not require that each holder of a claim against or an equity interest in a debtor vote in favor of a plan for the Bankruptcy Court to confirm the plan. The Bankruptcy Code defines acceptance of a plan of reorganization by a given class of creditors holding claims against a debtor as acceptance by at least two-thirds in amount and more than one-half of the number of the holders of allowed claims in that class actually voting. Holders of claims or

interests who fail to vote will not be counted as having either accepted or rejected the plan.

**2.16 Not Impaired.** Classes of claims or equity interests that are not “impaired” under a plan are conclusively presumed to have accepted the plan, and therefore, are not entitled to vote. Acceptances of the Plan in this Chapter 11 Case are being solicited only from those entities holding a Claim in an impaired class. Because the holders of Equity Interests are not impaired, no solicitation is directed at them.

**2.17 Section 1129.** Even if all of the classes of claims accept a plan, the Bankruptcy Court may determine that a plan should not be confirmed if the plan does not meet all of the requirements of Section 1129 of the Bankruptcy Code. Among other things, Section 1129 requires that a plan be in the “best interest” of creditors and that it be “feasible” before being confirmed. The “best interest” test generally requires that the value of the consideration to be distributed to the holders of claims under the plan may not be less than what they would receive if the assets of the debtor were liquidated pursuant to Chapter 7 of the Bankruptcy Code. To satisfy the “feasibility” requirement of Section 1129, the court must also find that there is a reasonable probability that the debtor will be able to perform the obligations set forth in the plan. The Debtor believes that the “best interest” and “feasibility” requirements are satisfied by the Plan.

**2.18 Confirmation of the Plan.** The Bankruptcy Court may confirm a plan even though fewer than all of the classes of impaired claims accept it. For a plan to be confirmed despite the rejection of one or more classes of impaired claims, the

proponent of the plan must show, among other requirements, that the plan does not discriminate unfairly and that it is fair and equitable with respect to each impaired class of claims that has not accepted the plan. A plan is considered to be “fair and equitable” if it provides, with respect to unsecured creditors, that absent new value, the holder of any claim that is junior to the claims of the non-accepting class(es) will not receive or retain, on account of such junior claim or equity interest, any property, unless all senior classes are paid in full. The Bankruptcy Court must also determine, pursuant to Section 1129(b) of the Bankruptcy Code, that the economic terms of the plan do not unfairly discriminate with respect to an objecting class. The Debtor believes that the economic terms of the Plan do not unfairly discriminate with respect to any of the impaired classes.

### **ARTICLE III CONFIRMATION PROCEDURES**

**3.1 In General.** “Confirmation” is the technical term for the Bankruptcy Court’s approval of a plan of reorganization. The timing, standards, and factors considered by the Bankruptcy Court in deciding whether to confirm a plan are discussed herein below.

**3.2 Objections to Confirmation.** Any objections to the Plan must be made in writing, must be filed with the Clerk of the Bankruptcy Court, and served on the counsel and parties listed below, on or before the date set forth in the notice scheduling the confirmation hearing provided with the approved Disclosure Statement. Bankruptcy Rule 3007 governs the form of objections.

Copies of the objection must be served upon the following parties:

Kenneth S. Rappaport, Esq.  
RAPPAPORT OSBORNE & RAPPAPORT, PLLC  
Counsel to Debtor  
1300 North Federal Highway, Suite 203  
Boca Raton, FL 33432

and

Office of the United States Trustee  
Southern District of Florida  
Claude D. Pepper Federal Building  
51 S.W. First Avenue, Suite 1204  
Miami, Florida 33130

**3.3 Confirmation Hearing.** The Bankruptcy Court has scheduled a Confirmation Hearing. The date and time of the Confirmation Hearing is stated in the Court's Order (I) Setting Hearing to Consider Approval of Disclosure Statement; (II) Setting Deadline for Filing Objections to Disclosure Statement; and (III) Directing Plan Proponent to Serve Notice, enclosed with this Disclosure Statement. At the Confirmation Hearing, it is expected that the Bankruptcy Court will enter an order confirming the Plan if the requirements of Section 1129(a) of the Bankruptcy Code have been met, including the receipt of sufficient acceptances of the Plan by the Debtor's Creditors or, in the alternative, if the requirements of Section 1129(b) of the Bankruptcy Code have been met.

**3.4 Effective Date.** The Effective Date of the Plan is the fifteenth (15<sup>th</sup>) day after entry of the Confirmation Order. In the event of an appeal, absent the entry of a stay, the Effective Date shall be the fifteenth (15<sup>th</sup>) day after entry of the Confirmation

Order. In the event the Confirmation Order is stayed pending appeal, the Effective Date shall be the fifteenth (15<sup>th</sup>) day after the entry of an Order either lifting the stay or affirming the Confirmation Order. The Plan provides that the Effective Date will not occur unless various significant conditions are satisfied, or waived in writing by the respective Debtor. Debtor does not have any obligation to waive any of the conditions to the Effective Date. The conditions to the Effective Date are as follows:

(a) The Bankruptcy Court must approve the information contained in the Disclosure Statement as adequate;

(b) The Bankruptcy Court must enter the Confirmation Order and the Confirmation Order becomes a Final Order and not be vacated, reversed, stayed, modified, amended, enjoined, or restrained by order of any court of competent jurisdiction;

(c) All documents and agreements required to be executed or delivered under the Plan on or prior to the Effective Date, including, without limitation, the Plan Documents, must have been executed and delivered by the appropriate parties;

(d) The Bankruptcy Court must enter a Final Order (contemplated to be part of the Confirmation Order) giving effect to or authorizing and directing the Debtor to take all actions necessary or appropriate to enter into, implement, and consummate the contracts, instruments, releases, indentures, and other agreements or documents created, amended, supplemented, modified, or adopted in connection with the Plan;

(e) All authorizations, consents, and regulatory approvals required, if any, in connection with the Plan's effectiveness must have been obtained;

(f) No court has entered an order that remains in effect and that restrains the Debtor from consummating the Plan.

(g) At the hearing on confirmation of the Plan, the Court will hear any timely filed objection to confirmation of the Plan.

#### **ARTICLE IV HISTORY AND BACKGROUND**

Compounding Docs, Inc. was formed as a Florida corporation on January 21, 2003 to practice the art, science, and craft of Pharmaceutical Compounding. This emerging sector in the healthcare industry produces medications that meet the unique needs of practitioners and patients based on forward-edge medical and current formulary science. The company's mission is to be a *Healthcare Service Organization comprised of dedicated professionals committed to the highest quality patient care to achieving optimal therapeutic outcomes.*

Compounding Docs' commitment to build a multi-function, high-technology, compounding laboratory created the opportunity for the company's staff, and its compounding Pharmacists, to work closely with physicians and patients from a modern, fully accredited facility. The company's laboratories blend the highest grades of medication dosing to meet patient needs and improve quality of life. Unsatisfied with the "one-size-fits-all" approach of mass-produced drugs, more and more healthcare providers are recognizing the benefits of pharmacy compounding and look to prescribe custom medications. Compounding pharmacies cater to

patients with allergies to commonly used fillers, dyes, binders, and other additives, as well as, patients requiring specific dosage forms and strengths not available in mass-produced medications.

As testimony to high standards, Compounding Docs earned both the Pharmacy Compounding Accreditation Board (PCAB) and the Accreditation Commission for Health Care's (ACHC) Seal of Accreditation for meeting and/or exceeding national quality standards for sterile and non-sterile compounding, which is afforded to only 10% of compounding pharmacies. Compounding Docs is licensed in 16 states, and as new markets are created in other states, the company will become licensed in those states.

Up until April 2016, the company was operating profitably. New requirements to 2015 USP guidelines; specifically, USP800, required special modification for those compounding hazardous chemicals; including an array of the hormones being compounded, compelled the company to move to a larger facility. In March 2016, the company signed a new lease for a light industrial property almost twice the size for approximately the same rent. The new property (where the company is now located) required build out; including new modular units, 6 new HVAC units, new compounding equipment, and a major renovation. Unfortunately, completing the build-out and modernization was costlier and took longer than expected to complete, triggering unanticipated and significant cash flow shortfalls.

Prior to the construction and move to the new facility, a \$100,000 line of credit with Regent Bank (now Stonegate Bank) was in place. Stonegate also provided a



\$600,000 term loan for the company's move and construction plans. The term loan was fully funded due to cost overruns and timing issues. In an attempt to finish the new location as quickly as practical, cash flow was further eroded because of the requirement by Stonegate to fund 20% to 30% of the costs from company operations. This depleted the credit line correspondingly. The error of financing the 'move and upgrading' project without a specific construction loan is the substantive cause of the Bankruptcy filing. The loss in cash flow resulted in a reduction of cash to purchase inventory and 'pass-through' products for sale to patients and physicians. The company began to struggle to meet suppliers and vendor credit terms - leading to a reduction of supply to meet sales orders. This was most significant in the company's Specialty Pharmaceuticals business, which contributed \$300,000 to \$400,000 in gross revenue per month. This downward spiral continued, reducing sales and profitability, forcing Compounding Docs to transition its highest revenue producing product mix to another Specialty Pharmacy. Although the company made radical attempts to reduce expenses, the persistence of the downward trend continued.

As the year 2015 ended, and as 2016 progressed, insurance companies continued to drop coverage for compounded products affecting another 30% of the company's business. Regent Bank declined to increase its lending floor after repeated requests, and several attempts to obtain loans from other financial institutions failed as well. Without conventional funding alternatives, management was introduced to lenders offering extreme high-interest rate, short-term loans;

commonly referred to as “merchant cash advance” loans that operate by taking daily ACH debits as the form of payment. Admittedly, in the urgency of time, management found no other solution to attempt to save the company; even with the influx of additional capital from the owners and close associates, the company continued to fall.

In retrospect, management did not ‘do the math’ or measure the consequence of such expensive and accelerated collection for deeply discounted proceeds from these types of hard-money loans. By causing even more significant shrinkage of available daily cash; compounded by further changes in the insurance reimbursement mix, and the construction cost overage, filing for Bankruptcy was on the near, and inevitable, horizon. On November 18, 2016, Compounding Docs filed its petition for protection under Chapter 11.

The company is currently generating more than \$200,000 per month of mildly profitable sales. Sales per month are projected to continue increasing in the near-term under a new business plan. The plan supports the company’s sales growth while reducing debt through re-structuring and cancelation of several unprofitable contracts.

The company’s most promising areas of new business include, home infusion, specialty medications, limited distribution of bio-similar drugs to oncologists, generic ED medications, and veterinary compounding. Chapter 11 has restored the company’s ambitions and offered the opportunity to recast the company as a successful, reorganized Debtor.

**ARTICLE V  
DESCRIPTION OF THE PLAN**

5.1 **Principal Provisions.** A DISCUSSION OF THE PRINCIPAL PROVISIONS OF THE PLAN AS THEY RELATE TO THE TREATMENT OF CLASSES OF ALLOWED CLAIMS IS SET FORTH BELOW. THIS DISCUSSION OF THE PLAN IS MERELY A SUMMARY AND SHOULD NOT BE RELIED UPON FOR VOTING PURPOSES. YOU ARE URGED TO READ THE PLAN IN ITS ENTIRETY IN EVALUATING WHETHER TO ACCEPT OR REJECT THE PLAN. IF ANY INCONSISTENCY EXISTS BETWEEN THIS SUMMARY AND THE PLAN, THE PLAN CONTROLS.

5.2 **Greater Recovery.** The Debtor submits that, under the Plan, Creditors will obtain a greater recovery than would be available if the Debtor were liquidated under Chapter 7.

**ARTICLE VI  
CLASSIFICATION AND TREATMENT OF CLAIMS**

6.1 **Various Classes of Creditors.** As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. Classes 1, 3, 4, and 5 are impaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

6.2 **Treatment of Claims.** Pursuant to Section 1123(a)(1), a plan must designate separate classes of claims and classes of interests subject to Section 1122, which governs the classification of claims and interests. According to Section 1122(a), as a general matter, each class of claims or interests must consist of

substantially similar claims or interests. Pursuant to Section 1123(a)(4), a plan must provide the same treatment for each claim or interest within a particular class. Treatment of claims may be found to be unequal when, for example, one creditor or interest holder is asked to relinquish certain rights that other members of the class are not. A plan cannot provide holders within a voting class that accept the Plan to receive a greater distribution than holders within the class rejecting the plan. A holder of a particular claim or interest may, however, agree to a less favorable treatment of its claim or interest than that of the other members of its class. Dividends payable under the plan, regardless of the receiving class or treatment of the class, are computed after final verification of each claim and its claimed amount.

**6.3 Allowed Secured Claims.** Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under Section 506 of the Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim.

**6.4 Class 1 – Secured Claim.** Class 1 is a secured claimant and is impaired. *(see Debtor's Disclosure Statement, Exhibit A, Page 54).* Stonegate Bank (f/k/a Regent Bank), is to be paid at confirmation, the sum of \$99,872.83 to extinguish the debt under Proof of Claim #9; plus \$165,588.75 as payment towards the \$565,588.75 under Proof of Claim #8 claim. The two claims total \$665,461.58. The total amount paid to the Bank on the Effective Date shall be  $\$99,872.83 + \$165,588.75 =$

\$265,461.58 leaving a balance of the obligation of \$400,000 as a note in good standing.

The \$400,000 remaining is to be re-amortized as a 24 month, balloon note, accruing interest at 5.75% per annum, serviced at \$6,000 per month beginning on the Effective date of the Plan, per to the amortization schedule attached (*see attached Exhibit D - Amortization Schedule, Page 72*). All conditions precedent for the foregoing arrangement are agreed upon by the Debtor and the Bank; including after the 24 months of agreed payments, the reorganized Debtor will make a balloon payment in the amount of \$296,988.45 to pay-in-full the then current balance of the note.

The secured claimant shall retain all of its existing liens and security interests in all of the assets of the Debtor to secure its Claim. Upon any default by the Debtor in timely paying the Claim, Stonegate shall be entitled to exercise all of its rights and remedies under any security agreement executed by the Debtor, prior to the commencement of this Bankruptcy case, which shall remain in full force and effect notwithstanding the confirmation of any plan of reorganization.

**6.5 Class 2 – Secured Claims – Executory Contracts and Leases.** Class 2 includes [1] six (6) equipment leases provided by six (6) different leasing companies, [2] the landlord lease where the Debtor's operations are located, and [3] one (1) equipment purchase contract for an emergency power generator valued at \$51,384.21; including delivery and installation, that the Debtor intends to complete by paying the remaining balance of \$21,384.21. Debtor has remained current under all

its leases, does hereby assume all its executory contracts and unexpired leases, and proposes to leave unaltered the legal and contractual obligations with its Class 2 claimants (*see Debtor's Disclosure Statement, Exhibit A, Page 55*).

**6.6 Class 3 – General Unsecured Claims – Active Vendors – Less Than \$1,500.** General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code. Class 3 is the allowed general unsecured claims of \$1,500 or less, or the allowed Class 4 claimants who agree to reduce their claim to \$1,500 and agree to be treated as a Class 3 claimant. Subject to final count and amounts; including disposition of several disputed creditors, Class 3 has twenty-eight (28) claimants with a total of \$12,991.04 listed. Debtor proposes to pay its allowed Class 3 claimants (and any Class 4 reduced claimants joining with Class 3 as described above) a pro-rata and without interest share of 25% of \$12,991.04, to equal a dividend of \$3,247.76 distributed to the allowed claims in this Class in one lump sum on or before thirty (30) days after the Effective Date (*see Debtor's Disclosure Statement, Exhibit A, Page 56-58*).

**6.7 Class 4 – General Unsecured Claims – Active Vendors – More Than \$1,500.** General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code. Class 4 includes all other general unsecured allowed claims not otherwise dealt with in the Plan (*see Debtor's Disclosure Statement, Exhibit A, Page 59-63*).

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

of such a claim receive cash on the Effective Date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

b. Within Class 4, there are six (6) general unsecured claims that are impaired, and either contingent, unliquidated, or disputed (or all of these). No Proofs of Claim were filed by these creditors, but in view of the costs involved to process these claims, Debtor is choosing to treat these claims as dividend settlements within the Class 3 or Class 4 allowed claimants (including any Class 4 reduced claimants joining with Class 3 as described above), and as such, the amounts set-aside in the Class 3, Class 4 Dividend Settlement Pool include the pro-rata amounts for each of these creditors (with respect to where each such creditor is "classed").

c. Class 4 includes fifty (50) general unsecured creditors that are owed varying amounts ranging from \$ .00 (zero) to \$249,455.51 with several claims with amounts scheduled as "unknown" or "disputed":

(1) Claims 1-19 are nineteen (19) unsecured claims of Active Vendors having balances of more than \$1,500 totaling \$311,994.34; including several disputed creditors. Debtor proposes to distribute the sum of \$31,199.34 (10%), pro-rata and without interest, to all allowed Class 4 claimants in one lump sum on or before thirty (30) days after the Effective Date.

(2) Claims 20-45 are twenty-six (26) unsecured Active Vendors having (\$ .00) zero balances owed. These creditors are not impaired and cannot vote for or against the Plan.

(3) Claims 46-48 are three (3) purported priority unsecured claims. The first is \$16,000 as the combined amount filed as Proof of Claim(s) #5 and #6, and is unliquidated. The second, and the third, in the amount of \$12,475.00 (POC #13), and \$21,043.26 (POC #22), respectively, are unliquidated, contingent, and disputed. Debtor does not anticipate payment to the first as negotiations are planned with this Claimant in due course, and may lead to a settlement of zero prior to confirmation of the Plan. The Debtor's position as to the second and the third claimant is nothing is due and owing to either claimant. Nevertheless, these claimants are impaired, and if allowed, each of three claims are general unsecured, and not priority unsecured claims.

(4) Claims 49-50 are two (2) loans from two (2) different lenders having UCC filings against the Debtor's assets and revenue. These claimants are impaired. These loans are subordinate to Debtor's Class 1 Claimant, and are under-secured. The underlying collateral for these loans does not have sufficient value to yield any proceeds to subordinated lenders in the event of liquidation. Debtor proposes to allocate to the lenders, on a pro-rata basis, \$24,945.55 (10% of \$249,455.51) of their allowed claims in one lump sum on or before thirty (30) days after the Effective Date (*see Debtor's Disclosure Statement, Exhibit A, Page 63*).

**6.8 Class 5 – Equity Holders.** Class 5 claimants are equity security holders of the Debtor (*see Debtor's Disclosure Statement, Exhibit A, Page 63*). Equity holders shall subordinate to the claims of other creditors. Upon the Effective Date, the Reorganized Debtor shall be owned by the same pre-petition equity holders under the



assisted management of DCDRx as insiders.

**6.9 Insiders – Disclaimed Pre-Petition Loans to Company.** In the attempt to avoid a Chapter 11 Bankruptcy filing, insiders made pre-petition loans totaling \$325,000 to Compounding Docs, Inc. These loans are disclaimed in their entirety and no distributions or dividends are to be paid to this Class under the Plan (*see attached Exhibit A, Page 64*).

**6.10 Priority Tax Claims.** Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief. The Internal Revenue Service has filed its proof of Claim #2 in the amount of \$28,459.27. This claim is disputed. Palm Beach County Tax Collector has filed its Proof of Claim #11 in the amount of \$3,642.04 and is unliquidated (*see attached Exhibit A, Page 64*).

**6.11 Administrative Claims.** Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has *not* placed Administrative expenses in a creditor class. These are costs or expenses of administering the Debtor's Chapter 11 case, and are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of

business and received within 20 days before the date of the bankruptcy petition. The Code requires all administrative expenses to be paid on the effective date of the Plan, unless a claimant agrees to a different treatment. Administrative claims have to be paid in full on the Effective Date of the Plan. They are estimated as follows:

a. U.S. Trustee fees are estimated at \$4,875.00. Notwithstanding any other provisions of the Plan to the contrary, the Debtor shall pay the U.S. Trustee the appropriate sum required pursuant to 28 U.S.C. §1930(a)(6), within 15 days of the entry of the Order confirming the Plan, for pre-confirmation periods and simultaneously provide to the U.S. Trustee an appropriate Affidavit indicating the cash disbursements for the relevant period. The Debtor, as a reorganized Debtor, shall further pay the U.S. Trustee the appropriate sum required pursuant to 28 U.S.C. §1930(a)(6) for post-confirmation periods within the time period set forth in 28 U.S.C. §1930(a)(6), based upon all post-confirmation disbursements made by the reorganized Debtor; until the earlier of the closing of this case by the issuance of a Final Decree by the Court, or upon entry of an Order by the Court dismissing this case or converting this case to another Chapter under the U.S. Bankruptcy Code, and the reorganized Debtor shall provide to the U.S. Trustee upon payment of each post-confirmation payment an appropriate Affidavit indicating all the cash disbursements for the relevant period.

b. Debtor's counsel has agreed to accept a total of \$88,000.00 for its fees and costs in this case. After counsel applies its \$25,000.00 pre-petition retainer received prior to Debtor's petition filing, counsel has agreed to accept \$53,000.00 at

confirmation, and the remaining \$10,000.00 in two (2) post-confirmation payments of \$5,000.00 each. The filing fee of \$1,717.00 was paid by Debtor prior to filing. All Fees and costs are subject to Court approval.

c. Post-petition Vendors. These amounts are variable and paid currently on a cash-basis within normal vendor receivable cycles and according to payment terms granted by each respective vendor.

d. Debtor assumes all executory contracts and unexpired leases; including a contract to purchase equipment (*see attached Exhibit A, Page 60*). As to Debtor's lease with Polo Commerce Center LLC 4901 NW 17 Way #103, Ft. Lauderdale, FL 33309 (the "Landlord"), it is the Debtor's position that the terms of the Debtor's assumption and continuation of the foregoing lease include the following:

(1) Upon the Effective Date, the Debtor continues making regular monthly rent payments pursuant to the underlying lease agreement. The current monthly rent amount is \$9,033.34, which includes taxes and common area maintenance charges, and will be adjusted accordingly pursuant to the underlying lease agreement.

(2) The Debtor intends to discuss with the Landlord certain post-confirmation considerations; including (a) projecting Debtor's near-term expansion plans, (b) remedies for safety and code issues with security alarm system, (c) solutions for electrical and mechanical insufficiencies in the current leased space, and (d) negotiations for a longer-term lease. There were no pre-

petition, and there are no post-petition, lease payments overdue or unpaid.

## **ARTICLE VII CLASSES IMPAIRED BY THE PLAN**

Certain Claims are impaired by the Plan. Claims in Classes 1, 3, 4, and 5 are impaired and entitled to vote to accept or reject the Plan.

## **ARTICLE VIII IMPLEMENTING THE PLAN**

The funds necessary for implementation of the Plan are derived from Directed CDRx Investments, LLC, (DCDRx) a recently formed Florida Limited Liability Company for the purpose of investment into the to be reorganized Debtor. DCDRx is a group of investors who are interested in the success of Compounding Docs beyond the near-term. DCDRx recognizes the possible investment benefits and the earnings opportunities that may result from their investment. The Debtor has appropriately disclosed to potential subscribers that making an investment in the post-confirmation Debtor involves a high degree of risk; and that no reliance on forward-looking statements in the Plan or in the company-prepared financial projections is advised when making an investment decision in the company. These cautions are consistent with securities laws and the suitability standards for qualifying prospective investors.

**a. Application of Funds.** DCDRx has issued its commitment to provide up to \$1,000,000 in new funding beginning on Effective Date through December 31, 2017; contingent upon confirmation of the Plan, and the degree and velocity of post-confirmation profitability. Substantially all of the funds earmarked to fund the

Debtor's Plan are coming from DCDRx. Certain "cost of money" amounts are to be paid to DCDRx from Debtor's post-petition and post-confirmation operations as incentives for becoming involved. The initial money provided by DCDRx is in two (2) parcels, [Parcel 1] the amount required to fund the Plan and install new operations management is approximately \$400,000, and [Parcel 2], an additional \$400,000 to \$600,000 to rebuild the Debtor's post-confirmation operations and revenue in several steps.

**b. DCDRx's Business and Financial Plan.** With the support and agreement of the equity holders in Compounding Docs, a portion of the DCDRx proceeds are allocated to upgrading the accounting and cost control systems of the Debtor's operations, while installing a management team to assist with operations. The Debtor's Plan launches important operational and supervisory objectives with reason and feasibility. Because of DCDRx's confidence and investment in the Debtor, the near-term, post-confirmation outlook is very encouraging. Having demonstrated post-petition viability by [1] remaining current with its cash collateral obligations, [2] keeping its various lease payments and payroll tax deposits timely paid, [3] paying its U.S. Trustee fees and all its other costs and expenses within the terms granted by its vendors and providers, the Debtor is stabilizing, and has recently shifted from lackluster financial results to mildly profitable; with trending monthly increases likely through the end of the 4<sup>th</sup> quarter of 2017.

Reaching into the mid-term (year-end 2018), the company's projections show continued profitability and growth. By increasing its revenue monthly, and

intending to install a real-time, bar-code inventory control and purchasing system, Compounding Docs is positioned for growth in the near- to mid-term. This dedication to organizing, planning, and controlling the Debtor's post-petition costs of operations and personnel, underlines the excitement of the management of DCDRx in the Debtor.

Analysis of the Debtor's current and future income stream confirms there is sufficient cash flow to successfully fund the money costs from operations. DCDRx's post-confirmation funding plan offers confidence that the Debtor has made provisions to avoid Bankruptcy in the future. The Debtor's Plan of Reorganization confirms feasibility by summarizing the manner and disposition of these conclusions and is attached hereto (*see Exhibit D - Debtor's Projected Post-Confirmation Operating Budget*).

**c. DCDRx's Investment Summary.** Despite the confidence and economic outlook for the reorganized Debtor, an investment in Compounding Docs is speculative and involves a high degree of risk. The risk factors in the pharmaceutical market, and in the insurance industry, as to claims and reimbursements are unpredictable beyond the short-term requiring extreme agility and vigilance. Other risks include professional liability, competition, and the emergence of new medical technologies, delivery systems, insurance protocols, licensing, and state and federal regulations. Beyond this array, are typical business, finance, and logistics issues confronting all businesses; especially small businesses, on a daily basis. The design of the DCDRx transaction recognizes all these risks and challenges, and is being compensated accordingly. For example, the initial DCDRx earnings model has an 8%

ROI “floor” as its base cost of money of 8% of \$1,000,000 = \$80,000 per year, with a +4% top-side of 12% = \$100,000 per year, earned monthly and payable quarterly in arrears, by Compounding Docs post-confirmation. Above this floor is a projected “margin-earnings share” to be computed cumulatively on a quarterly basis. The formula and basis points for this earnings share is in formulation, and is considered an added feature for the investor. For example, if the average gross margin on all products sold is 20% on \$600,000 in sales, \$120,000 is the gross margin. DCDRx will receive a percentage this margin on a quarterly basis in arrears once the formulas are determined. The proceeds will be distributed to each investor on a *para parsu* basis consistent with each subscribed investment. This example, and the resulting investment benefits, gained in post-confirmation earnings participation encourages strategic purchasing, marketing, and profitable revenue-growth through competitive sales in the near-term and beyond.

The company’s dedication to excellence, efficiency, and compliance – underpinned with rigorous management of cost of goods, internal controls, and precision marketing, offers its investors a strong, rapid-growth outlook. The platform for the company’s success is built upon multi-state licensing, accreditations and credentialing, provider contracts, in-network designations, comprehensive customer/patient-care solutions and dedicated customer relations management and marketing.

#### **ARTICLE IX MANAGEMENT – COMPENSATION**

During the pendency of this Chapter 11 proceeding, the affairs of the Debtor

have been managed by the officers and equity holders of the Debtor, Martha Little and Charles Robertson. As indicated in Debtor's Monthly Operating Reports, personnel and management costs; including applicable withholding taxes and employee benefits, have been sustained successfully.

DCCRx is currently providing resources; including funding the formulation, organizational, and legal costs for its transaction with the Debtor. After initial funding by DCCRx, management will transition to qualified candidates placed in positions to meet the investment objectives, marketing goals, and the ongoing mission of the reorganized Debtor. DCCRx's business plan shifts the current equity holders (both are Pharmacists) from operations management, purchasing, and marketing to focusing on the products, services, and innovations offered, and those to be offered, by the Pharmacy.

## **ARTICLE X FINANCIAL INFORMATION**

The Debtor has filed Monthly Operating Reports with the Court which reflect the monthly income and expenses of the Debtor. Those reports are available on the Court Docket or by request to counsel for the Debtor.

## **ARTICLE XI TREATMENT OF DISPUTED, CONTINGENT, AND UNLIQUIDATED CLAIMS**

**11.1 No Payment to Disputed Claims.** Notwithstanding any other provision of the Plan, no cash or other property shall be distributed under the Plan on account of any Disputed Claim, whether or not such Claim is disputed in part, only.

**11.2 Claims Objections.** The Debtor shall file and serve objections to Claims



when and as required by Rule 3007-1(B) of Local Rules for the United States Bankruptcy Court for the Southern District of Florida or as provided for in any order from the Bankruptcy Court.

**11.3 Estimation.** To expedite distributions pursuant to the Plan and avoid undue delay in the administration of the Chapter 11 Case, on request of the Debtor, the Bankruptcy Court may estimate, pursuant to Section 502(c) of the Bankruptcy Code, the amount of any Disputed Claim for which funds are to be set aside.

**11.4 Delivery of Distributions.** Distributions and deliveries to holders of Allowed Claims shall be made at the address of each such holder as set forth on the proofs of Claim filed by such holders in the space on such proof of Claim identifying the name and address where notices shall be sent (or the last known addresses of such holders if no proof of Claim is filed or if the Debtor has been notified in writing of a change of address), except as otherwise provided in this Plan. If any holder's distribution is returned as undeliverable, no further distributions to such holder shall be made unless and until the Debtor is notified in writing by such holder within six months from the date of the mailing of the undeliverable distribution of such holder's then current address, at which time any missed distributions shall be made to such holder without interest.

**11.5 Undeliverable Distributions.** With respect to distributions found to be undeliverable, these shall be returned to the Debtor until such distributions are claimed. All claims for undeliverable distributions shall be made within six months of the date of such distribution. Any amounts in respect of undeliverable distributions

which remain unclaimed after such six-month period shall be forfeited to the Debtor and shall be made available for distribution to other Creditors.

**11.6 Professional Fees and Expenses.** Each Entity requesting compensation in Chapter 11 Cases pursuant to Section 330 of the Bankruptcy Code shall file an application for allowance of final compensation and reimbursement of expenses in Chapter 11 Cases before the 45th day after the Confirmation Date or within such time as the Bankruptcy Court shall order. Objections to each such application may be filed on or before the 15th day after such application is filed. Each person retained by the Debtor to perform legal, accounting, consulting or advisory services for the Debtor post-confirmation shall be paid for such services in accordance with the arrangements made by such person and the Debtor.

**11.7 Claims Based Upon Rejection of Executory Contracts or Unexpired Leases.** Pursuant to the Plan, and Local Bankruptcy Rule 3003-1(C), all Proofs of Claim with respect to Claims arising from the rejection of executory contracts or unexpired leases rejected as of the Confirmation Date must be filed within 30 days after the later of the date of the entry of the Confirmation Order or an order of the Bankruptcy Court approving such rejection. Although the Plan provides that any Claims arising from the rejection of an executory contract or unexpired lease not filed within such times will be forever barred unless otherwise ordered by the Bankruptcy Court, no rejection of executory contracts or unexpired leases is contemplated in this case. All such rejection Claims for which Proofs of Claim are required to be filed will be deemed general Unsecured Claims to the extent ultimately allowed.

11.8 **Lawsuits Reserved.** The Debtor has no post-petition cause of action contemplated or threatened and reserves the option to undertake an action should such an action arise.

11.9 **Voidable transfers.** There was no transfer of assets (property or money) made by the Debtor prior to filing of the case.

11.10 **Non-Bankruptcy Litigation.** There is no non-bankruptcy litigation in this case.

11.11 **Impairment Controversies.** If a controversy arises as to whether any Claim, or any class of Claims, is impaired under the Plan, the Bankruptcy Court shall determine such controversy.

## ARTICLE XII SOLICITATION OF VOTES

The Debtor is soliciting acceptances from the Creditors holding Claims in classes entitled to vote for or against confirmation of the Plan.

12.1 **Eligibility.** Any Creditor whose Claim is objected to prior to the date the Ballots are due is not eligible to vote to accept or reject the Plan unless the objection is resolved, or after notice and a hearing pursuant to Bankruptcy Rule 3018(a), the Bankruptcy Court allows the Claim temporarily for the purpose of voting. Any Creditor whose claim is objected to that wants its Claim to be allowed temporarily for the purpose of voting must take steps necessary to arrange an appropriate hearing with the Bankruptcy Court.

12.2 **Multiple Claims.** Some Creditors may hold Claims in more than one impaired class. These Creditors must vote separately for each class (in accordance

with the records of the Clerk of the Court) and should complete and sign each Ballot received.

**12.3 Ballots.** In voting for or against the Plan, please only use the Ballot or Ballots sent to you with this Disclosure Statement. You may receive more than one Ballot, and if you do, you should assume that each Ballot is for a Claim in a different class in which you are entitled to vote. Votes cast to accept or reject the Plan will be counted by the class. You are not required to vote all of your Claims in different classes the same way. However, you are required to vote all of your Claims within a class the same way. Please read the voting instructions contained within the Ballot for a thorough explanation of voting procedures applicable to your Claim.

**12.4 Voting Procedure.** To vote on the Plan, you must: (1) indicate on the Ballot that (a) you accept the Plan or reject the Plan; and (2) sign your name and mail the Ballot in the envelope provided for this purpose. Please complete and return each Ballot you receive to the Clerk. Any executed Ballot that does not indicate acceptance or rejection of the Plan will be disregarded. Put your taxpayer identification number (or social security number) on your Ballot where indicated. **PLEASE CAREFULLY FOLLOW THE INSTRUCTIONS CONTAINED ON THE BALLOT.**

**12.5 Change of Vote.** You may not change your vote after it is cast unless the Bankruptcy Court permits you to do so after notice and a hearing to determine whether sufficient cause exists to permit the change. **Do not return any certificates or instruments evidencing your Claim with the Ballot.**

**12.6 Ballot Not Received.** If you believe that you are a member of a voting

class for which you did not receive a Ballot, or if your Ballot is damaged or lost, or if you have any questions concerning voting procedures, then please contact the following in writing:

Kenneth S. Rappaport, Esq.  
RAPPAPORT OSBORNE & RAPPAPORT, PLLC  
Counsel to Debtor  
1300 North Federal Highway, Suite 203  
Boca Raton, FL 33432

**12.7 Importance of Voting.** Your vote is important. Your failure to vote will leave to other Creditors, whose interests may not be the same as yours, the decision to accept or reject the Plan.

### ARTICLE XIII CONFIRMATION

**13.1 Cramdown.** At the Confirmation Hearing, the Bankruptcy Court shall confirm the Plan if all of the requirements of Section 1129(a) of the Bankruptcy Code are met, or alternatively pursuant to the “cramdown” provisions of Section 1129(b) of the Bankruptcy Code, if all of the requirements of Section 1129(a) except Subsection 1129(a)(8) are satisfied, and as to any rejecting class of impaired Claims or Interests, Section 1129(b) is satisfied. Two of the requirements of Section 1129(a) are known as the “best interest test” and the “feasibility test.”

**13.2 Best Interest Test.** To meet the “best interest” test, a plan proponent must establish that each holder of a claim or interest that is impaired under the plan either has accepted the plan or will receive or retain under the plan in respect of its claim or interest, property of a value as of the effective date that is not less than the

amount such holder would receive or retain if the debtor were liquidated under Chapter 7 of the Bankruptcy Code.

**13.3 Feasibility Test.** To determine what creditors and holders of interests would receive if a debtor were liquidated under Chapter 7, the Bankruptcy Court will first determine the dollar amount that would be generated from the liquidation of the assets and properties of the debtor in the context of a Chapter 7 liquidation. The cash amount that would be available for satisfaction of claims and interests would consist of: (i) the proceeds resulting from the disposition of the debtor's assets, (ii) the cash held by the debtor on the petition date, and (iii) any interest earned on the investment thereof, minus the costs of the liquidation and any administrative expense claims and priority claims that may result from liquidation of the debtor's assets in Chapter 7.

**13.4 Cost of Trustee.** A Chapter 7 trustee's costs of liquidating a debtor under Chapter 7 would include the fees (in the nature of a commission) payable to a trustee in bankruptcy and the fees and expenses of any attorneys and other professionals engaged by such trustee, plus unpaid expenses incurred during the prior Chapter 11 case including compensation of attorneys and accountants.

**13.5 Risk Factors and Additional Costs.** In this Chapter 11 Case, the additional costs and expenses incurred by a trustee (or trustees) in a Chapter 7 liquidation would likely be substantial, including those associated with the trustee's need to obtain expertise in the particular assets to be liquidated and the background of all of the pending and anticipated litigation. Moreover, the potential loss of management knowledge of the institutional data underlying the prosecution of

litigation that is pending or is to be filed would create a significant obstacle for recovery by a Chapter 7 trustee. The costs associated with these factors would be significant and would both delay the final disposition of the cases and would decrease the amounts that Allowed Claims would receive under the Plan. In addition, it is unlikely that the Chapter 7 trustee would undertake the kind of orderly liquidation of the outstanding accounts receivable as is contemplated by the Plan inasmuch as an orderly liquidation as contemplated by the Plan would require the Chapter 7 trustee to continue to operate the business of the Debtor. This is something a trustee in Chapter 7 rarely does and would necessitate the prior permission of the United States trustee and the Bankruptcy Court. As a result, if straight liquidation in Chapter 7 occurred, the percentage recovery on accounts receivable will likely suffer.

**13.6 Subordination of Claims.** Under Chapter 7, the Claims arising from the Chapter 7 administration of this case would be paid in full before proceeds would be paid to holders of Allowed Claims.

**13.7 New Claims Bar Date.** In addition, the Bankruptcy Code and Rules would permit the establishment of a new Claims Bar Date upon conversion. The reopening of the claims process would provide a second opportunity for additional potential Claims to be filed, Claims that are now time-barred under Chapter 11. Additional costs of noticing, administration and analysis of these additional potential Claims, which are now barred, would also be incurred.

**13.8 Smaller Distribution.** Consequently, the Debtor believes that under Chapter 7, Creditors would receive a smaller distribution than they would receive

under the Plan. The Debtor's Chapter 7 liquidation analysis is attached hereto as *Exhibit "C", page 67-70.*

**13.9 Feasibility.** Funds to be used to make cash payments under the Plan shall derive from the Debtor's monthly income and from DCDRx. As demonstrated in the projected operating income and expenses budget, which is attached hereto at *Exhibit "D", page 71,* the Debtor is cash flow positive post-confirmation and can perform the obligations under the Plan with DCDRx's funding for inventory to meet current patient demand.

**ARTICLE XIV  
CONFIRMATION OF PLAN WITHOUT NECESSARY ACCEPTANCES; CRAMDOWN**

A COURT MAY CONFIRM A PLAN EVEN IF IT IS NOT ACCEPTED BY ALL IMPAIRED CLASSES IF THE PLAN HAS BEEN ACCEPTED BY AT LEAST ONE IMPAIRED CLASS OF CLAIMS AND THE PLAN MEETS THE "CRAMDOWN" REQUIREMENTS OF SECTION 1129(b) OF THE BANKRUPTCY CODE. FOR A PLAN TO BE CRAMMED DOWN, THE COURT MUST FIND THAT THE PLAN IS "FAIR AND EQUITABLE" AND DOES NOT "DISCRIMINATE UNFAIRLY" WITH RESPECT TO EACH NON-ACCEPTING IMPAIRED CLASS OF CLAIMS OR INTERESTS. IF NECESSARY, THE DEBTOR INTENDS TO REQUEST THE BANKRUPTCY COURT TO CONFIRM THE PLAN IN ACCORDANCE WITH THE "CRAMDOWN" PROVISIONS OF SECTION 1129(b) OF THE BANKRUPTCY CODE OR THE DEBTOR WILL MODIFY THE PLAN SO THAT IT SATISFIES THE TERMS THEREOF.

**14.1 No Unfair Discrimination; Fair and Equitable Test.** A plan does not discriminate unfairly if no class receives more than it is entitled to receive under the Bankruptcy Code. The "fair and equitable" rule requires absolute priority in the



payment of claims and interests with respect to the dissenting class or classes. The plan will be deemed “fair and equitable” with respect to creditors if: (i) creditors receive or retain under the plan property of a value equal to the amount of their allowed claims; or (ii) no holders of claims or interests that are junior to the claims of the creditors within the rejecting class receive any property under the plan on account of their junior claim or interest.

**14.2 Absolute Priority Rule.** The strict requirement of the allocation of full value to dissenting classes before junior classes can receive distribution is known as the “absolute priority rule”. The Proponent believes that under the Plan: (i) all impaired classes of Claims and Equity Interests are treated in a manner that is consistent with the treatment of other classes of Claims and Equity Interests with which their legal rights are intertwined, if any; and (ii) no class of Claims will receive payments or property with an aggregate value greater than the aggregate value of the Allowed Claims in such a class. Accordingly, the Debtor believes that the Plan does not discriminate unfairly as to any impaired class.

## **ARTICLE XV EFFECT OF CONFIRMATION**

**15.1 Binding Effect of Confirmation.** Confirmation of the Plan will legally bind the Debtor, all Creditors, holders of Equity Interests and other parties in interest to the provisions of the Plan whether or not the Creditor or Equity Interest holder is impaired under the Plan and whether or not such Creditor or Equity Interest holder has accepted the Plan.

Upon the Effective Date, and after the Debtor has received a discharge upon

completion of all payments under the Plan, the Reorganized Debtor will be discharged, pursuant to Section 1141 (d)(1) of the Bankruptcy Code, from all Claims and debts that arose before the Effective Date of this Plan and from any liability of any kind whether or not: (a) a proof of claim is filed or deemed to be filed under Section 501 of the Bankruptcy Code; (b) such Claim is allowed under Section 502 of the Bankruptcy Code; or (c) the holder of such Claim has accepted the Plan.

On the Effective Date and after the Debtor has received a discharge upon completion of all payments under the Plan, as to every discharged debt and Claim, the Creditor that held such debt or Claim will be permanently barred from asserting against the Reorganized Debtor, or against the Reorganized Debtor's assets or properties, any other or further Claim based upon any document, instrument or act, omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.

As of the Effective Date, all persons who have held, hold or may hold Claims against the Debtor, will be enjoined from taking any of the following actions or affecting the Reorganized Debtor, the Debtor's estate, the assets or properties of the Reorganized Debtor (other than actions brought to enforce any rights or obligations under the Plan or appeals, if any, from the Confirmation Order):

***(a) Against the filing, commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding (including without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Debtor and/or Insiders, with respect to any property***

*of any of the foregoing or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing, or any property of any such transferee or successor except as specifically authorized in the Plan;*

*(b) Enforcing, levying, attaching (including without limitation, any pre-judgment attachment), collecting or otherwise recovering by any means or in any manner, whether directly or indirectly, any judgment, award, decree or other Order against the Debtor and/or Insiders, with respect to any property of any of the foregoing or any of the direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing, or property or any such transferee or successor except as specifically authorized in the Plan.*

*(c) Creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any liens or encumbrances against the Debtor and/or Insiders, with respect to any property of any of the foregoing or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing, or any property of any such transferee or successor except as specifically authorized in the Plan;*

*(d) Setting off, seeking reimbursement or contribution from or subrogation against or otherwise recouping in any manner, directly or indirectly, any amount against any liability owed to the Debtor and/or Insiders, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing except as specifically authorized in the Plan; or*

*(e) Proceeding in any manner and any place with regard to liquidating any*

*Claim in any forum other than the United States Bankruptcy Court for the Southern District of Florida, West Palm Beach Division, or, if that Court does not have jurisdiction thereon, in the United States District Court for the Southern District of Florida, West Palm Beach Division, or in such forum deemed appropriate by the Debtor.*

15.2 **Good Faith.** Confirmation of the Plan shall constitute a finding that the Plan has been proposed in good faith and in compliance with applicable provisions of the Bankruptcy Code.

#### **ARTICLE XVI TAX ANALYSIS**

16.1 THE FOLLOWING DISCUSSION IS A SUMMARY OF CERTAIN MATERIAL FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO HOLDERS OF CLAIMS AGAINST THE DEBTOR, BUT IS NOT A COMPLETE DISCUSSION OF ALL SUCH CONSEQUENCES. CERTAIN OF THE CONSEQUENCES DESCRIBED BELOW ARE SUBJECT TO SUBSTANTIAL UNCERTAINTY DUE TO THE UNSETTLED STATE OF THE TAX LAW GOVERNING BANKRUPTCY REORGANIZATIONS. NO RULINGS HAVE BEEN OR WILL BE REQUESTED FROM THE INTERNAL REVENUE SERVICE (THE "IRS") WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN. FURTHER, THE TAX CONSEQUENCES OF THE PLAN TO THE HOLDERS OF CLAIMS AGAINST THE DEBTOR MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER. IN ADDITION, THERE MAY BE STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES OF THE PLAN APPLICABLE TO PARTICULAR HOLDERS OF CLAIMS OR INTERESTS, NONE OF WHICH ARE DISCUSSED BELOW. THEREFORE,

THE FOLLOWING SUMMARY IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM, AND YOU ARE URGED TO CONSULT WITH YOUR OWN TAX ADVISORS CONCERNING THE INDIVIDUAL TAX CONSEQUENCES OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING STATE, LOCAL AND FOREIGN TAX CONSEQUENCES.

16.2 A portion of the consideration received pursuant to the Plan in payment of a Claim may be allocated to unpaid interest, and the remainder of the consideration will be allocated to the principal amount of the Claim. The tax consequences of the consideration allocable to the portion of a Claim related to interest differ from the tax consequences of the consideration allocable to the portion of a Claim related to principal. Holders of Claims will recognize ordinary income to the extent that any consideration received pursuant to the Plan is allocable to interest, and such income has not already been included in such Creditor's taxable income. The determination as to what portion of the consideration received will be allocated to interest is unclear, and may be affected by, among other things, rules in the Internal Revenue Code (the "Tax Code") relating to original issue discount and accrued market discount. Holders of Claims should consult their own tax advisors as to the amount of any consideration received under the Plan that will be allocated to interest. If amounts allocable to interest are less than amounts previously included in the Creditor's taxable income, the difference will result in a loss. Any amount not allocable to interest will be allocated to the principal amount of the Claim paid pursuant to the Plan, and will be

treated as discussed below.

16.3 Creditors receiving Cash generally will recognize gain or loss on the exchange equal to the difference between its basis in the Claim and the amount of Cash received that is not allocable to interest. The character of any recognized gain or loss will depend upon the status of the Creditor, the nature of the Claim in its hands and the holding period of such Claim. If a Creditor has treated a Claim as wholly or partially worthless and been allowed a bad debt deduction, the Creditor will include the amount of Cash received in income to the extent such Cash exceeds the Creditor's remaining tax basis in the Claim.

16.4 Creditors may be entitled to installment sales treatment or other deferral with respect to the distribution they receive subsequent to the Effective Date. Creditors may already have claimed partial bad debt deductions with respect to their Claims. The IRS may take the position that holders of Allowed Claims cannot claim an otherwise allowable further loss in the year in which their Claim is allowed because they could receive further distributions. Thus, a Creditor could be prevented from recognizing a loss until the time when its Claim has been liquidated and distributions have been completed. If a Creditor is permitted to recognize a loss in the year of the Effective Date by treating the transaction as a "closed transaction" at such time, it may recognize income on any subsequent distribution.

16.5 In making distributions pursuant to the Plan, the Debtor will comply with all withholding and reporting requirements imposed by federal, state or local taxing authorities. All distributions pursuant to the Plan will be subject to all applicable

withholding and reporting requirements.

**ARTICLE XVII  
ALTERNATIVES TO CONFORMATION AND CONSUMMATION OF THE PLAN**

If the Plan is not confirmed and consummated, the only reasonable alternative is the liquidation of the Debtor under Chapter 7 of the Bankruptcy Code. If the Chapter 11 Case is converted to a case under Chapter 7 of the Bankruptcy Code, a Chapter 7 trustee would be elected or appointed to liquidate the assets of the Debtor for distribution to Creditors in accordance with the priorities established by the Bankruptcy Code.

The Debtor's analysis of the probable recovery to Creditors and holders of Equity Interests under Chapter 7 has been presented in the foregoing discussion regarding the "best interest" test.

**ARTICLE XVIII  
RECOMMENDATION**

The Debtor urges Creditors entitled to vote to accept the Plan and to evidence such acceptance by timely and properly returning their Ballots so indicating.

**ARTICLE XIX  
DEFINITIONS**

As used in the Plan, as defined below, and in this Disclosure Statement, as also defined below, the following terms shall have the meanings specified below, unless the context requires otherwise:

19.1 **Administrative Claim** shall mean a Claim for payment of costs or

expenses of administration specified in Sections 503(b) and 507(a)(2) of the Bankruptcy Code, incurred after the Petition Date through the Confirmation Date, including without limitation, (i) the actual, necessary costs and expenses of preserving the Debtor's estate incurred after the Petition Date, (ii) compensation for legal, accounting and other services and reimbursement of expenses awarded pursuant to Sections 330(a) or 331 of the Bankruptcy Code, and (iii) all fees and charges assessed against the Debtor's estate pursuant to Section 1930 of Title 28 of the United States Code.

19.2 **Allow, Allowed, Allowance** or words of similar meaning shall mean with respect to a Claim against the Debtor's estate: (i) that no objection has been interposed within the applicable period of limitation fixed by this Plan or by the Bankruptcy Court and that such period of limitation has expired; or (ii) that the Claim has been allowed for purposes of payment by an order of the Bankruptcy Court that is no longer subject to appeal or certiorari and as to which no appeal or certiorari is pending.

19.3 **Bankruptcy Code (the "Code")** shall mean the Bankruptcy Reform Act of 1978, as amended, Title 11, United States Code, which governs the Chapter 11 Case of the Debtor.

19.4 **Bankruptcy Court (the "Court")** shall mean the United States Bankruptcy Court for the Southern District of Florida, West Palm Beach Division, or any other Court exercising competent jurisdiction over the Chapter 11 Case or any proceeding arising in or related to the Chapter 11 Case.



19.5 **Bankruptcy Rules** shall mean the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court (including any applicable local rules of the United States District Court for the Southern District of Florida), as now in effect or hereafter amended.

19.6 **Bar Date** shall mean the date by which Proofs of Claim must be filed against the Debtor's estate.

19.7 **Business Day** shall mean a day other than Saturday, Sunday or legal holidays.

19.8 **Cash** shall mean cash or equivalents, including without limitation checks, bank deposits, proceeds or other similar items.

19.9 **Chapter 11 Case** shall mean the proceeding under Chapter 11 of the Bankruptcy Code for the reorganization of the Debtor herein.

19.10 **Claim(s)** shall have the meaning provided for such terms in Section 101(5) of the Bankruptcy Code.

19.11 **Claim Reserve** shall mean Funds to be held by the Debtor in respect of a Disputed Claim, pending entry of a Final Order on the allowance or disallowance of such Disputed Claim.

19.12 **Claimant or Creditor** shall mean the holder of a Disputed Claim or Allowed Claim, as the case may be.

19.13 **Class** shall mean a group of Claims or Interests consisting of Claims or Interests which are substantially similar to each other as classified pursuant to the Plan in accordance with Section 1122 of the Bankruptcy Code.

19.14 **Collateral** shall mean with respect to any particular Secured Creditor, any and all of the Debtor's assets which are security for the Claims asserted as Secured Claims by the particular Creditor.

19.15 **Confirmation or Confirmation Date** shall mean the date upon which the Confirmation Order is entered on the Bankruptcy Court's docket.

19.16 **Confirmation Hearing** shall mean the hearing on the confirmation of the Plan, at which time the Court will consider objections to confirmation, if any.

19.17 **Confirmation Order** shall mean the Order of the Bankruptcy Court confirming this Plan pursuant to Section 1129 of the Bankruptcy Code.

19.18 **Creditor** shall mean any person or entity that is a holder of a Claim against the Debtor.

19.19 **Debtor** shall mean COMPOUNDING DOCS, INC.

19.20 **DIP Account(s)** shall mean the bank accounts set up and maintained by the Debtor in approved depositories and which accounts are property of the bankruptcy estate.

19.21 **Disclosure Statement** shall mean the Disclosure Statement for the Plan of Reorganization proposed by the Debtor as approved by the Bankruptcy Court pursuant to Section 1125 of the Bankruptcy Code, as such Disclosure Statement may be amended, modified or supplemented from time to time *(and all Exhibits and schedules attached thereto or referred to therein)*.

19.22 **Disbursing Agent** shall mean Directed CDRx Investments, Inc. a Florida Limited Liability Company.

19.23 **Disputed Claim** shall mean (i) a liability scheduled on the Schedules or the Amended Schedules as disputed, contingent or unliquidated; or (ii) timely filed proofs of Claim against which an objection is pending, or is filed within the deadline provided in this Plan and which Claim has not been allowed by order of the Bankruptcy Court.

19.24 **Disputed Claim Reserve** shall mean Funds to be held by the Debtor in respect to a Disputed Claim, pending the entry of a Final Order on the allowance or disallowance of such Disputed Claim.

19.25 **Effective Date** shall mean the fifteenth (15<sup>th</sup>) day after entry of the Confirmation Order. In the event of an appeal, absent the entry of a stay, the Effective Date shall be the fifteenth (15<sup>th</sup>) day after entry of the Confirmation Order. In the event the Confirmation Order is stayed pending appeal, the Effective Date shall be the fifteenth (15<sup>th</sup>) day after the entry of an Order either lifting the stay or affirming the Confirmation Order.

19.26 **Estate Claims** shall mean claims asserted by the Debtor on behalf of the Estate, against any third party, whether under the Bankruptcy Code or other applicable law.

19.27 **Final Order** shall mean an order or judgment of the Bankruptcy Court that is appealable of right to the United States District Court for the Southern District of Florida pursuant to Section 158(a) of Title 28, United States Code, whether or not an appeal can be timely taken, is taken or is pending unless the order is stayed pending appeal, and whether or not a timely motion is filed under Bankruptcy Rule

7052 or 9023.

19.28 **Final Report** shall mean the Final Report on Distribution and Request for Entry of Final Decree Closing Case to be filed by the Debtor.

19.29 **General Unsecured Claim or Unsecured Claim** shall mean any Claim against the estate of the Debtor other than an Administrative Claim, a Secured Claim, a Priority Claim or a Priority Tax Claim.

19.30 **Insider(s)** shall have the meaning given such term in Section 101(31) of the Bankruptcy Code, including without limitation Directed CDRx Investments, Inc.

19.31 **Notice Parties** shall mean all parties entitled to notice of filings or other matters, as set forth in the Plan which includes all Classes, the United States Trustee, the Debtor and Debtor's Counsel, excluding in any particular circumstance the party that itself filed the matter required to be served.

19.32 **Petition Date** shall mean the date that the voluntary petition was filed in the Chapter 11 Case, which date was November 18, 2016.

19.33 **Plan** shall mean this Plan of Reorganization in its entirety, together with all addenda, exhibits, schedules and other attachments hereto, in its present form or as it may be modified, amended or supplemented from time to time, and as attached at *Exhibit E, Page 72*.

19.34 **Priority Claim** shall mean any Claim entitled to priority under Section 507 of the Bankruptcy Code other than an Administrative Claim or Priority Tax Claim.

19.35 **Reorganized Debtor** shall mean Directed CDRx Investments, Inc.

19.36 **Secured Claim** shall mean a Claim pursuant to Section 506(a) of the



**EXHIBIT A**  
**CREDITOR CLASSES AND CLAIMS**

COMPOUNDING DOCS, INC.

CASE NO. 16-25312-EPK  
CHAPTER 11**Class 1 – Secured Claims**

| No. | Creditor Class                              | Description  | Insider?<br>(Yes or No) | Impaired | Amount Claimed | Allowed Amount and Treatment |
|-----|---|--|-------------------------|----------|----------------|------------------------------|
| 1   | Class 1<br>POC #8<br>12/29/2016<br>93866062 | Stonegate Bank<br>(f/k/a Regent Bank<br>c/o T. Doug Green<br>4600 W. Kennedy Blvd.<br>Tampa, Florida 33609 | No                      | Yes      | \$565,588.75   | Settlement Agreement         |
| 2   | Class 1<br>POC #9<br>12/29/2016<br>93866065 | Stonegate Bank<br>(f/k/a Regent Bank<br>c/o T. Doug Green<br>4600 W. Kennedy Blvd.<br>Tampa, Florida 33609 | No                      | Yes      | \$99,872.83    | Settlement Agreement         |
|     |   |  |                         |          | \$665,461.58   | Total                        |

|   |
|---|
| <b>Class 2 – Leases and Executory Contracts</b> |
|---|

| No.                                | Creditor Class                               | Description   | Insider?<br>Yes or No | Impaired | Amount Claimed  | Allowed Amount and Treatment |
|------------------------------------|--|---|-----------------------|----------|---|------------------------------|
| 1                                  | Class 2<br>No POC<br>Contract                | DHS<br>707 Park Meadow Rd<br>Westerville, OH 43081  | No                    | No       | \$16,620.00   | Affirmed                     |
| 2                                  | Class 2<br>POC #14<br>07/08/2016<br>93815104 | Lease Consultants<br>Corporation<br>Box 71397<br>Des Moines, IA 50325   | No                    | No       | \$49,946.26   | Affirmed                     |
| 3                                  | Class 2<br>POC #18<br>02/13/2017<br>93921669 | De Lage Landen Financial<br>Services \Attn T. Vietz<br>1111 Old Eagle Sch Rd<br>Wayne PA 19087                | No                    | No       | \$9,206.73  | Affirmed                     |
| 4                                  | Class 2<br>POC #15<br>01/19/2017<br>93887387 | GreatAmerica Financial<br>Services Corporation<br>ATTN: Peggy Upton<br>P.O. Box 609<br>Cedar Rapids, IA 52406 | No                    | No       | \$7,651.75  | Affirmed                     |
| 5                                  | Class 2<br>No POC                            | Great America Financial<br>Services POB 660831<br>Dallas, TX 75266  | No                    | No       | \$1,157.02  | Affirmed                     |
| 6                                  | Class 2<br>No POC                            | Accord Financial Inc<br>POB 6704<br>Greenville, SC 29606  | No                    | No       | \$8,735.00  | Affirmed                     |
| <b>Landlord Lease</b>              |  |   |                       |          |   |                              |
| 7                                  | No POC                                       | Polo Commerce Ctr LLC<br>4901 NW 17 Way #103<br>Fort Lauderdale, FL 33309                                     | No                    | No       | Per Existing<br>Terms and<br>Conditions                                 | Affirmed                     |
| <b>Equipment Purchase Contract</b> |  |   |                       |          |   |                              |
| 8                                  | Class 2<br>No POC<br>Contract                | Signature Contracting<br>& Property Mgt LLC<br>3161 N Dixie Hwy<br>Ft. Lauderdale, FL 33334                   | No                    | No       | \$21,384.21<br>Remaining<br>Balance and<br>Installation of<br>Generator | Affirmed                     |

**Class 3 – General Unsecured Claims – Page 1. Active Vendors – Less Than \$1,500.00**

| No. | Creditor Class                               | Description  | Insider?<br>Yes or No | Impaired | Amount Claimed | Allowed Amount and Treatment               |
|-----|--|--|-----------------------|----------|----------------|--|
| 1   | Class 3<br>POC #16<br>01/23/2017<br>93815082 | Brown & Fortunato PC<br>POB 9418<br>905 S Fillmore #400<br>Amarillo, TX 79105          | No                    | Yes      | \$788.99       | Per Pot Plan<br>(Dividend Settlement Pool) |
| 2   | Class 3<br>No POC                            | AMAG Pharmaceuticals<br>Lockbox 415526<br>POB 415526<br>Boston, MA 02441               | No                    | Yes      | \$25.00        | Per Pot Plan<br>(Dividend Settlement Pool) |
| 3   | Class 3<br>No POC                            | Anago of South Florida<br>520 NW 33 Ave<br>Fort Lauderdale, FL 33309                   | No                    | Yes      | \$1,389.41     | Per Pot Plan<br>(Dividend Settlement Pool) |
| 4   | Class 3<br>No POC                            | Anda Inc<br>2915Weston Rd<br>Weston, FL 33331  | No                    | Yes      | \$171.17       | Per Pot Plan<br>(Dividend Settlement Pool) |
| 5   | Class 3<br>No POC                            | APMS<br>2530 Professional Rd #200<br>Richmond, VA 23235                                | No                    | Yes      | \$250.00       | Per Pot Plan<br>(Dividend Settlement Pool) |
| 6   | Class 3<br>No POC                            | Applicant Insight Inc<br>POB 458<br>New Port Richey, FL 34656                          | No                    | Yes      | \$19.00        | Per Pot Plan<br>(Dividend Settlement Pool) |
| 7   | Class 4<br>No POC                            | Attix -Pharmaceuticals<br>184 Font Street E #801<br>Toronto, Ontario<br>M5A 4N3 CANADA | No                    | Yes      | \$499.00       | Per Pot Plan<br>(Dividend Settlement Pool) |
| 8   | Class 4<br>No POC                            | Attix -Pharmaceuticals<br>184 Font Street E #801<br>Toronto, Ontario<br>M5A 4N3 CANADA | No                    | Yes      | \$499.00       | Per Pot Plan<br>(Dividend Settlement Pool) |
| 9   | Class 4<br>No POC                            | Baxter Healthcare Cor<br>POB70564<br>Chicago, IL 60673                                 | No                    | Yes      | \$1,073.80     | Per Pot Plan<br>(Dividend Settlement Pool) |
| 10  | Class 4<br>No POC                            | CKs Security Sys. Inc<br>301 SE 4 St<br>Boynton Beach, FL 33435                        | No                    | Yes      | \$95.37        | Per Pot Plan<br>(Dividend Settlement Pool) |
| 11  | Class 4<br>No POC                            | Critical Point LLC<br>POB 419449<br>Boston, MA 02241                                   | No                    | Yes      | \$1,031.40     | Per Pot Plan<br>(Dividend Settlement Pool) |



|   |
|---|
| <b>Class 3 – General Unsecured Claims – Page 2. Active Vendors – Less Than \$1,500.00</b> |
|---|

| No. | Creditor Class                              | Description  | Insider?<br>Yes or No | Impaired | Amount Claimed | Allowed Amount and Treatment               |
|-----|---|--|-----------------------|----------|----------------|--|
| 12  | Class 4<br>No POC                           | DiNovo Pharmacy & Packaging Provisions<br>9067 Knight Rd<br>Houston, TX 00077-0854 | No                    | Yes      | \$1,098.00     | Per Pot Plan<br>(Dividend Settlement Pool) |
| 13  | Class 4<br>No POC                           | Eagle Analytical Svcs<br>POB 2584<br>Houston, TX 77252                             | No                    | Yes      | \$275.00       | Per Pot Plan<br>(Dividend Settlement Pool) |
| 14  | Class 4<br>No POC                           | Freedom Pharmaceuticals<br>801 W New Orleans St<br>Broken Arrow, OK 74011          | No                    | Yes      | \$169.20       | Per Pot Plan<br>(Dividend Settlement Pool) |
| 15  | Class 4<br>No POC                           | Health Care Logistics<br>POB 400<br>Circleville, OH 43113                          | No                    | Yes      | \$67.32        | Per Pot Plan<br>(Dividend Settlement Pool) |
| 16  | Class 4<br>No POC                           | Metagenics Inc<br>POB 415774<br>Boston, MA 02241                                   | No                    | Yes      | \$590.44       | Per Pot Plan<br>(Dividend Settlement Pool) |
| 17  | Class 4<br>No POC                           | HUMCO<br>2425 James St<br>Syracuse, NY 13206                                       | No                    | Yes      | Unknown        | Per Pot Plan<br>(Dividend Settlement Pool) |
| 18  | Class 4<br>No POC                           | Purchase Power<br>POB 371874<br>Pittsburgh, PA 15250                               | No                    | Yes      | \$459.34       | Per Pot Plan<br>(Dividend Settlement Pool) |
| 19  | Class 4<br>No POC                           | Rx Systems Inc<br>121 Point West Blvd St<br>St Charles, MO 63301                   | No                    | Yes      | \$737.04       | Per Pot Plan<br>(Dividend Settlement Pool) |
| 20  | Class 4<br>No POC                           | Storey Marketing<br>19487 E Cole Rd Meadville,<br>PA 16335                         | No                    | Yes      | \$759.00       | Per Pot Plan<br>(Dividend Settlement Pool) |
| 21  | Class 4<br>No POC                           | Tacy Medical Inc<br>POB 15807<br>Fernandia Bch, FL 32035                           | No                    | Yes      | \$106.00       | Per Pot Plan<br>(Dividend Settlement Pool) |
| 22  | Class 4<br>No POC                           | Ultimate Water LLC<br>POB 677784<br>Dallas, TX 75267                               | No                    | Yes      | \$118.14       | Per Pot Plan<br>(Dividend Settlement Pool) |
| 23  | Class 4<br>POC #1<br>11/30/2016<br>93831915 | Gold Coast Technologies<br>2701 W. McNab Rd<br>Pompano Bch, FL 33069               | No                    | Yes      | \$337.33       | Disputed or<br>Treatment Per<br>Pot Plan   |

**Class 3 – General Unsecured Claims – Page 3. Active Vendors – Less Than \$1,500.00**

| No. | Creditor Class                              | Description   | Insider?<br>Yes or No | Impaired | Amount Claimed                                 | Allowed Amount and Treatment             |
|-----|---|---|-----------------------|----------|--|--|
| 24  | Class 4<br>POC #3<br>12/06/2016<br>93840225 | Uline Shipping Supplies<br>12575 Uline Dr<br>Pleasant Prairie, WI 53158 | No                    | Yes      | Disputed:<br>\$2,179.57<br>Verified:<br>602.10 | Disputed or<br>Treatment Per<br>Pot Plan |
| 25  | Class 4<br>No POC                           | Allscripts Healthcare LLC<br>24630 Network PL<br>Chicago, IL 60673      | No                    | Yes      | \$ 750.00                                      | Disputed or<br>Treatment Per<br>Pot Plan |
| 26  | Class 4<br>No POC                           | AmWINS Rx<br>50 Whitecap Dr<br>North Kingstown, RI 02852                | No                    | Yes      | Unknown  | Disputed or<br>Treatment Per<br>Pot Plan |
| 27  | Class 4<br>No POC                           | Stericycle<br>POB 6582<br>Carol Stream, IL 60197                        | No                    | Yes      | \$1,103.32                                     | Disputed or<br>Treatment Per<br>Pot Plan |
| 28  | Class 4<br>No POC                           | Waste Management Inc<br>POB 49230<br>Phoenix, AZ 85080                  | No                    | Yes      | \$578.77                                       | Disputed or<br>Treatment Per<br>Pot Plan |
|     |   |   |                       |          | \$12,991.04                                    |  |

**Class 4 – General Unsecured Claims – Page 1. Active Vendors – More Than \$1,500.00**

| No. | Creditor Class                                | Description   | Insider?<br>(Yes or No) | Impaired | Amount Claimed  | Allowed Amount and Treatment                  |
|-----|---|---|-------------------------|----------|---|---|
| 1   | Class 4<br>POC #4<br>12/22/2016<br>93860685   | FedEx Corp Services, Inc<br>FedEx Express<br>Ground Freight Office<br>3965 Airways Blvd Module<br>G - 3rd FL<br>Memphis, TN 38116 | No                      | Yes      | \$13,322.71<br>(9,639.08)<br>Duplicate or<br>Reconciled | Per Pot Plan<br>(Dividend<br>Settlement Pool) |
| 2   | Class 4<br>(POC #7<br>11/29/2016<br>93866058  | Capital One Bank (USA),<br>N.A.<br>PO Box 71083<br>Charlotte, NC 28272-1083   | No                      | Yes      | \$16,082.00   | Per Pot Plan<br>(Dividend<br>Settlement Pool) |
| 3   | Class 4<br>(POC #10<br>01/05/2017<br>93874476 | American Express Bank,<br>FSB<br>c/o Becket and Lee LLP<br>PO Box 3001<br>Malvern PA 19355-0701                                   | No                      | Yes      | \$15,210.71   | Per Pot Plan<br>(Dividend<br>Settlement Pool) |

**Class 4 – General Unsecured Claims – Page 2. Active Vendors – More Than \$1,500.00**

| No. | Creditor Class                                | Description   | Insider?<br>(Yes or No) | Impaired | Amount Claimed | Allowed Amount and Treatment                  |
|-----|---|---|-------------------------|----------|----------------|---|
| 4   | Class 4<br>(POC #12<br>01/06/2017<br>93874476 | American Express Bank,<br>FSB<br>c/o Becket and Lee LLP<br>PO Box 3001<br>Malvern PA 19355-0701                       | No                      | Yes      | \$59,703.96    | Per Pot Plan<br>(Dividend<br>Settlement Pool) |
| 5   | Class 4<br>POC #17<br>01/30/2017<br>93815106  | Medisca Inc<br>POB 2592<br>Plattsburgh, NY 12901  | No                      | Yes      | \$10,730.50    | Per Pot Plan<br>(Dividend<br>Settlement Pool) |
| 6   | Class 4<br>POC #20<br>03/07/2017<br>93949851  | Baxter Healthcare<br>Credit Dept - DF 3/2E<br>1 Baxter Parkway<br>Deerfield, IL 60015                                 | No                      | Yes      | \$10,773.80    | Per Pot Plan<br>(Dividend<br>Settlement Pool) |
| 7   | Class 4<br>POC #21<br>03/15/2017<br>93958637  | Cardinal Health 108, LLC<br>c/o Debra Willet, V.P.,<br>Assoc. Gen. Counsel<br>7000 Cardinal Place<br>Dublin, OH 43017 | No                      | Yes      | \$7,571.76     | Per Pot Plan<br>(Dividend<br>Settlement Pool) |
| 8   | Class 4<br>No POC                             | Cardinal Health<br>15 Ingram Blvd #140<br>Lavergne, TN 37086  | No                      | Yes      | \$2,523.92     | Per Pot Plan<br>(Dividend<br>Settlement Pool) |
| 9   | Class 4<br>No POC                             | Chase Visa<br>POB 15298<br>Wilmington, DE 19850   | No                      | Yes      | \$32,695.79    | Per Pot Plan<br>(Dividend<br>Settlement Pool) |
| 10  | Class 4<br>No POC                             | Brickel & Company, PA<br>980 N Federal Hwy #110<br>Boca Raton, FL 33432   | No                      | Yes      | \$3,500.00     | Per Pot Plan<br>(Dividend<br>Settlement Pool) |
| 11  | Class 4<br>No POC                             | KB Technologies<br>668A S Military Trail<br>Deerfield Beach, FL 33432   | No                      | Yes      | \$7,645.56     | Per Pot Plan<br>(Dividend<br>Settlement Pool) |
| 12  | Class 4<br>No POC                             | Letco Medical<br>POB 776157<br>Chicago, IL 60677  | No                      | Yes      | \$3,731.48     | Per Pot Plan<br>(Dividend<br>Settlement Pool) |
| 13  | Class 4<br>No POC                             | Mediware Information<br>Systems Inc<br>POB 204176<br>Dallas, TX 75320   | No                      | Yes      | \$6,236.94     | Per Pot Plan<br>(Dividend<br>Settlement Pool) |
| 14  | Class 4<br>No POC                             | Jason Melachrinoudis<br>1015 E Sunrise Blvd #208<br>Ft. Lauderdale, FL 33304  | No                      | Yes      | \$100,000      | Per Pot Plan<br>(Dividend<br>Settlement Pool) |

**Class 4 – General Unsecured Claims – Page 3. Active Vendors – More Than \$1,500.00**

| No. | Creditor Class    | Description  | Insider?<br>Yes or No | Impaired | Amount Claimed | Allowed Amount and Treatment               |
|-----|-------------------|--|-----------------------|----------|----------------|--|
| 15  | Class 4<br>No POC | PCCA<br>POB 1439<br>Houston, TX 77251                              | No                    | Yes      | \$9,978.73     | Per Pot Plan<br>(Dividend Settlement Pool) |
| 16  | Class 4<br>No POC | SafetyPlus LLC<br>POB 2549<br>Chattanooga 37409                    | No                    | Yes      | \$2,855.00     | Per Pot Plan<br>(Dividend Settlement Pool) |
| 17  | Class 4<br>No POC | Staples<br>POB 905386<br>Atlanta, GA 30384                         | No                    | Yes      | \$2,346.63     | Per Pot Plan<br>(Dividend Settlement Pool) |
| 18  | Class 4<br>No POC | Ward Damon<br>4420 Beacon Circle #100<br>West Palm Beach, FL 33407 | No                    | Yes      | \$4,857.45     | Per Pot Plan<br>(Dividend Settlement Pool) |
| 19  | Class 4<br>No POC | Yellow Book<br>POB 5010<br>Carol Stream, IL60197                   | No                    | Yes      | \$2,227.40     | Disputed or<br>Treatment Per<br>Pot Plan   |
|     |                   |  |                       |          | \$311,994.34   | Total                                      |

**Class 4 – General Unsecured Claims – Vendors and Providers – Zero Balance**

| No. | Creditor Class    | Description   | Insider?<br>(Yes or No) | Impaired | Amount Claimed          | Allowed Amount and Treatment |
|-----|-------------------|---|-------------------------|----------|-------------------------|------------------------------|
| 20  | Class 4<br>No POC | Accreditation<br>Commission<br>for Health Care<br>139 Weston Oakes Ct<br>Cary, NC 27513 | No                      | Yes      | <del>\$1,806.00</del>   | \$ .00                       |
| 21  | Class 4<br>No POC | Empire Pharmacy<br>Consultants<br>247 SW 8 St #218<br>Miami, FL 33130                   | No                      | Yes      | Unknown                 | \$ .00                       |
| 22  | Class 4<br>No POC | ERISA Wise LLC<br>POB 3395<br>Livermore, CA 94551                                       | No                      | Yes      | <del>\$600.00</del>     | \$ .00                       |
| 23  | Class 4<br>No POC | Express Scripts<br>One Express Way<br>St Louis, MO 63121                                | No                      | Yes      | <del>\$948.36</del>     | \$ .00                       |
| 24  | Class 4<br>No POC | Express Scripts<br>One Express Way<br>St Louis, MO 63121                                | No                      | Yes      | <del>\$132,519.90</del> | \$ .00                       |

|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|
| <b>Class 4 – General Unsecured Claims – Page 4. Vendors and Providers – Zero Balance</b> |  |  |  |  |  |  |
|--|--|--|--|--|--|--|

| No. | Creditor Class    | Description  | Insider? (Yes or No) | Impaired | Amount Claimed        | Allowed Amount and Treatment |
|-----|-------------------|--|----------------------|----------|-----------------------|------------------------------|
| 25  | Class 4<br>No POC | Holistic Medical Solutions 5109D N Ocean Blvd Boynton Beach, FL 33435        | No                   | Yes      | Unknown               | \$ .00                       |
| 26  | Class 4<br>No POC | JPS Technical Serv. Inc 1812 N Pass A Ave Burbank, CA 91505                  | No                   | Yes      | Unknown               | \$ .00                       |
| 27  | Class 4<br>No POC | Aetna 151 Farmington Ave Hartford, CT 06156                                  | No                   | Yes      | Unknown               | \$ .00                       |
| 28  | Class 4<br>No POC | Catalyst Rx 800 King Farm Blvd 4 FL Rockville, MD 20850                      | No                   | Yes      | Unknown               | \$ .00                       |
| 29  | Class 4<br>No POC | Catamaran 1600 McConnor Pkwy Schaumburg, IL 60173                            | No                   | No       | Unknown               | \$ .00                       |
| 30  | Class 4<br>No POC | CVS Caremark 9501 E Shea Blvd Scottsdale, AZ 85260                           | No                   | No       | Unknown               | \$ .00                       |
| 31  | Class 4<br>No POC | Focus Scripts 11477 Olde Cabin Rd #350 St Louis, MO 63141                    | No                   | No       | <del>\$5,000</del>    | \$ .00                       |
| 32  | Class 4<br>No POC | Health Mart (McKesson) One Post St San Francisco, CA 94104                   | No                   | No       | Unknown               | \$ .00                       |
| 33  | Class 4<br>No POC | Humana 515 W Market St 7 Fl Louisville, KY 40202                             | No                   | No       | <del>\$7,129.67</del> | \$ .00                       |
| 34  | Class 4<br>No POC | Medco 100 Parsons Pond Dr Franklin Lakes, NJ 07417                           | No                   | No       | Unknown               | \$ .00                       |
| 35  | Class 4<br>No POC | Medicaid Agency for Healthcare Admin. 2727 Mahan Drive Tallahassee, FL 32308 | No                   | No       | Unknown               | \$ .00                       |
| 36  | Class 4<br>No POC | MedImpact POB320425 Alexandria, VA 22320                                     | No                   | No       | Unknown               | \$ .00                       |
| 37  | Class 4<br>No POC | Meridian Rx 1 Campus Martius #750 Detroit, MI 48226                          | No                   | No       | Unknown               | \$ .00                       |

**Class 4 – General Unsecured Claims – Page 5. Vendors and Providers – Zero Balance**

| No. | Creditor Class    | Description  | Insider?<br>Yes or No | Impaired | Amount Claimed         | Allowed Amount and Treatment |
|-----|-------------------|--|-----------------------|----------|------------------------|------------------------------|
| 38  | Class 4<br>No POC | MSD<br>800 Technology Ctr Dr<br>Stoughton, MA 02072                        | No                    | No       | Unknown                | \$ .00                       |
| 39  | Class 4<br>No POC | One Homecare<br>Solutions<br>3351 Executive Way<br>Hollywood, FL 33025     | No                    | No       | Unknown                | \$ .00                       |
| 40  | Class 4<br>No POC | Optum<br>POB 740800<br>Atlanta, GA 30374                                   | No                    | No       | <del>\$36,276.18</del> | \$ .00                       |
| 41  | Class 4<br>No POC | Pharmacy Network<br>Manager<br>500 Eagles Landing Dr<br>Lakeland, FL 33810 | No                    | Yes      | Unknown                | \$ .00                       |
| 42  | Class 4<br>No POC | Prime Therapeutics<br>POB 64812<br>Saint Paul, MN 55164                    | No                    | Yes      | Unknown                | \$ .00                       |
| 43  | Class 4<br>No POC | Rx Options<br>2181 E Aurora Rd #201<br>Twinsburg, OH 44087                 | No                    | Yes      | Unknown                | \$ .00                       |
| 44  | Class 4<br>No POC | Timesys<br>1905 Blvd of the Allies<br>Pittsburgh, PA 15219                 | No                    | Yes      | Unknown                | \$ .00                       |
| 45  | Class 4<br>No POC | US Scripts<br>2425 West Shaw Ave<br>Fresno, CA 93711                       | No                    | Yes      | Unknown                | \$ .00                       |
|     |                   |  |                       |          |                        | \$ .00                       |

**Class 4 – General Unsecured Claims – Disputed Priority Unsecured Claims**

| No. | Creditor Class  | Description   | Insider?<br>(Yes or No) | Impaired                           | Amount Claimed  | Allowed Amount and Treatment                          |
|-----|---|---|-------------------------|------------------------------------|---|---|
| 46  | Class 5<br>POC #5 –<br>12/23/2016  <br>amended:<br>POC #6<br>12/29/2016<br>93861438 | Samuel Mangel<br>4101 N Ocean Blvd<br>Apt 1805D<br>Boca Raton, FL 33431 | Yes                     | Yes                                | Salary Contract<br>Cancellation<br>Gap to Contract<br>Full Term | \$16,000.00<br>Contingent                             |
| 47  | Class 4<br>POC #13 –<br>01/06/2017<br>93875989                                      | Steven Randolph<br>9925 Ulmerton Rd<br>Unit 465<br>Largo, FL 33771      | Yes                     | Oral<br>Not<br>Written<br>Contract | Sam Mangel<br>Rep<br>Contract<br>Cancelled                      | \$12,475.00<br>Disputed<br>Contingent<br>Unliquidated |

**Class 4 – General Unsecured Claims – Page 6. Disputed Priority Unsecured Claims**

| No. | Creditor Class                                 | Description   | Insider?<br>(Yes or No) | Impaired | Amount Claimed                               | Allowed Amount and Treatment                          |
|-----|--|---|-------------------------|----------|--|---|
| 48  | Class 4<br>POC #22 –<br>03/27/2017<br>93976535 | Defense Health Agency<br>Mary L Dickens<br>16401 E Centretech<br>Pkwy<br>Aurora, CO 80011 | No                      |          | Express Script<br>Tricare<br>insurance payor | \$21,043.26<br>Disputed<br>Contingent<br>Unliquidated |
|     |  |   |                         |          |  | \$51,066.62   |

**Class 4 – General Unsecured Claims – Under-Secured UCC Loans**

| No. | Creditor Class                               | Description  | Insider?<br>(Yes or No) | Impaired | Amount Claimed | Allowed Amount and Treatment                                 |
|-----|--|--|-------------------------|----------|----------------|--|
| 49  | Class 4<br>POC #19<br>02/20/2017<br>93928866 | On Deck Capital, Inc.<br>901 N. Stuart St.<br>Suite 700<br>Arlington, VA 22203 | No                      | Yes      | \$198,317.46   | \$19,831.75<br>Per Pot Plan<br>(Dividend<br>Settlement Pool) |
| 50  | Class 4<br>(No POC)                          | IOU Central, Inc.<br>POB 503430<br>San Diego, CA 92150                         | No                      | Yes      | \$51,138.05    | \$5,113.81<br>Per Pot Plan<br>(Dividend<br>Settlement Pool)  |
|     |  |  |                         |          | \$249,445.51   | \$24,944.56  |

**Class 5 – Equity – Officer Loans to Company**

| No. | Creditor Class | Description   | Insider?<br>Yes or No | Impaired | Amount Claimed | Allowed Amount and Treatment |
|-----|----------------|---|-----------------------|----------|----------------|------------------------------|
| 1   | Equity         | Martha Little<br>4689 Carlton Golf<br>Lake Worth, FL 33449  | Yes                   | Yes      | \$250,000.00   | \$ .00                       |
| 2   | Equity         | Charles Robertson<br>1140 SW 19 Ave<br>Boca Raton, FL 33486 | Yes                   | Yes      | \$126,275.22   | \$ .00                       |
|     |                |   |                       |          | \$376,275.22   |                              |

### Insiders – Disclaimed Pre-Petition Loans to Company

| No. | Creditor Class    | Description   | Insider?<br>Yes or No | Impaired | Amount Claimed | Allowed Amount and Treatment               |
|-----|-------------------|---|-----------------------|----------|----------------|--|
| 1   | Class 5<br>No POC | Michael Gandee<br>4689 Carlton Golf<br>Lake Worth, FL 33449                     | Yes                   | Yes      | \$300,000      | Per Pot Plan<br>(Dividend Settlement Pool) |
| 3   | Class 5<br>No POC | Dr. Alexander Miranda<br>338-5 Burns Rd #203<br>Palm Beach Gardens, FL<br>33410 | Yes                   | Yes      | \$25,000       | Per Pot Plan<br>(Dividend Settlement Pool) |
|     |                   |   |                       |          | \$325,000      | Total                                      |

### Priority Tax Claims

| No. | Claimant/Creditor  | Type of Tax                                | Estimated Amount Owed | Insider? | Amount Claimed        | Amount and Treatment |
|-----|--|--|-----------------------|----------|-----------------------|----------------------|
| 1   | Internal Revenue Service<br>Central Insolvency Operation<br>P.O. Box 7346<br>Philadelphia, PA 19101-7346<br>(POC #2 - 11/30/2016 last amended 03/03/2017<br>93815100 (Unsecured) | Payroll Filing Penalties (Error in Filing) | \$28,459.27           | No       | Disputed Unliquidated | \$28,459.27          |
| 2   | Palm Beach County Tax Collector Attn: Legal Services Department<br>P.O. Box 3715<br>West Palm Beach, FL<br>33402- 3715<br>(POC #11 – 01/05/2017<br>93875218                      | Personal Property Tax                      | \$3,642.04            | No       | Needs Verification    | \$3,642.04           |
|     |  |  |                       |          |                       | \$32,101.31          |



|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|
| <b>Pre-Petition – Lawsuits Disclosed</b> |  |  |  |  |  |  |
|--|--|--|--|--|--|--|

| No. | Creditor Class | Description  | Insider?<br>Yes or No | Impaired | Amount Claimed                        | Allowed Amount and Treatment                                    |
|-----|----------------|--|-----------------------|----------|---------------------------------------|---|
| 1   | None<br>No POC | Charlene Barker<br>c/o Kenneth S Mair, Esq<br>3500 N St Rd 7 #402<br>Ft. Lauderdale, FL 33319                        | No                    | Yes      | Unknown<br>No Further<br>Liability    | Lawsuit 2015<br>Professional<br>Negligence<br>(Liability Claim) |
| 2   | None<br>No POC | Jeffrey Boudette<br>c/o Noah E Storch Esq<br>Celler Legal PA<br>7450 Griffin Rd #230<br>Fort Lauderdale, FL<br>33314 | No                    | Yes      | Unknown<br>Strong, Factual<br>Defense | Lawsuit<br>Employment<br>(Wrongful<br>Termination)              |

The above pre-petition lawsuits are being vigorously defended. The subject matter as to first is professional negligence which occurred prior to the commencement of this Bankruptcy case. Debtor paid its \$5,000 deductible to its Professional Liability Insurance underwriter, Evanston Insurance Company, that is now handling the claim. The second is a labor law case; which also occurred prior to the filing of this case, referencing wrongful termination of an individual let go during the agreed upon probation period (less than 90 days). Debtor has a Labor Relations attorney who was retained in the case. The Debtor anticipates no further liability in either case.

**EXHIBIT B**  
**STONEGATE BANK AMORTIZATION SCHEDULE**

COMPOUNDING DOCS, INC.

CASE NO. 16-25312-EPK  
CHAPTER 11

|                            |                      |                              |               | YEAR           | Interest Paid      | Principal Paid       |                       |
|----------------------------|----------------------|------------------------------|---------------|----------------|--------------------|----------------------|-----------------------|
| Loan Amount                | \$ 400,000.00        | Date of Loan                 | 7/30/2017     | 1              | 21,960.68          | 50,039.32            |                       |
| Amortization Period (mos.) | 120                  |                              | 8/30/2017     | 2              | 19,027.77          | 52,972.23            |                       |
| Interest Rate              | 5.75%                | # of Int. Payments per year  | 12            | 3              | -                  | -                    |                       |
| 360/365                    | yes                  |                              |               | 4              | -                  | -                    |                       |
| APR                        | 5.84%                | 1st Principal Payment Date   | 8/30/2017     | 5              | -                  | -                    |                       |
|                            |                      | # of Principal Payments/year | 12            | 6              |                    |                      |                       |
| Fixed Principal Amount     |                      |                              |               | 7              | -                  | -                    |                       |
| Actual Payment             |                      |                              |               | 8              | -                  | -                    |                       |
| Calculated Payment         | \$6,000.00           |                              |               | 9              | -                  | -                    |                       |
| Balloon Period             | 24                   |                              |               | 10             | 40,988.45          | 103,011.55           |                       |
| No.                        | Date of Loan Payment | Beginning Outstanding        | Interest Paid | Principal Paid | Ending Outstanding | Accumulated Interest | Accumulated Principal |
|                            | 7/30/2017            |                              |               |                | \$ 400,000.00      |                      |                       |
| 1                          | 8/31/2017            |                              | 1,982.43      | 4,017.57       | \$ 395,982.43      | 1,982.43             | 4,017.57              |
| 2                          | 9/30/2017            | \$ 395,982.43                | 1,899.21      | 4,100.79       | \$ 391,881.64      | 3,881.64             | 8,118.36              |
| 3                          | 10/30/2017           | \$ 391,881.64                | 1,879.54      | 4,120.48       | \$ 387,761.18      | 5,761.18             | 12,238.82             |
| 4                          | 11/30/2017           | \$ 387,761.18                | 1,921.77      | 4,078.23       | \$ 383,682.95      | 7,682.95             | 16,317.05             |
| 5                          | 12/30/2017           | \$ 383,682.95                | 1,840.22      | 4,159.78       | \$ 379,523.17      | 9,523.17             | 20,476.83             |
| 6                          | 1/30/2018            | \$ 379,523.17                | 1,880.94      | 4,119.06       | \$ 375,404.11      | 11,404.11            | 24,595.89             |
| 7                          | 2/28/2018            | \$ 375,404.11                | 1,860.53      | 4,139.47       | \$ 371,264.64      | 13,264.64            | 28,735.36             |
| 8                          | 3/30/2018            | \$ 371,264.64                | 1,661.95      | 4,338.05       | \$ 366,926.59      | 14,926.59            | 33,073.41             |
| 9                          | 4/30/2018            | \$ 366,926.59                | 1,818.51      | 4,181.49       | \$ 362,745.10      | 16,745.10            | 37,254.90             |
| 10                         | 5/30/2018            | \$ 362,745.10                | 1,739.80      | 4,260.20       | \$ 358,484.90      | 18,484.90            | 41,515.10             |
| 11                         | 6/30/2018            | \$ 358,484.90                | 1,776.68      | 4,223.32       | \$ 354,261.57      | 20,261.57            | 45,738.43             |
| 12                         | 7/30/2018            | \$ 354,261.57                | 1,699.11      | 4,300.89       | \$ 349,960.68      | 21,960.68            | 50,039.32             |
| 13                         | 8/30/2018            | \$ 349,960.68                | 1,734.43      | 4,265.57       | \$ 345,695.11      | 23,695.11            | 54,304.89             |
| 14                         | 9/30/2018            | \$ 345,695.11                | 1,713.29      | 4,286.71       | \$ 341,408.40      | 25,408.40            | 58,591.60             |
| 15                         | 10/30/2018           | \$ 341,408.40                | 1,637.46      | 4,362.54       | \$ 337,045.86      | 27,045.86            | 62,954.14             |
| 16                         | 11/30/2018           | \$ 337,045.86                | 1,670.42      | 4,329.58       | \$ 332,716.28      | 28,716.28            | 67,283.72             |
| 17                         | 12/30/2018           | \$ 332,716.28                | 1,595.77      | 4,404.23       | \$ 328,312.05      | 30,312.05            | 71,687.95             |
| 18                         | 1/30/2019            | \$ 328,312.05                | 1,627.14      | 4,372.86       | \$ 323,939.19      | 31,939.19            | 76,060.81             |
| 19                         | 2/28/2019            | \$ 323,939.19                | 1,605.48      | 4,394.54       | \$ 319,544.66      | 33,544.66            | 80,455.34             |
| 20                         | 3/30/2019            | \$ 319,544.66                | 1,430.43      | 4,569.57       | \$ 314,975.08      | 34,975.08            | 85,024.92             |
| 21                         | 4/30/2019            | \$ 314,975.08                | 1,561.04      | 4,438.96       | \$ 310,536.12      | 36,536.12            | 89,483.88             |
| 22                         | 5/30/2019            | \$ 310,536.12                | 1,489.39      | 4,510.61       | \$ 306,025.51      | 38,025.51            | 93,974.49             |
| 23                         | 6/30/2019            | \$ 306,025.51                | 1,516.68      | 4,483.32       | \$ 301,542.20      | 39,542.20            | 98,457.80             |
| 24                         | 7/30/2019            | \$ 301,542.20                | 1,446.26      | 4,563.74       | \$ 296,988.45      | 40,988.45            | 103,011.55            |
| 25                         | 8/30/2019            | \$ -                         | -             | -              | \$ -               | 40,988.45            | 103,011.55            |
| 26                         | 9/30/2019            | \$ -                         | -             | -              | \$ -               | 40,988.45            | 103,011.55            |
| 27                         | 10/30/2019           | \$ -                         | -             | -              | \$ -               | 40,988.45            | 103,011.55            |
| 28                         | 11/30/2019           | \$ -                         | -             | -              | \$ -               | 40,988.45            | 103,011.55            |
| 29                         | 12/30/2019           | \$ -                         | -             | -              | \$ -               | 40,988.45            | 103,011.55            |
| 30                         | 1/30/2020            | \$ -                         | -             | -              | \$ -               | 40,988.45            | 103,011.55            |
| 31                         | 2/28/2020            | \$ -                         | -             | -              | \$ -               | 40,988.45            | 103,011.55            |
| 32                         | 3/30/2020            | \$ -                         | -             | -              | \$ -               | 40,988.45            | 103,011.55            |
| 33                         | 4/30/2020            | \$ -                         | -             | -              | \$ -               | 40,988.45            | 103,011.55            |
| 34                         | 5/30/2020            | \$ -                         | -             | -              | \$ -               | 40,988.45            | 103,011.55            |
| 35                         | 6/30/2020            | \$ -                         | -             | -              | \$ -               | 40,988.45            | 103,011.55            |
| 36                         | 7/30/2020            | \$ -                         | -             | -              | \$ -               | 40,988.45            | 103,011.55            |
| 37                         | 8/30/2020            | \$ -                         | -             | -              | \$ -               | 40,988.45            | 103,011.55            |

|  |                                     |
|--|-------------------------------------|
| <b>EXHIBIT C</b>                               |                                     |
| <b>DEBTOR'S CHAPTER 7 LIQUIDATION ANALYSIS</b> |                                     |
| COMPOUNDING DOCS, INC.                         | CASE NO. 16-25312-EPK<br>CHAPTER 11 |

**The Liquidation Analysis offers alternatives to confirmation; including risk sensitivities and analysis of the alternatives.**

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a Chapter 7 liquidation. The following spreadsheet offers the comparison between accepting the Plan and the alternative of liquidation of the Debtor.

In the event the accompanying Plan, or any of its modifications or amendments, is not accepted by the holders of Approved Claims and Allowed Interests in the impaired classes or otherwise confirmed by the Court under the Cramdown provisions of Section 1129(b) of the Bankruptcy Code, the Debtor believes that the Debtor's case would be dismissed or converted to a case under Chapter 7.

In such event, a Trustee would be appointed, and the Debtor's assets would be liquidated for distribution to creditors. Since the Debtor has limited assets beyond its stock in trade and its leasehold improvements, which are subject to secured creditor levy, remaining creditors would realize less than the proposed distributions offered in the Debtor's Plan of Reorganization in a liquidation.

In a liquidation, the unsecured creditors would not be entitled to any of the equity from the sale of the real property or personal property as a forced sale would predictably erode the projected equity value of the Estate assets and personal property.

Accordingly, in a Chapter 7 Bankruptcy, the unsecured creditors would likely receive far less, if any, distribution.

|   |                                     |
|---|-------------------------------------|
| <b>EXHIBIT C – Page 2</b><br><b>DEBTOR’S CHAPTER 7 LIQUIDATION ANALYSIS</b> |                                     |
| COMPOUNDING DOCS, INC.  | CASE NO. 16-25312-EPK<br>CHAPTER 11 |

The preparation of the Liquidation Analysis has several key components and resources contributing to its conclusions:

1) **Plan Proponent’s Estimated Liquidation Value of Assets.** This is an analytical process, producing an estimate, based upon recent market comparisons, taking into consideration the dynamics of a distressed sale in a specialty market, conducted in a publicly-advertised auction.

2) **Book and Records of the Debtor – Approved Plan Balance Sheet.** The amounts listed are prepared from the Debtor’s books and records as at July 31,2017. These amounts represent the actual cost of the Debtor’s Assets (tangible value) and the value of certain Intangible Assets. The source of funds underpinning the acquisition of these Assets are proceeds from loans, funds provided by equity holders of the Debtor, and from profitable sales over time; less depreciation and amortization.

3) **Liquidation Value.** The value listed is the amount likely to be received after a “best efforts” advertised sale of the Debtor’s Estate.

4) **Maximum Liquidation Proceeds.** This is the maximum estimated net proceeds likely to be received from the orderly liquidation of the Debtor’s Estate.

5) **Projected % Realized at Liquidation.** This is the percentage of the liquidation sale proceeds against the 100% Book Value of the Debtor’s Estate.

| EXHIBIT C - CHAPTER 7 - LIQUIDATION ANALYSIS - Page 3   |  |   |              |   |                                    |  |
|---|--|---|--------------|---|------------------------------------|--|
| Compounding Docs, Inc.<br>Chapter 11 - Case No. 16-25312-EPK  |  | Book Value of Assets per<br>Debtor's Balance Sheet as<br>at July 31, 2017 |              | Debtor's Estimated Liquidation Value<br>of Assets and Liquidation Outcome |                                    |  |
| Approved Plan vs Liquidation  |  | Values  | Extension    | Liquidation<br>Value  | Maximum<br>Liquidation<br>Proceeds | Projected<br>% Realized<br>at<br>Liquidation |
| <b>Assets</b>   |  |   |              |   |                                    |  |
| <b>Cash Assets</b>  |  |   |              |   |                                    |  |
|   | Cash on Hand   | 6,781.09  |              | 6,781.09  |                                    | 100%   |
|   | Accounts Receivable  | (6,398.35)  |              | 0.00  |                                    | 0%   |
|   | Inventory  | 120,820.52  |              | 36,246.16   |                                    | 30%  |
|   | Deposits   | 14,298.52   |              | 3,574.63  |                                    | 25%  |
|   | Approved Plan vs Liquidation   |   | 150,670.28   |   | 46,601.88                          |  |
| <b>Operations Assets (at Book Value)</b>  |  |   |              |   |                                    |  |
|   | IT Assets - Software   | 15,168.50   |              | 1,516.80  |                                    | 10%  |
|   | Furniture & Fixtures   | 59,028.57   |              | 11,805.71   |                                    | 20%  |
|   | Machinery & Equipment  | 316,612.79  |              | 94,983.84   |                                    | 30%  |
|   | Leasehold Improvements   | 642,902.57  |              | 0.00  |                                    | 0%   |
|   | Automobiles  | 5,149.82  |              | 2,059.93  |                                    | 40%  |
|   | Contracts & Licenses   | 20,935.00   |              | 0.00  |                                    | 0%   |
|   | Intangibles (Brand)  | 20,605.00   |              | 0.00  |                                    | 0%   |
|   | Approved Plan vs Liquidation   |   | 1,080,402.25 |   | 110,366.28                         |  |
|   | Total Approved Plan vs Liquidation   |   | 1,231,072.53 |   | 188,629.42                         |  |
| <b>Less:</b>  |  |   |              |   |                                    |  |
| <b>Secured Creditors Recoveries</b>   |  |   |              |   |                                    |  |
|   | Class 1 - Loan 1   | 99,872.83   |              |   | (99,872.83)                        | 100%   |
| [1]   | Class 1 - Loan 2   | 165,588.75  |              |   | (88,756.59)                        | 54%  |
| [2]   | Remaining Balance (24 Months)  | 400,000.00  |              |   | 0.00                               | 0%   |
|   | Class 2 - Equipment Purchase   | 21,384.21   |              |   | 0.00                               | 0%   |
|   | <b>Total Secured Creditor Recoveries:</b>  |   | (686,845.79) |   |                                    |  |
| <b>Total Remaining (Operational) Value of Estate</b>  |  |   | 544,226.74   |   | 0.00                               |  |
| <b>Estimated Cost Consequences of Chapter 7:</b>  |  |   |              |   |                                    |  |
| [3]   | <b>Chapter 7 Trustee Fees &amp; Exp. (est)</b>   |   |              |   | 0.00                               | 0%   |
|   | Chapter 11 Administrative Exp.   |   |              |   | 0.00                               | 0%   |
|   | Balance for Unsecured Claims   |   |              |   | 0.00                               | 0%   |
|   | Total Amount of Unsecured Claims   |   |              |   | 0.00                               | 0%   |
| <b>Percentage of Claims Unsecured Creditors Would Receive or Retain in a Chapter 7 Liquidation:</b> |  |   |              |   |                                    |  |
|   |  |   |              |   |                                    |  |
| <b>Footnotes to above:</b>  |  |   |              |   |                                    |  |
| [1]   | In a liquidation, the Secured Creditor loses \$476,832.16 (\$76,832.16 + \$400,000.00) as opposed to providing for 100% recovery under Debtor's Plan treatment.  |   |              |   |                                    |  |
| [2]   |  |   |              |   |                                    |  |
| [3]   | a. Conversion to Chapter 7 Liquidation would result in a "zero" administration case with no compensation available for U.S. Trustee costs and fees or any other coverage for prior administration costs or expenses. |   |              |   |                                    |  |
|   | b. Although remaining Operational Value of Estate = \$544,226.74, this value considers in-place, ongoing profitable operations only and would not be realized in liquidation of the Estate.                          |   |              |   |                                    |  |

| <b>EXHIBIT C - CHAPTER 7 - LIQUIDATION ANALYSIS - Page 4</b>                           |   |                              |  |
|--|---|------------------------------|--|
| <i>Percentage of Claims Unsecured Creditors Will Receive or Retain under the Plan:</i> | <b>Distributions to Unsecured Creditors Under the Plan</b>  | <b>Maximum Plan Proceeds</b> | <b>Projected % Realized at Liquidation</b> |
| <b>Total Creditor Recoveries - All Classes:</b>  |   |                              |  |
| <b>Sources of Cash on Hand</b>   |   |                              |  |
| Cash in DIP Account Now  |   | 67,000.00                    |  |
| Earnings from Now to Effective Date  |   | 20,000.00                    |  |
| <b>Capital Advance Contributed</b>   |   |                              |  |
| Directed CDRx Investments, LLC   |   | 400,000.00                   |  |
| <b>Cash on Hand (est)</b>  |   |                              |  |
| <i>Less (due 90 days from effective date)</i>  |   | 0.00                         |  |
| Administrative Expenses of Plan  |   | (45,000.00)                  | 100%                                       |
| Statutory Costs and Charges  |   | (16,250.00)                  | 100%                                       |
| Cure Payments Executory Contracts  |   | 0.00                         |  |
| <b>Other Plan Payments:</b>  |   |                              |  |
| <b>Secured Creditors Recoveries</b>  |   |                              |  |
| Class 1 - Loan 1   | 99,872.83   |                              | 100%                                       |
| [4] Class 1 - Loan 2   | 165,588.75  |                              | 30%  |
| Class 2 - Equipment Purchase   | 21,384.21   |                              | 100%                                       |
| <b>Total:</b>  |   | (286,845.79)                 |  |
| <b>Unsecured Creditors Recoveries</b>  |   |                              |  |
| Class 3 - Under-Secured Sub-Loans  | 24,945.51   |                              | 10%  |
| Class 4 - Less than \$1,500.00   | 13,593.14   |                              | 30%  |
| Class 5 - More than \$1,500.00   | 51,594.58   |                              | 10%  |
| <b>Total:</b>  |   | (90,133.23)                  |  |
| <b>Priority Tax - Recoveries</b>   |   |                              |  |
| IRS Penalties (Disputed)   | 28,459.27   |                              | 0%   |
| Palm Beach Co - Property Tax   | 3,642.04  |                              | 100%                                       |
| <b>Total:</b>  |   | (3,642.04)                   |  |
| <b>Remaining Balance</b>   |   |                              |  |
| Total [Cash on Hand figure above]  |   | (67,000.00)                  |  |
| Balance after these payments<br><i>(provided by operations - see above)</i>            |   | (21,871.06)                  |  |
| <b>Footnote as to above:</b>   |   |                              |  |
| [4]  | <i>Secured creditor through agreed upon 2 yr \$400,000 amortized loan with Balloon, receives 100% of claim.</i> |                              |  |

**EXHIBIT D**  
**DEBTOR'S PROJECTED POST-CONFIRMATION OPERATING BUDGET**

| COMPOUNDING DOCS, INC.<br>CASE NO. 16-25312-EPK - CHAPTER 11 | Oct 17           | Nov 17           | Dec 17           | Jan 18           | Feb 18           | Mar 18           | Total<br>Oct 17 - Mar 18 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|--------------------------|
| <b>Ordinary Income/Expense</b>                               |                  |                  |                  |                  |                  |                  |                          |
| <b>Income</b>  |                  |                  |                  |                  |                  |                  |                          |
| 4200 · Insurance Recoupment                                  | -3,794.92        | -3,265.00        | -3,265.00        | -3,265.00        | -3,265.00        | -3,265.00        | -20,119.92               |
| 4000 · Sales   | 242,570.13       | 293,551.50       | 293,551.50       | 293,551.50       | 293,551.50       | 293,551.50       | 1,710,327.63             |
| <b>Total Income</b>  | 238,775.21       | 290,286.50       | 290,286.50       | 290,286.50       | 290,286.50       | 290,286.50       | 1,690,207.71             |
| <b>Cost of Goods Sold</b>                                    |                  |                  |                  |                  |                  |                  |                          |
| 6000 · Cost of Goods Sold                                    | 26,844.36        | 100,158.01       | 99,822.90        | 100,237.90       | 100,705.83       | 99,547.34        | 527,316.34               |
| <b>Total COGS</b>  | 26,844.36        | 100,158.01       | 99,822.90        | 100,237.90       | 100,705.83       | 99,547.34        | 527,316.34               |
| <b>Gross Profit</b>  | 211,930.85       | 190,128.49       | 190,463.60       | 190,048.60       | 189,580.67       | 190,739.16       | 1,162,891.37             |
| <b>Expense</b>   |                  |                  |                  |                  |                  |                  |                          |
| 6999 · Uncategorized Expenses                                | 0.00             | 80.00            | 0.00             | 0.00             | 0.00             | 0.00             | 80.00                    |
| 7000 · Administrative Expenses                               |                  |                  |                  |                  |                  |                  |                          |
| Bankruptcy Trustee   | 4,375.00         | 0.00             | 0.00             | 4,375.00         | 0.00             | 0.00             | 8,750.00                 |
| 7516 · Foreign State Corp Taxes                              | 552.48           | 0.00             | 0.00             | 0.00             | 0.00             | 0.00             | 552.48                   |
| 7100 · Office Salaries                                       | 88,802.84        | 69,821.00        | 69,821.00        | 69,821.00        | 69,821.00        | 69,821.00        | 437,907.84               |
| 7110 · Payroll Tax Expense                                   | 7,096.77         | 5,780.59         | 5,202.00         | 5,202.00         | 5,202.00         | 5,202.00         | 33,685.36                |
| 7115 · Employee Benefits                                     | 9,675.69         | 6,923.72         | 6,923.72         | 7,073.72         | 6,923.72         | 8,712.72         | 46,233.29                |
| 7150 · Commission Expense                                    | 1,043.58         | 2,000.00         | 2,000.00         | 2,000.00         | 2,000.00         | 2,000.00         | 11,043.58                |
| 7200 · Subcontract/Casual Labor                              | 9,443.95         | 15,500.00        | 15,500.00        | 15,500.00        | 15,500.00        | 15,500.00        | 86,943.95                |
| 7210 · Professional Fees                                     | 0.00             | 2,750.00         | 750.00           | 0.00             | 0.00             | 0.00             | 3,500.00                 |
| 7300 · Rent  | 9,033.34         | 9,033.34         | 9,033.34         | 9,033.34         | 9,033.34         | 9,033.34         | 54,200.04                |
| 7310 · Utilities   | 47.30            | 1,562.22         | 1,897.66         | 1,378.53         | 1,352.56         | 1,305.83         | 7,544.10                 |
| 7315 · Repairs & Maintenance                                 | 2,960.45         | 3,135.00         | 3,135.00         | 3,135.00         | 3,135.00         | 3,135.00         | 18,635.45                |
| 7325 · Licenses and Permits                                  | 508.90           | 986.81           | 596.23           | 5,897.62         | 109.78           | 416.00           | 8,515.34                 |
| 7500 · Insurance   | 2,630.32         | 875.00           | 875.00           | 875.00           | 875.00           | 875.00           | 7,005.32                 |
| 7510 · Property Taxes  | 385.65           | 0.00             | 0.00             | 0.00             | 3,642.04         | 0.00             | 4,027.69                 |
| 7515 · Sales/Use Tax   | 365.65           | 11.38            | 15.17            | 5.97             | 2.55             | 467.68           | 868.40                   |
| 7520 · Telephone   | 2,867.93         | 1,800.00         | 1,800.00         | 1,800.00         | 1,800.00         | 1,800.00         | 11,867.93                |
| 7525 · Automobile Expense                                    | 2,199.38         | 795.00           | 795.00           | 795.00           | 795.00           | 795.00           | 6,174.38                 |
| 7530 · Advertising   | 1,322.50         | 200.00           | 200.00           | 200.00           | 200.00           | 200.00           | 2,322.50                 |
| 7535 · Travel/Entertainment                                  | 378.46           | 200.00           | 200.00           | 200.00           | 200.00           | 200.00           | 1,378.46                 |
| 7540 · Office Supplies                                       | 541.30           | 500.00           | 500.00           | 500.00           | 500.00           | 500.00           | 3,041.30                 |
| 7545 · Postage and Delivery                                  | 9,520.59         | 5,000.00         | 5,000.00         | 5,000.00         | 5,000.00         | 5,000.00         | 34,520.59                |
| 7555 · Service Charges                                       | 3,541.07         | 3,838.00         | 3,838.00         | 3,838.00         | 3,838.00         | 3,838.00         | 22,731.07                |
| 7560 · Dues/Memberships                                      | 529.00           | 29.00            | 29.00            | 29.00            | 29.00            | 29.00            | 674.00                   |
| 7565 · Subscriptions/Publications                            | 0.00             | 29.00            | 29.00            | 29.00            | 29.00            | 29.00            | 145.00                   |
| 7800 · Penalties   | 0.00             | 0.00             | 0.00             | 0.00             | 38.00            | 0.00             | 38.00                    |
| 7000 · Administrative Exp - Other                            | 929.44           | 0.00             | 0.00             | 0.00             | 0.00             | 0.00             | 929.44                   |
| <b>Total 7000 · Administrative Expenses</b>                  | 158,751.59       | 130,770.06       | 128,140.12       | 136,688.18       | 130,025.99       | 128,859.57       | 813,235.51               |
| <b>Total Expense</b>   | 158,751.59       | 130,850.06       | 128,140.12       | 136,688.18       | 130,025.99       | 128,859.57       | 813,315.51               |
| <b>Net Ordinary Income</b>                                   | 53,179.26        | 59,278.43        | 62,323.48        | 53,360.42        | 59,554.68        | 61,879.59        | 349,575.86               |
| <b>Other Income/Expense</b>                                  |                  |                  |                  |                  |                  |                  |                          |
| <b>Other Income</b>  |                  |                  |                  |                  |                  |                  |                          |
| Sales Tax Discount   | 0.22             | 0.00             | 0.00             | 0.00             | 0.00             | 0.00             | 0.22                     |
| <b>Total Other Income</b>                                    | 0.22             | 0.00             | 0.00             | 0.00             | 0.00             | 0.00             | 0.22                     |
| <b>Net Other Income</b>                                      | 0.22             | 0.00             | 0.00             | 0.00             | 0.00             | 0.00             | 0.22                     |
| <b>Net Income</b>  | <b>53,179.48</b> | <b>59,278.43</b> | <b>62,323.48</b> | <b>53,360.42</b> | <b>59,554.68</b> | <b>61,879.59</b> | <b>349,576.08</b>        |
| Accounts Payable   | 20,000.00        | 20,000.00        | 20,000.00        | 20,000.00        | 20,000.00        | 20,000.00        | 120,000.00               |
| Debt Service   | 6,000.00         | 6,000.00         | 6,000.00         | 6,000.00         | 6,000.00         | 6,000.00         | 36,000.00                |
| <b>Net Income After Accounts Payable and Debt Service</b>    | <b>27,179.48</b> | <b>33,278.43</b> | <b>36,323.48</b> | <b>27,360.42</b> | <b>33,554.68</b> | <b>35,879.59</b> | <b>193,576.08</b>        |

|  |   |
|--|---|
| <b>EXHIBIT E</b><br><b>DEBTOR'S PLAN OF REORGANIZATION</b> |   |
| <b>COMPOUNDING DOCS, INC.</b>                              | <b>CASE NO. 16-25312-EPK</b><br><b>CHAPTER 11</b> |