

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF FLORIDA  
MIAMI DIVISION

In re:

NEXT COMMUNICATIONS, INC.,  
Debtor.

Case No. 16-26776-RAM  
Chapter 11

**DEBTOR'S DISCLOSURE STATEMENT**

NEXT COMMUNICATIONS, INC, the debtor and debtor-in-possession, submits the following Disclosure Statement to the Debtor's Plan of Reorganization, pursuant to 11 U.S.C. § 1121 of the United States Bankruptcy Code.

**EXHIBITS TO DISCLOSURE STATEMENT**

- Exhibit A – Plan of Reorganization
- Exhibit B – Schedule of Claims
- Exhibit C – 60-Month Projected Revenues, Expenses, and Projected Plan Distributions
- Exhibit D – Liquidation Analysis
- Exhibit E – Schedule of Debtor's Operating Results During Bankruptcy
- Exhibit F – 100 NWT Settlement Motion with Settlement Agreement attached
- Exhibit G – Schedule Ownership Interests NGH
- Exhibit H – NGH Operating Results FYE 2017

**I. INTRODUCTION**

**A. Generally**

This Disclosure Statement contains information about the Debtor, NEXT COMMUNICATIONS, INC., the Debtor,<sup>1</sup> and describes the Debtor's Plan of Reorganization (the "Plan") filed by the Debtor. A full copy of the Plan is attached to this Disclosure Statement as **Exhibit A**. Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one. Creditors have the opportunity to vote to accept or reject the Plan. The Plan is summarized in this Disclosure Statement (the "Disclosure Statement"). The Plan provides the means for distributing the funds collected by the Debtor to creditors. The purpose of this Disclosure Statement is to provide information deemed to be material, important and necessary to enable creditors to arrive at a reasonably informed decision.

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<sup>1</sup> Unless otherwise set forth herein, the defined terms in the Plan have the same meaning in this Disclosure Statement.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT CONCERNING THE FINANCIAL CONDITION OF THE DEBTOR'S BANKRUPTCY ESTATE IS BASED UPON FINANCIAL, AND OTHER, INFORMATION DEVELOPED BY THE DEBTOR'S MANAGEMENT AND ITS PROFESSIONALS FROM THE DEBTOR'S RECORDS. THIS INFORMATION HAS NOT BEEN SUBJECT TO AN AUDIT AND THEREFORE MAY BE SUBJECT TO ERROR. SOME FINANCIAL INFORMATION MAY HAVE BEEN OVERLOOKED INADVERTENTLY IN THE PREPARATION OF THIS DISCLOSURE STATEMENT, BUT IT IS BELIEVED THAT THE DISCLOSURE STATEMENT IS GENERALLY ACCURATE.

YOU SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN. THIS DISCLOSURE STATEMENT SUMMARIZES CERTAIN TERMS OF THE PLAN, BUT THE PLAN ITSELF WILL BE THE GOVERNING DOCUMENT. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING.

Under the Bankruptcy Code, only classes of Claims or Interests that are "impaired" under the Plan may vote to accept or reject the Plan. The Plan sets forth those Classes the Debtor believes are impaired Classes entitled to vote on the Plan. ACCORDINGLY, A BALLOT FOR ACCEPTANCE OR REJECTION OF THE PLAN IS ONLY BEING PROVIDED TO MEMBERS OF SUCH VOTING CLASSES. After carefully reviewing the Plan, including all its attachments and this Disclosure Statement and its exhibits, please indicate your vote by accepting or rejecting the Plan on the enclosed Ballot and return it in the envelope provided. *See* Subsection B: "Voting Instructions." Please read the balloting package instructions carefully and vote every ballot you receive.

For a summary description of the treatment of each Class of Claims and Interests and the estimated value of distributions to each Class of Claims and Interests, *see Section VI*.

The Court has scheduled a hearing to consider confirmation of the Plan for \_\_\_\_\_, 2018, at \_\_\_\_\_, a.m./p.m. before the Honorable Robert A. Mark, United States Bankruptcy Judge, Courtroom 4, United States Bankruptcy Court, C. Clyde Atkins United States Courthouse, 301 N. Miami Avenue #150, Miami, FL 33128 (the "Confirmation Hearing"). The Court has directed that objections, if any, to confirmation of the Plan be filed with the Court and served so as to actually be received by various parties on or before \_\_\_\_\_ at 4:00 p.m. The date of the Confirmation Hearing may be adjourned from time to time without further notice.

## **B. Voting Instructions**

### **(1) Ballots**

In voting for or against the Plan, please use only the ballot sent to you with this Disclosure Statement. IF YOU RECEIVE MORE THAN ONE BALLOT, YOU SHOULD ASSUME THAT EACH BALLOT IS FOR A SEPARATE CLAIM AND YOU SHOULD COMPLETE AND RETURN ALL OF THEM.

**(2) Returning Ballots**

IN ORDER TO BE COUNTED, BALLOTS MUST BE **ACTUALLY RECEIVED** BY THE BALLOTING AGENT IDENTIFIED ON THE BALLOT ON OR BEFORE \_\_\_\_\_, 2018, AT 4:00 P.M., YOUR BALLOT MAY NOT BE COUNTED IF IT IS RECEIVED LATER.

**C. Objections to the Plan and Hearing on Confirmation**

The deadline to file an objection to confirmation of the Debtor's Plan is \_\_\_\_\_ at 4:00 p.m. All objections to the confirmation of the Plan must be **actually received** at the following addresses: Clerk of the Court, United States Bankruptcy Court, C. Clyde Atkins United States Courthouse, 301 N. Miami Avenue #150, Miami, FL 33128

Section 1128 of the Bankruptcy Code requires the Bankruptcy Court to hold a hearing to consider confirmation of the Debtor's Plan. Section 1128 of the Bankruptcy Code also provides that any party in interest may object to confirmation of the Debtor's Plan.

The hearing to consider confirmation of the Debtor's Plan and any timely objections to confirmation will be held on \_\_\_\_\_, 2018 at \_\_\_\_\_ a.m./p.m. before the Honorable Robert A. Mark, United States Bankruptcy Judge, Courtroom 4, United States Bankruptcy Court, C. Clyde Atkins United States Courthouse, 301 N. Miami Avenue #150, Miami, FL 33128.

As a creditor, your vote is important. In order for the Plan to be deemed accepted, of the ballots cast, creditors that hold at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the allowed claims of impaired Classes must accept the Plan. However, you are advised that the Debtor may be afforded the right under the Bankruptcy Code to have the Plan confirmed over the objections of dissenting creditors consistent with the limitations set forth in the Bankruptcy Code.

NO REPRESENTATIONS CONCERNING THE DEBTOR ARE AUTHORIZED OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE, OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON IN ARRIVING AT YOUR DECISION IN CASTING YOUR BALLOT(S) ON THE PLAN. SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR, WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE UNITED STATES TRUSTEE FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

You are urged to carefully read the contents of this Disclosure Statement before making your decision to accept or reject the Plan. Particular attention should be directed to the provisions of the Plan affecting or impairing your rights as they presently exist.

**II - SUMMARY OF CHAPTER 11 BANKRUPTCY PROCESS**

**A. Property of the Estate**

The filing of a chapter 11 petition for bankruptcy relief creates an estate comprising all of the legal and equitable interests of the debtor in property as of the date the petition is filed. Sections 1101, 1107, and 1108 of the Bankruptcy Code provide that a debtor may continue to operate its business and remain in possession of its property as a "debtor in possession" unless the bankruptcy court orders the appointment of a trustee. No trustee has been appointed in this case.

### **B. Automatic Stay**

Pursuant to 11 U.S.C. § 362, the filing of a chapter 11 petition operates as an automatic stay applicable to all entities of various actions, including actions to collect pre-petition claims from the Debtor or otherwise interfere with its property or business.

### **C. Plan of Reorganization**

The chapter 11 plan of reorganization sets forth the terms of the Debtor's financial reorganization. Since no trustee has been appointed, only the debtor may file a plan during the first 120 days of a Chapter 11 case. Section 1121 (d) of the Bankruptcy Code permits the court to extend or reduce that 120-day period. After the "exclusivity period" has expired, a creditor or any other party-in-interest may file a plan, unless the debtor files a plan within the exclusive period. If a debtor files a plan within the exclusivity period, then the debtor is given 60 additional days during which the debtor may solicit acceptances of its plan. The solicitation period may be extended or reduced by the court upon a showing of "cause." In the instant case, the Debtor has not sought an extension of the exclusivity period.

### **D. Disclosure Statement**

An acceptance or rejection of a plan may not be solicited after the commencement of a chapter 11 case from the holders of a Claim or Equity Interest unless, at the time of or before such solicitation, there is transmitted to such holder the plan and a written disclosure statement approved, the court confirming "adequate information," after notice and a hearing on the contents therein. "Adequate information" means information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor's books and records, that would enable a hypothetical, reasonable investor typical of holders of claims or interest of the relevant class to make an informed judgment about the plan.

### **E. Voting**

#### **(1) Who May Vote or Object**

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

**(a) What Is an Allowed Claim or an Allowed Equity Interest?**

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either: (1) the Debtor has scheduled the claim on the its schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated; or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless, after notice and hearing, the Court either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

**THE DEADLINE FOR FILING A PROOF OF CLAIM WAS APRIL 25, 2017, AND FOR GOVERNMENTAL ENTITIES IT WAS JUNE 19, 2017.**

**(2) What Is an Impaired Claim or Impaired Equity Interest?**

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is impaired under the Plan. As provided in 11 U.S.C. § 1124, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

In this case, the Debtor believes that each of the three Classes of Claims and Class 4 Interests are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Debtor believes there are no unimpaired classes of Claims or Interests.

**(3) Who is NOT Entitled to Vote**

The holders of the following types of claims and equity interests are not entitled to vote to accept or reject the Plan:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes;
- holders of claims or equity interests in unimpaired classes, if any;
- holders of claims entitled to priority pursuant to 11 U.S.C. §§ 507(a)(2), (a)(3), and (a)(8);
- holders of claims or equity interests in classes that do not receive or retain any value un-

der the Plan; and

- holders of administrative expense claims.

Even If You Are Not Entitled to Vote on the Plan, You May Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement

**(4) Who Can Vote in More Than One Class**

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

**(5) Votes Necessary to Confirm the Plan**

If impaired classes exist, the Court cannot confirm the Plan unless: (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by a cramdown on non-accepting classes.

**(a) Votes Necessary for a Class to Accept the Plan**

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

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

**(b) Treatment of Non-accepting Classes**

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

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

**F. Impairment**

A class of Claims or Interests is "impaired" if the legal, equitable, or contractual rights attaching to the Claims or Interests of that class are modified. Modification for purpose of determining impairment, however, does not include curing defaults and reinstating maturity.

## **G. Confirmation Standards**

### **(1) General**

The proponent of the plan of reorganization must meet all applicable requirements of 11 U.S.C. § 1129(a) (except 11 U.S.C. § 1129(a)(8) if the proponent proposes to seek confirmation of the plan under the provisions of 11 U.S.C. § 1129(b)). These requirements include, among other things, that: (a) the plan comply with applicable provisions of Title II, United States Code and other applicable law; (b) the plan be proposed in good faith; (c) at least one impaired Class of claims must accept the plan, without counting votes of insiders; (d) the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and (e) the Plan must be feasible. These requirements are not the only requirements listed in 11 U.S.C. § 1129, and they are not the only requirements for confirmation.

### **(2) Cramdown**

The Bankruptcy Court may confirm a plan of reorganization even though fewer than all the classes of impaired Claims and Interests have accepted the plan. If a plan of reorganization is to be confirmed despite the rejection of a class of impaired Claims or Interest, then the proponent of the plan must show, among other things, that the plan of reorganization does not discriminate unfairly and that the plan is fair and equitable with respect to each impaired class of Claims or Interest that has not accepted the plan of reorganization. *See discussion below.*

### **(3) Liquidation Analysis**

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. A liquidation analysis is attached to this Disclosure Statement at *Exhibit D*.

### **(4) Feasibility**

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

#### **(a) Ability to Initially Fund Plan**

The Debtor believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date.

#### **(b) Ability to Make Future Plan Payments And Operate Without Further**

The plan proponent must also show that it sufficient funds over the life of the Plan to make the required Plan payments. A summary of the projected revenues and expenses and plan funding requirements over the life of the Plan is *Exhibit C*.

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

### **III - DEFINITIONS**

The defined terms used herein have the same meaning as in the Plan.

### **IV - THE DEBTOR**

#### **A. Events Leading to Filing Chapter 11 Bankruptcy**

The Debtor is a Delaware corporation formed in 1998 to provide International Voice Over Internet Protocol (International VoIP). In 2015, the Debtor suffered the loss of millions of dollars in revenues from a suspected cyber-organized criminal hack resulting in the loss. The hack caused dramatic cash flow issues that caused the Debtor's business to fail, i.e., it could not pay providers of the minutes that it sold wholesale at a profit. This resulted in a number of judgments and lawsuits including a judgment by the Debtor's former landlord, 100 NWT Fee Owner LLC ("100 NWT") at the 100 Biscayne Boulevard location for \$1,678,022.31 recorded as a judgment lien J15000962627 on 10/26/15. Cisco Systems Capital Systems obtained a final judgment in USDC-SDFLA, case no. 1:16-MC-21166-DPG in the amount of \$2,248,956.77 recorded as judicial lien J16000241517 on 04/11/16. US Bank NA obtained a judgment \$176,382.49 recorded as judicial lien J16000759625 on 12/05/16.

Due to the prepetition collapse of revenues attributable to the illegal hack and the resulting lawsuits and final judgments, the Debtor's operations ground to a standstill in late 2015.

On or about August 4, 2016, 100 NWT commenced proceedings supplementary under Fla. Stat. 56.29 against the Debtor to obtain possession and ownership of the remaining assets of the Debtor and against various affiliates of the Debtor to recover alleged avoidable transfers.

On December 21, 2016, the Debtor sought the protections afforded Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") to attempt to restart its business and restructure its debts to all of its creditors.

Debtor's current office is leased and located at 350 Lincoln Road, 2d Floor, Miami Beach, Florida 33139.

### **V. DEBTOR'S OPERATIONS IN CHAPTER 11**

Since filing, the Debtor continued to operate its business as a Debtor-in-Possession pursuant to 11 U.S.C. §§ 1107 and 1108. The Debtor through its principal Arik Maimon, Chief Executive Officer, have worked tirelessly to reestablish the Debtor's formerly extensive relationships with both customers and providers to afford the Debtor an opportunity to restart its International VoIP traffic. The Debtor entered into an agreement with its affiliate Meimoun & Mammon LLC for use of its telecom platform, which allowed the Debtor to start providing its services to customers, which was approved by Order dated May 9, 2017 (DE #44). On September 13, 2017, the Debtor entered into an agreement with VTX Corporation with VTX Corporation, a



Panamanian entity, to handle traffic originated by Next and provide up to \$1.0 million-dollar credit (including VTX waived the right to seek an administrative priority claim under § 503), which agreement was approved by Order dated November 9, 2017 (DE # 92).

The Debtor's hard work resulted in revenues of \$1,200.00 in January 2017 increasing to \$1,574,179.64 in January 2018 - a phenomenal result. The Debtor's profit margin is between 2% to 3% of gross revenues. The results of operations during the Chapter 11 case are set forth on **Exhibit G**, which is a summary of the Debtor's monthly operating reports filed in this case.

The Debtor has filed its schedules and statement of financial affairs, which list the assets and liabilities of the Debtor. The Debtor has obtained Orders approving the retention of counsel for the Debtor and Debtor's accountant and special counsel.

During the Chapter 11 case, the Debtor successfully defended various motions filed by 100 NWT to dismiss or convert the case to a Chapter 7, primarily by showing the Court and parties in interest that the Debtor was successfully growing revenues sufficient to make a plan of reorganization possible that would allow all creditors to receive a larger distribution than would be the case were the case dismissed or converted to a Chapter 7 liquidation. A liquidation analysis showing the likely distribution, if any, in a Chapter 7 liquidation, compared to the distribution under the Debtor's Plan is attached hereto as **Exhibit D**.

On January 24, 2018, the Debtor filed an objection (DE #118) to 100 NWT's secured proof of claim 5 in the amount of in the amount of \$1,763,957.80. On February 28, 2018, the Debtor and 100 NWT entered into a Settlement Agreement to resolve all pending issues between them regarding the proof of claim and the treatment of the proof of claim. The Motion to Approve the Settlement Agreement (DE #124) is attached as **Exhibit H**. The hearing on the motion to approve the Settlement Agreement is set for March 29, 2018 at 11:30 a.m. Under the Settlement Agreement 100 NWT is granted a secured claim of \$1.0 million payable at the election of the Debtor as follows: \$525,000.00 within 30 days of entry of the Confirmation Order or \$150,000.00 within 30 days of entry of the Confirmation Order plus 11 equal monthly payments of \$50,000 for 11 months thereafter in full satisfaction of 100 NWT's Secured Claim.

The Debtor commenced one adversary proceeding, case no. 17-01442-RAM, against Verizon Communications Inc, Equinix, Inc., and Terremark North America, LLC, arising from the loss of computer servers and related equipment that was stored at the NAP of the Americas facility owned by the Defendants. The Defendants have filed a motion to dismiss to which the Debtor replied, and the matter is set for hearing.

On March 1, 2018, the Debtor filed the Plan.

On March 28, 2018, the Debtor filed objections to various claims (DE #131 through DE #137) which are pending as of the filing of this Disclosure Statement. The deadline to file a proof of claim in this matter was April 25, 2017.

## **VI - SUMMARY OF THE PLAN**

### **A. Classification, Treatment, And Impairment Of Classes Of Claims And Interests**

#### ***(1) Unclassified Claims***

Pursuant to § 1123(a)(1), administrative expense claims under § 507(a)(2) and priority tax claims under § 507(a)(8) are not classified.

"***Allowed Administrative Expense Claims***" under § 503 of the Code shall be paid in full on the Effective Date of this Plan, in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor. The Administrative Claimants are counsel for the Debtor, Gary Murphree and AM Law and accountants for the Debtor, Lopez Levi Lowenstein Glin-sky PA, CPA. The Debtor estimates that Allowed Administrative Expense Claims shall be \$75,000.

"***Allowed Priority Tax Claims***" under § 1129(a)(9)(C) shall receive, at the sole discretion of the Debtor, and in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim, (A) an amount equal to the unpaid amount of such Allowed Priority Tax Claim in Cash commencing on the later of (i) the Effective Date, (ii) the date that such Claim becomes an Allowed Priority Tax Claim by a Final Order, or (iii) a date agreed to by the Claimholder and the Debtor; (B) as provided in section 1129(a)(9)(C) of the Bankruptcy Code, cash payments made in equal monthly installments beginning on the Effective Date, with the final installment payable not later than the sixtieth (60th) month following the Petition Date, together with interest (payable in arrears) on the unpaid portion thereof at 6% from the Effective Date through the date of payment thereof; or (C) such other treatment as to which the Debtor and such Claimholder shall have agreed in writing or the Bankruptcy Court has ordered or may order; provided, however, that the Debtor reserves the right to pay any Allowed Priority Tax Claim, or any remaining balance of any Allowed Priority Tax Claim, in full at any time on or after the Effective Date without premium or penalty; and, provided further, that no holder of an Allowed Priority Tax Claim shall be entitled to any payments on account of any pre-Effective Date interest accrued on or penalty arising before or after the Petition Date with respect to or in connection with such Allowed Priority Tax Claim.

The Debtor is aware of State of Florida Department of Revenue (FLA-DOR) filed proof of claim 2 claiming priority of \$116,747.42 and claim 3 claiming priority of \$498.49. The Debtor disputes the amount and priority of claim 2 in its entirety. The Internal Revenue Service (IRS) filed claim 6 claiming priority \$332,953.03; the Debtor disputes the amount and priority of claim 6. The Debtor believes the estimated allowed priority claims shall be \$80,000.00.

2.3 "***United States Trustee Fees***" required to be paid by 28 U.S.C. § 1930(a)(6) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. All U.S. Trustee Fees owing as of the Effective Date shall be paid on or before such date. The Debtor shall continue to pay U.S. Trustee quarterly fees as they come due through the quarter in which the Court enters an Order closing the case.

**(2) Classified Claims and Interests**

Pursuant to § 1123(a)(1) and (3) of the Bankruptcy Code, all claims and interests, except for §§ 507(a)(2) and (a)(8) priority claims treated in Article II above, are classified and afforded the following treatment under the Plan.

"*Class 1*" consists of the **Allowed Secured Claim of 100 NWT**. As set forth in the Debtor's Motion to Approve Settlement Agreement With 100 NWT Fee Owner LLC (Docket entry 124), the 100 NWT is provided an Allowed Secured Claim of \$1.0 million payable at the election of the Debtor as follows: (a) a payment to NWT of \$150,000.00 within 30 days of entry of the Confirmation Order and every thirty days thereafter of 11 equal payments of \$50,000.00 for a total settlement payment of \$700,000.00, or (b) \$525,000.00 within 30 days of entry of the Confirmation Order. NGH has agreed to guarantee said payments. A copy of the Settlement Agreement is **Exhibit F** to the Disclosure Statement.

Upon payment of either of the above option amounts as elected by the Debtor, the claim of 100 NWT shall be satisfied in full and discharged. 100 NWT shall file appropriate satisfactions of judgments in the Miami-Dade County public records and with the State of Florida Division of Corporations.

100 NWT's claim is impaired.

"**Class 2**" consists of holders of Allowed Unsecured Claims equal to \$500.00 or less, or holders of claims greater than \$500.00 who elect to voluntarily reduce their claim to \$500.00 to receive the treatment afforded holders of Allowed Class 2 Claims. An analysis of claims that the Debtor anticipates qualify or whom the Debtor believes will elect to reduce their claims to qualify as Class 2 claims is **Exhibit B** to the Disclosure Statement.

In full satisfaction of each holder's Allowed Class 2 Claim, the Debtor on the 90<sup>th</sup> day following the Effective Date shall pay each holder of an Allowed Class 2 Claim the lesser of (a) the full amount of their claim without interest, as scheduled on Schedule F, or as included in a timely filed proof of claim, or (b) \$500.00.

Class 2 is impaired under the Plan.

"*Class 3*" consists of *holders of Allowed Unsecured Claims exceeding \$500.00 who do not elect Class 2 treatment*. The Debtor estimates that Allowed Class 3 claims will total no less than \$6,331,681.13 after all the Debtor's claims objections are resolved. The Debtor has filed or is filing objections to claims totaling \$9,024,791.68. A schedule of the Allowed Claims and Disputed Claims is **Exhibit B** to the Disclosure Statement.

Commencing on the Effective Date, the Debtor shall commence monthly pro rata payments to each holder of an Allowed Class 3 Unsecured Claim based upon the following distribution schedule:

Months 1 – 24 following Effective Date:	\$20,000 per month	\$480,000
Months 25 - 48 following Effective Date:	\$30,000 per month	\$720,000
Months 49 – 60 following Effective Date:	\$40,000 per month	\$480,000
Total Distributions Class 3 Allowed Claims		\$1,680,000

As described in more detail in the disclosure statement, this should result in each holder of an Allowed Class 3 Unsecured Claim receiving an aggregate distribution ranging from a high of 27% percent of each Allowed Claim determined as follows: \$1,680,000 divided by estimated total Allowed Unsecured Claims \$6,331,681.13, which assumes the Debtor successfully prevails at the hearing on the pending disputed claims totaling \$9,024,791.68 and obtains Orders disallowing in full all of these claims. Conversely, the lowest estimated percentage distribution on each Allowed Class 3 Claim would be 11% percent of each Allowed Claim determined as follows: \$1,680,000 divided by estimated total Allowed Unsecured Claims \$6,331,681.13 plus disputed claims of \$9,024,791.68. This dismal scenario assumes the Debtor loses each and every disputed claim and the total \$9,024,791.68 become Allowed Class 3 Claims. As more fully set forth in the Disclosure Statement the actual percentage is likely in the middle.

Class 3 is impaired under the Plan.

"*Class 4*" consists of *holders of equity interests* in the Debtor. A schedule of the holders of Class 4 and their percentage interest and capital accounts is **Exhibit G** to the Disclosure Statement. Upon the Effective Date, all existing equity interests in the Debtor shall continue subject to each holder agreeing to guarantee the payments under the Plan and pledge their interest as security for the payment of all distributions under the Plan. To the extent the funds from operations and from NGH are insufficient to make the payments under the Plan, each owner shall be obligated to pay its pro rata share of any shortfall suffer the dilution and extinguishment of their interest to the extent extinguished. No equity holder shall be liable under this obligation for more than their ownership interest in the Debtor. According to the Debtor's five-year forecast, **Exhibit C**, the Debtor incurs a Plan funding shortfall up to \$158,330 in April 2019 before it declines and eventually goes away in September 2019. The Class 4 equity holders commit to funding \$200,000 into the Debtor's operating account within 30 days of the Effective Date to cover the shortfalls.

### **(3) Impairment of Classes of Claims and Interest**

3.2 Pursuant to § 1123(a)(3), the Debtor specifies that Classes 1, 2, and 3 are unimpaired under the Plan and that Class 2 and Class 4 interests are "*impaired*" within the meaning of § 1124.

### **B. Right to Vote on Plan - Holders of Impaired Claims and Interests.**

Holders of impaired claims or interests are entitled to vote whether to accept or reject the treatment afforded their respective claim or interest under the Plan. These classes, accordingly, must vote to accept the Plan in order for the Plan to be confirmed without a cramdown. A Claimant who fails to vote to either accept or reject the Plan will not be included in the calculation regarding acceptance or rejection of the Plan.

A Ballot to be completed by the holders of Claims and/or Interests is included herewith. Instructions for completing and returning the ballots are set forth thereon and should be reviewed at length. The Plan will be confirmed by the Bankruptcy Court and made binding upon all Claimants and Interest holders if: ( a) with respect to impaired Classes of Claimants, the Plan is accepted by holders of two-thirds (2/3) in amount and more than one-half (1/2) in number of Claims in each such class voting upon the Plan, and (b) with respect to classes of Interest Holders, if the Plan is accepted by the holders of at least two-thirds (2/3) in amount of the allowed interests of such class held by holders of such interests. In the event the requisite acceptances are not obtained, the Bankruptcy Court may, nevertheless, confirm the Plan if it finds that the Plan accords fair and equitable treatment to any class rejecting it. Your attention is directed to 11 U.S.C. § 1129 for details regarding the circumstances of such "cramdown" provisions.

### **C. Legal Proceedings**

There is a pending adversary proceeding for enforcement of a note and breach of fiduciary duty against Carlos Valera and Carlos Valera & Associates for approximately \$205,000 for money he borrowed from the Debtor, case no. 12-01284-LMI. The Debtor also paid \$40,000 to MiaCucina a cabinet making company for return of a deposit. The Debtor may also have an eviction complaint to file in the ordinary course of its tenant operations.

The Debtor does not believe there are any preference or avoidance actions. The Plan provides that the Debtor shall retain the right to prepare, file, pursue, prosecute, and settle the causes of action, whether or not such Causes of Action have been asserted or commenced as of the Effective Date, as a representative of the estate pursuant to 11 U.S.C. § 1123(b)(3)(B).

THE PLAN DOES NOT, AND IS NOT INTENDED TO, RELEASE ANY SUCH OF CAUSES ACTION, AVOIDANCE ACTIONS, OR OBJECTIONS TO PROOFS OF CLAIM. ALL SUCH RIGHTS ARE SPECIFICALLY RESERVED IN FAVOR OF THE DEBTOR.

### **D. Debtor's Post-Confirmation Structure**

#### **(1) Equity Structure**

Upon the Effective Date, the Debtor's existing interest shall continue subject to their agreeing to guarantee plan payments in the event the Debtor and NGH are financially unable to make the Plan payments. If the equity interests are required to make such payments and the equity interest does not promptly contribute their pro rata share of the payment, then the non-contributing interest shall be diluted and/or extinguished. As noted above, the equity holders shall fund \$200,000 within 30 days of the Effective Date to cover anticipated cash flow shortfalls.

#### **(2) Officers and Management**

Upon the Effective Date, the Debtor shall continue to be managed by the current officers which are: Arik Maimon, Chief Executive Officer. Under his direction, the Debtor successfully restarted its business from essentially nothing to \$2.8 million of revenues a month during the 15 months of the bankruptcy.

**E. Means for Implementing Plan**

The forecasted cash requirements necessary to fund the five-year Plan are set forth on **Exhibit C**. NGH committed to fund \$10,000.00 per month at a minimum and guarantee the remaining payment should the Debtor's operating cash flow be insufficient. The latest consolidated financial statement for NGH is set forth on **Exhibit J**. The Class 4 Equity Interests are committed to funding \$200,000.00 to cover the anticipated cash flow short fall that occurs through April 2019 before it starts declining.

**F. U.S. Trustee Fees**

The Debtor shall pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6) within ten days of the entry of the confirmation order for pre-confirmation periods and simultaneously provide to the United States Trustee the monthly operating reports for each pre-confirmation period; and the reorganized debtor shall further file monthly operating reports for each post-confirmation period and pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C § 1930(a)(6), until the earlier of the closing of this case by the issuance of Final Decree by the Court, or upon the entry of an Order by this Court dismissing this case or converting this case to another chapter under the United States Bankruptcy Code.

**G. Executory Contract and Unexpired Leases**

The Bankruptcy Code gives the Debtor the power, subject to the approval of the Bankruptcy Court, to assume or reject executory contracts and unexpired leases. Rejection or assumption may be affected pursuant to a plan of reorganization. The Debtor intends to assume all the existing leases with tenants on the Effective Date pursuant to the terms of the Plan and confirmation order.

**VII. ALTERNATIVES TO PLAN AND LIQUIDATION ANALYSIS**

All payments by the Debtor as provided for in the Plan shall be financed by the operation of the Debtor's business and payments from NGH, an affiliate, and to the extent necessary from Class 4 equity interest.

There are three possible consequences if the Plan is rejected or if the Bankruptcy Court refuses to confirm the Plan: (a) the Bankruptcy Court could dismiss the Debtor's Chapter 11 Bankruptcy Case, (b) the Debtor's Chapter 11 Bankruptcy Case could be converted to a liquidation case under Chapter 7 of the Bankruptcy Code, or (c) the Bankruptcy Court could consider an alternative plan of reorganization proposed by the Debtor or by some other party.

**A. Dismissal**

If the Debtor's Bankruptcy Case was to be dismissed, the Debtor would no longer have the protection of the Bankruptcy Court and the applicable provisions of the Bankruptcy Code. 100 NWT would restart its proceedings supplemental and attempt to attach for its own payment all of the Debtor's assets and attempt to enforce the \$3.0 million-dollar loan from the Debtor to

NGH (which was funded more than five years before the filing of the bankruptcy). Given there is no liquidity at the NGH level, the likely result another bankruptcy or liquidation with little if any realizable distributions to the Debtor.

## **B. Chapter 7 Liquidation**

If the Plan is not confirmed, the Debtor's Chapter 11 reorganization will convert to a liquidation under Chapter 7 of the Bankruptcy Code, in which case a trustee would be appointed to liquidate the Debtor's assets for distribution to creditors in accordance with the priorities established by the Bankruptcy Code. Whether a bankruptcy case is one under Chapter 7 or Chapter 11, Secured Claims, Administrative Claims, and Priority Unsecured Claims are entitled to be paid in full before unsecured creditors receive any funds. The Chapter 7 trustee would be entitled to receive the compensation allowed under 11 U.S.C. § 326. The trustee's compensation is based on 25% of the first \$5,000 or less; 10% of any amount in excess of \$5,000 but not in excess of \$50,000; 5% of any amount in excess of \$50,000 but not in excess of \$1,000,000; and reasonable compensation not to exceed 3% percent of any amount in excess of \$1,000,000, upon all moneys disbursed or turned over in the case by the trustee to parties in interest, excluding the debtor, but including holders of secured claims. The Trustee would also employee professionals entitled to administrative priority claims.

The Debtor's liquidation analysis is **Exhibit D**. Assuming a Chapter 7 hypothetical liquidation, the total distribution to unsecured creditors is \$166,074.90 resulting in a percentage distribution of 1.384%. This is an greatly reduced distribution from the \$1,680,000 total estimated distribution to unsecured creditors under the Plan resulting in an estimated percentage distribution of 15.87%.

Based on the above, the Debtor believes that confirmation of the Plan is the only realistic prospect of creditors receiving a meaningful distribution on their claim.

## VIII. RISK ANALYSIS

The risk associated with the Plan is that the Debtor nor NGH generate sufficient revenues over operating expenses to fund the distributions under the Plan. A final risk is that the equity holders are unable to fund the shortfalls causing the Debtor to default under the Plan payments. The Debtor's operating results during the bankruptcy and the operating projections over the five year plan life indicate minimal risk of a default. While there is always risk of a default when payments are being made over time, the Plan provides for a distribution to unsecured creditors that they would not receive if this case were converted to one under Chapter 7.

## **IX. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN**

The Debtor recommends that all parties in interest seek independent professional advice on the tax consequences to them of the Plan being confirmed and the estimated distribution being made to each creditor

NO REPRESENTATIONS ARE MADE REGARDING THE PARTICULAR TAX

CONSEQUENCES OF THE PLAN TO ANY HOLDER OF A CLAIM OR INTEREST. EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT A TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN AND IN THE PLAN.

### **A. U.S. Federal Income Tax Consequences to the Debtor**

#### **(1) Cancellation of indebtedness Income**

Generally, the discharge of a debt obligation owed by a debtor for an amount less than the "adjusted issue price" (in most cases, the amount the debtor received on incurring the obligation, with certain adjustments) gives rise to cancellation of indebtedness ("COD") income to the debtor, subject to certain rules and exceptions. However, when the discharge of indebtedness occurs pursuant to a plan approved by the Bankruptcy Court in a case under title 11 of the Bankruptcy Code (e.g., a chapter 11 case), there is a special rule under the Tax Code that specifically excludes from a debtor's income the amount of such discharged indebtedness (the so-called "bankruptcy exception"). Instead, certain of the debtor's tax attributes otherwise available generally must be reduced by the amount of the COD income that is excluded from the debtor's income. Such reduction of tax attributes generally occurs in the following order: (i) net operating losses and net operating loss carryovers (collectively, "NOLs"), (ii) general business credits, (iii) minimum tax credits, (iv) capital loss carryovers, (v) the tax basis of debtor's property (both depreciable and non-depreciable), (vi) passive activity loss and credit carryovers, and (vii) foreign tax credit carryovers (although there is a special rule in the Tax Code which allows the debtor to elect to first reduce the tax basis of depreciable property before having to reduce NOLs and other attributes).

Under current Income Tax Regulations, the availability of the "bankruptcy exception" in the context of an affiliated group is made on a "separate entity" basis and not on an "affiliated group" basis. In addition, with regard to tax attribute reduction in the context of an affiliated group, recently adopted Income Tax Regulations (§ 1.1502-28) suggest a "hybrid" method of attribute reduction. Under the current Tax Regulations only member corporations can file on a consolidated tax basis.

Under these regulations, the tax attributes of the separate corporate member having excluded COD income is first reduced, followed by a reduction of the tax attributes of the subsidiary members (to the extent of any stock basis reduction). Then, to the extent a corporate member's excluded COD income exceeds that corporate member's separate entity tax attributes, the consolidated tax attributes allocated to the other corporate members are proportionately reduced.

### **B. U. S. Federal Income Tax Consequences to Holders of Claims and Interests.**

The U.S. federal income tax consequences of the implementation of the Plan to the Claimants, typical of the holders of claims and interests who are entitled to vote to confirm or reject the Plan, will depend on a number of factors, including: (i) whether the Claim constitutes a "security" for U.S. federal income tax purposes, (ii) the nature and origin of the Claim, (iii) the manner in which the holder acquired the Claim, (iv) the length of time the Claim has been held, (v) whether the Claim was acquired at a discount, (vi) whether the holder has taken a bad debt



deduction or loss with respect to the Claim (or any portion thereof) in the current year or in any prior year, (vii) whether the holder has previously included in its taxable income accrued but unpaid interest with respect to the Claim; (viii) the Holder's method of tax accounting, (ix) whether the Claim is an installment obligation for U.S. federal income tax purposes, and (x) the timing of any distributions under the Plan.

**(1) Gain or Loss Recognition on the Satisfaction of Claims and Character of Gain or Loss**

Claimants will generally not recognize gain, but may recognize loss, with respect to the amount in which the Claimants receive on their claims (generally, the amount of cash and the fair market value of any other property received in satisfaction of the Debtor's obligations) that either exceeds, on one hand, or is less than, on the other hand, the Claimant's basis in the Claim. Thus, it is possible that certain Claimants may recognize a gain or loss as a result of distributions under the Plan.

In general, gain or loss is recognized by any such Claimant is either capital or ordinary in character. The character is dependent upon the underlying nature of the claim and whether such claim, in the hands of the Claimant, constitutes a capital asset. To the extent that a debt instrument is acquired after its original issuance for less than the issue price of such instrument, it will have market discount. A holder of a claim with market discount must treat any gain recognized on the satisfaction of such Claim as ordinary income to the extent that it does not exceed the market discount that has already been accrued with respect to such claim. There may also be state, local or foreign tax considerations applicable to particular holders of claims, none of which are discussed herein. Claimants should consult their own tax advisors for information that may be relevant to their particular situations and circumstances and the particular tax consequences to them of the transactions contemplated by the Plan.

**(a) Holders of Disputed Claims**

Although not free from doubt, holders of disputed claims should only be required to report their gain or loss on the cash or other property that is ultimately distributed out to the Claimant free from any further restrictions. Holders of disputed claims are urged to consult their own tax advisors regarding the taxation of their disputed claims and the timing and amount of income or loss recognized relating to the Disputed Claims Reserve.

**(b) Information Reporting and Backup Withholding**

Certain payments, including payments in respect of accrued interest or market discount, are generally subject to information reporting by the payor to the IRS. Moreover, such reportable payments may be subject to backup withholding. Under the Tax Code's backup withholding rules, a U.S. claimant may be subject to backup withholding at the applicable rate with respect to certain distributions or payments pursuant to the Plan, unless the Claimant: (i) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact; or (ii) provides a correct U.S. taxpayer identification number and certifies under penalty of perjury that the holder is a U.S. person, the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividend and interest income. Payments made to Foreign Claimants may also be subject to withholding, which

may be reduced under an applicable Treaty. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a holder's U. S. federal income tax liability, and a the Claimant may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS.

C. Importance of Obtaining Professional Tax Assistance.

**THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U. S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A CLAIMHOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, CLAIMHOLDERS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS ABOUT THE U.S. FEDERAL, STATE, LOCAL, AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN, INCLUDING WITH RESPECT TO TAX REPORTING AND RECORD KEEPING REQUIREMENTS.**

**D. Circular 230 Disclaimer**

THE IRS REQUIRES WRITTEN ADVICE REGARDING ONE OR MORE U.S. FEDERAL TAX ISSUES TO MEET CERTAIN STANDARDS. THOSE STANDARDS INVOLVE A DETAILED AND CAREFUL ANALYSIS OF THE FACTS AND APPLICABLE LAW WHICH WE EXPECT WOULD BE TIME CONSUMING AND COSTLY. WE HAVE NOT MADE AND HAVE NOT BEEN ASKED TO MAKE THAT TYPE OF ANALYSIS IN CONNECTION WITH ANY ADVICE GIVEN IN THE FOREGOING DISCUSSION. AS A RESULT, WE ARE REQUIRED TO ADVISE YOU THAT ANY U.S. FEDERAL TAX ADVICE RENDERED IN THE FOREGOING DISCUSSION IS NOT INTENDED OR WRITTEN TO BE USED AND CANNOT BE USED FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED BY THE IRS.

**X. ACCEPTANCE AND CONFIRMATION OF PLAN**

As a condition of confirmation of the Plan, the Bankruptcy Code requires that the Court determine that: (i) the Plan complies with the technical requirements of Chapter 11 of the Bankruptcy Code; and (ii) that the Debtor's disclosures concerning the Plan have been adequate and have included information concerning all payments made or promises by the Debtor in connection with the Plan and the Chapter 11 Case.

Section 1129 of the Bankruptcy Code, which sets forth the requirements that must be satisfied in order for the Plan to be confirmed, lists the following requirements for the approval of any plan of reorganization:

1. A plan must comply with the applicable provisions of the Bankruptcy Code, including, *inter alia*, § 1123(a)(4), which provides that a plan must "provide the same treatment for each claim or interest of a particular class, unless the holder of a particular claim or interest agrees to a less favorable treatment of such particular claim or interest." Such antidiscrimination

provision applies to contingent claims (such as guaranty claims) as well as all other claims and interests.

2. The proponent of a plan must comply with the applicable provisions of the Bankruptcy Code.

3. A plan must be proposed in good faith and not by any means forbidden by law.

4. Any payment made or to be made by the proponent, by the Debtor, or by a person issuing securities or acquiring property under a plan, for services or for costs and expenses in or in connection with the case, or in connection with such plan and incident to the case, must be approved by, or be subject to the approval of, the court as reasonable.

5. (i) (A) The proponent of a plan must disclose the identity and affiliations of any individual proposed to serve, after confirmation of such plan, as a director, officer, or voting trustee of the debtor, an affiliate of the debtor participating in a joint plan with the debtor, or a successor to the debtor under such plan; and

(B) The appointment to, or continuance in, such officer or such individual, must be consistent with the interests of creditors and equity security holders and with public policy; and;

(ii) The proponent of a plan must disclose the identity of any insider that will be employed or retained by the reorganized debtor, and the nature of any compensation of each insider.

6. Any governmental regulatory commission with jurisdiction, after confirmation of a plan, over the rates of the Debtor must approve any rate change provided for in such plan, or such rate change is expressly conditioned on such approval. The Debtor's Plan proposes no such change, nor does the Debtor have rates over which any governmental authority exercises jurisdiction.

7. Each holder of a claim or interest in an impaired class of claims or interest must have accepted the plan or must receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code on such date; or, if the class is a class of secured claims that elects nonrecourse treatment of the claims under 11 U.S.C. § 1111(b), each holder of a claim in such class will receive or retain under the plan on account of such claim property of a value, as of the effective date of the plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims.

8. With respect to each class of claims or interest, such class must accept the plan or not be impaired under the plan (subject to the "cramdown" provisions discussed above and below under "Confirmation Without Acceptance By All Impaired Classes.").

9. Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, a plan must provide that:

a. with respect to an administrative claim and certain claims in an involuntary case, on the effective date of the Plan, the holder of the claim will receive on account of such claim cash equal to the allowed amount of the claim;

b. with respect to a class of priority wage, employee benefit, consumer deposit and certain other claims described in 11 U.S.C. § 507(a)(3)-(6), each holder of a claim of such class will receive:

(1) if such class has accepted the plan, deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amount of such claim;

(2) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim.

c. with respect to a priority tax claim of a kind specified in 11 U.S.C. § 507(a)(8), the holder of such claim will receive on account of such claim deferred cash payments, over a period not exceeding six years after the date of assessment of such claim, of a value, as of the date of assessment of such claim of a value, as of the effective date of the plan equal to the allowed amount of such claim.

10. If a class of claims is impaired under a plan, at least one class of claims that is impaired under such plan must have accepted the plan, determined without including any acceptance of the plan by any insider.

11. Confirmation of a plan must not be likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan. This is the so-called "feasibility" requirement.

12. All fees payable under 28 U.S.C. § 1930, as determined by the Court at the hearing on confirmation of the plan, must have been paid or the plan must provide for the payment of all such fees on the effective date of the plan.

13. A plan must provide for the continuation after its effective date of payment of all retiree benefits, as that term is defined in 11 U.S.C. § 1114, at the level established pursuant to 11 U.S.C. § 114(e)(I)(B) or (g), at any time prior to confirmation of such plan, for the duration of the period the debtor has obligated itself to provide such benefits. The Debtor has no such benefits.

This Disclosure Statement discusses three of these requirements: (a) the feasibility of the Plan; (b) acceptance by impaired classes; and (c) the liquidation test (i.e., that creditors will receive more under the Plan than in a hypothetical Chapter 7 liquidation. Further, the required disclosures described in paragraph (5) above are also contained herein. The Debtor believes that the Plan meets all the requirements of 11 U.S.C. § 1129( a) (other than as to voting, which has not taken place) and will seek a ruling of the Court to this effect at the hearing on confirmation of the Plan. You are urged to consult your own counsel to evaluate each and every one of the standards for confirmation of the Plan under the Bankruptcy Code.

## **XI. RELEASE PROVISIONS**

### **A. Injunction**

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, THE CONFIRMATION ORDER, OR A SEPARATE ORDER OF THE BANKRUPTCY COURT, ALL ENTITIES WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS AGAINST OR EQUITY INTEREST IN THE DEBTOR AND OTHER PARTIES IN INTEREST, ALONG WITH THEIR RESPECTIVE PRESENT OR FORMER EMPLOYEES, AGENTS, OFFICERS, DIRECTORS, OR PRINCIPALS, ARE PERMANENTLY ENJOINED, ON AND AFTER THE EFFECTIVE DATE, FROM: (I) COMMENCING OR CONTINUING IN ANY MANNER, ANY ACTION, OR OTHER PROCEEDING OF ANY KIND AGAINST THE DEBTOR OR REORGANIZED DEBTOR WITH RESPECT TO ANY SUCH CLAIM OR EQUITY INTEREST; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS OF ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST THE DEBTOR OR REORGANIZED DEBTOR ON ACCOUNT OF ANY SUCH CLAIM OR EQUITY INTEREST; (III) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST THE DEBTOR OR REORGANIZED DEBTOR OF ANY SUCH CLAIM OR EQUITY INTEREST; (IV) COMMENCING OR CONTINUING IN ANY MANNER, ANY ACTION, OR OTHER PROCEEDING OF ANY KIND WITH RESPECT TO ANY CLAIMS AND CAUSES OF ACTION WHICH ARE EXTINGUISHED OR RELEASED PURSUANT TO THE PLAN; AND (V) TAKING ANY ACTIONS TO INTERFERE WITH THE IMPLEMENTATION OR CONSUMMATION OF THE PLAN.

### **B. Terms of Injunctions or Stays**

UNLESS OTHERWISE PROVIDED IN THE PLAN, THE CONFIRMATION ORDER, OR A SEPARATE ORDER OF THE BANKRUPTCY COURT, ALL INJUNCTIONS OR STAYS ARISING UNDER OR ENTERED DURING THE CHAPTER 11 CASE UNDER 11 U.S.C. §§ 105 OR 362, OR OTHERWISE, AND IN EXISTENCE ON THE CONFIRMATION DATE, SHALL REMAIN IN FULL FORCE AND EFFECT UNTIL THE LATER OF THE EFFECTIVE DATE OR THE DATE INDICATED IN SUCH APPLICABLE ORDER.

NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH HEREIN, THE FOREGOING RELEASES AND INJUNCTIONS SHALL NOT PROHIBIT OR IMPAIR THE RIGHTS OF ANY PARTIES TO COMMENCE OR PURSUE ACTIONS BASED ON FRAUD OR VIOLATIONS OF APPLICABLE SECURITIES LAW.

## **XII. MISCELLANEOUS PROVISIONS**

(A) Notwithstanding any other provisions of the Plan, any claim which is scheduled as disputed, contingent, or unliquidated or which is objected to in whole or in part on or before the date for distribution on account of such claim shall not be paid in accordance with the provisions of the Plan until such claim has become an Allowed Claim by a final Order. If allowed, the claim shall be paid on the same terms as if there had been no dispute.

(B) At any time before the Confirmation Date, the Debtor may modify the Plan, but the Debtor may not modify the Plan so that the Plan, as modified, fails to meet the requirements of 11 U.S.C. § 1122 and 1123. After the Debtor files a modification with the Bankruptcy Court, the Plan, as modified, shall become the Amended Plan.

(C) At any time after the Confirmation Date, and before substantial consummation of the Plan, the Debtor may modify the Plan with permission of the Court so that the Plan, as modified, meets the requirements of 11 U.S.C. § 1122 and 1123. The Plan, as modified under this paragraph, shall become the Amended Plan.

(D) After the Confirmation Date, the Debtor may, with approval of the Bankruptcy Court, and so long as it does not materially and adversely affect the interest of creditors, remedy any defect or omission, or reconcile any inconsistencies in the Plan or in the Order of Confirmation, in such manner as may be necessary to carry out the purposes and effect of the Plan.

(E) Pursuant to 11 U.S.C. § 1125(e), the transmittal of Plan solicitation packages (including Disclosure Statement and the Plan), the Debtor's solicitation of acceptances of the Plan, and the Reorganized Debtor's and any other person's participation in such activities are not and will not be governed by or subject to any otherwise applicable law, rule or regulation governing the solicitation of acceptance or rejection of a plan of reorganization or the offer, issuance, sale or purchase of securities.

(F) The Bankruptcy Court shall retain jurisdiction after the Effective Date for the Debtor for purposes of interpreting or enforcing the Plan through substantial consummation and shall retain jurisdiction over all pending objections to claims or other legal proceedings commenced in the Bankruptcy before the Effective Date.

(G) The Debtor reserves the right to modify the terms of the Plan before or at confirmation to the extent such modifications do not adversely affect treatment of any class of claims or interests. Specifically, the Debtor reserves the right to shorten the five-year plan life to a five-year plan or to increase the interest rate payable on Allowed Secured Claims to the extent such modifications are deemed necessary by the Court for purposes of determining whether the Plan is fair and equitable. Debtor also reserves the right to make whatever technical modifications and clarifications may be necessary to effectuate the purpose of the Plan.

### **XIII. EFFECT OF CONFIRMATION OF PLAN**

#### **A. Discharge**

This Plan provides that upon the Effective Date, Debtor shall be discharged of liability for payment of debts incurred before confirmation of the Plan, to the extent specified in 11 USC § 1141. However, any liability imposed by the Plan will not be discharged.

#### **B. Re-vesting of Property in the Debtor**

Except as provided in the Plan, the confirmation of the Plan re-vests all of the property of the estate in the Debtor.

**C. Final Decree**

Once the estate has been fully administered as referred to in Bankruptcy Rule 3022, the Debtor, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case.

**XIV. CONCLUSION**

**THE DEBTOR BELIEVES THAT CONFIRMATION OF THE PLAN IS DESIRABLE AND IN THE BEST INTERESTS OF CREDITORS AND INTEREST HOLDERS.** The Plan provides for an equitable and early distribution of all Classes of the Debtor's creditors and reserves value, subject to certain restrictions, for equity security holders. Any alternative to confirmation of the Plan, such as liquidation under Chapter 7 of the Bankruptcy Code or attempts by another party in interest to file a plan, would result in significant delays, litigation, and cost. More importantly, the Plan proposes a distribution to unsecured creditors substantially greater than such creditors would receive in the absence of this Plan. The Debtor believes that a plan filed by another party in interest could only be confirmed over the objection of one or more impaired Classes and would generate costly and time-consuming litigation. Any delays in the confirmation of this Plan would jeopardize the viability of the Debtor as a going concern, and therefore diminish the high probability of a distribution in full to unsecured creditors to mere possibility. As described in Section VII(B) "Liquidation Analysis," the Debtor believes that its creditors will receive greater recoveries under the Plan than those which could otherwise be achieved.

**FOR THESE REASONS, THE DEBTOR URGES YOU TO RETURN YOUR BALLOT ACCEPTING THE PLAN.**

Respectfully submitted March 26, 2018.

By: /s/ Arik Maimon  
Arik Maimon  
Chief Executive Officer  
Next Communications, Inc., the Chapter 11 Debtor

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UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF FLORIDA  
MIAMI DIVISION

In re:

NEXT COMMUNICATIONS, INC.,  
Debtor.

Case No. 16-26776-RAM  
Chapter 11

**DEBTOR'S PLAN OF REORGANIZATION**

NEXT COMMUNICATIONS, INC., the debtor and debtor-in-possession, proposes its Plan of Reorganization (the "Plan"), pursuant to 11 U.S.C. § 1121 of the United States Bankruptcy Code.

**INTRODUCTION**

Reference is made to the Amended Disclosure Statement (the "Disclosure Statement") accompanying this Plan for a discussion of, among other things, the major events of this Chapter 11 Case, treatment of Claims against and interests in the Debtor, preservation of litigation claims, risk factors, liquidation analysis, tax implications, alternatives to the Plan, a summary and analysis of this Plan, and certain related matters.

All Holders of Claims against and Equity Interest in the Debtor entitled to vote on the Plan are encouraged to read the Plan and the Disclosure Statement in their entirety before voting to accept or reject the Plan. Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)

Subject to certain restrictions and requirements set forth in 11 U.S.C. § 1127, Bankruptcy Rule 3018, and in this Plan, the Debtor reserves the right to alter, amend, modify, revoke, or withdraw this Plan prior to the Effective Date (as defined below).

**ARTICLE I - DEFINITIONS**

As used in this Plan, the following terms shall have the respective meanings specified below, unless the context otherwise requires:

1.1. "Administrative Creditor" means any creditor entitled to payment of an administrative expense claim.

1.2. "Administrative Expense Claim" means any cost or expense of administration of the Chapter 11 case allowed under Section 503(b) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the debtor's estate; any actual and necessary expenses of operating the business of the debtor, includ-



ing loans or other advances to the debtor in possession, and all allowances of compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under Section 330 of the Bankruptcy Code; and any fees or charges assessed against the Debtor's estate under Chapter 123 of Title 28, United States Code.

1.3. "Allowed Claim" means any claim against the debtor, proof of which was filed on or before the claims bar date, or which has been or hereafter is listed by the debtor as liquidated in amount and not disputed or contingent and, in either case, a claim as to which no objection to the allowance thereof has been interposed within the applicable period of limitation fixed by the Bankruptcy Code or the Bankruptcy Rules, or as to which any objection has been determined by a Final Order. Unless otherwise specified herein, "Allowed Claim" shall not include interest on the principal amount of such claim from and after the petition date.

1.4. "Bankruptcy Code" means the United States Bankruptcy Code, as amended, and as set forth in Section 101, et seq., of Title 11, United States Code.

1.5. "Bankruptcy Court" means the United States Bankruptcy Court for the Southern District of Florida, having jurisdiction over this Chapter 11 case.

1.6. "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure, as amended, as applicable to cases pending before the Bankruptcy Court.

1.7. Not used.

1.8. "Chapter 11 Case" means this Chapter 11 case commenced by the Debtor on December 21, 2016.

1.9. "Claim" means any right to payment from the Debtor, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured, or any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment from the Debtor, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, un-matured, disputed, undisputed, secured, or unsecured.

1.10. "Confirmation Date" means the date upon which the Bankruptcy Court, District Court or other appellate court shall enter an Order confirming this Plan in accordance with the provisions of Chapter 11 of the Bankruptcy Code, or if the operation of such Order is stayed, the date upon which such stay expires or is vacated.

1.11. "Confirmation Order" means the Order of the Bankruptcy Court, District Court, or other appellate Court confirming this Plan.

1.12. "Contested Claim" means any claim as to which the Debtor, or any other party in interest has interposed an objection in accordance with the Bankruptcy Code and the Bankruptcy Rules, which objection has not been withdrawn or determined by a Final

Order.

1.13. Not used.

1.14. "Creditor" means any person that is the holder of a claim against the Debtor, that arose on or before the Petition Date, or a claim against the debtor's estate of any kind, specified in 11 U.S.C. §§ 502(g), 502(h) or 502(i).

1.15. "Debtor or Debtor-in-possession" means NEXT COMMUNICATIONS, INC.

1.16. "District Court" means the United States District Court for the Southern District of Florida.

1.17. "Effective Date" means the first business day of the calendar month following the month in which the Confirmation Order entered by the United States Bankruptcy Court becomes a Final Order.

1.18. "Final Order" means an order or a judgment which has not been reversed, stayed, modified, or amended and as to which the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for review or rehearing is pending.

1.19. "Impaired Claim" means any class of creditors whose claims are impaired by payments as proposed in this plan, in accordance with II U.S.C. § 1124.

1.20. "Interest" means any equity or membership interest in the Debtor.

1.21. "NGH" means Next Group Holdings, Inc., an entity affiliated with the Debtor through common ownership, and any subsidiary or affiliates of NGH. As of the Petition Date NGH owed the Debtor \$3.0 million-dollar receivable. NGH does not have the current cash flow to pay the receivable in full so the Debtor and NGH have reached and agreement to compromise same which will be filed with the Court as well for approval.

1.22. "100 NWT" means 100 NWT Fee Owner LLC n/k/a 100 NWT Fee Owner LP the holder of an Agreed Final Judgment in the amount of \$1,763,957.80 ("AFJ"), in favor of 100 NWT on October 16, 2015 in Miami-Dade Circuit Court, case no. 15-012905-CA-01 (31).

1.23. "Person" means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, an estate, a trust, any unincorporated organization, or a government or any political subdivision thereof or entity.

1.24. "Petition Date" means December 21, 2016, the date on which an Order for Relief was entered by the Court.

1.25. "Priority Claims" means any claim, other than an administrative expense or a tax claim, to the extent entitled to priority in payment under II U.S.C. § 507(a).

1.26. "Priority Creditor" means any creditor that is the holder of a priority claim.

1.27. "Priority Non-Tax Claim" means any claim to the extent entitled to priority in payment under 11 U.S.C. §§ 507(a)(3), (4), (5), (6), or (7).

1.28. "Priority Tax Claim" means any claim to the extent entitled to priority in payment under 11 U.S.C. § 507(a)(8).

1.29. "Rejected Contract" means any unexpired lease or executory contract not assumed in the Plan.

1.30. "Tax Creditor" means any creditor that holds a tax claim.

1.31. "Unimpaired Class" means any class of creditors whose claims are not impaired under this Plan in accordance with 11 U.S.C. § 1124.

1.32. "Unsecured Claim" means claims other than administrative expense claims, secured claims, priority claims, and tax claims.

1.33. "Unsecured Creditor" means any creditor that is the holder of an unsecured claim.

**ARTICLE II - TREATMENT OF NON-CLASSIFIED CLAIMS - ADMINISTRATIVE EXPENSE CLAIMS, U.S. TRUSTEES FEES, AND PRIORITY TAX CLAIMS**

Pursuant to §1123(a)(1), administrative expense claims under § 507(a)(2) and priority tax claims under § 507(a)(8) are not classified.

2.1 "*Allowed Administrative Expense Claims*" under § 503 of the Code shall be paid in full on the Effective Date of this Plan, in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor. The Administrative Claimants are counsel for the Debtor, Gary Murphree and AM Law and accountants for the Debtor, Lopez Levi Lowenstein Glinsky PA, CPA.

The Debtor estimates that Allowed Administrative Expense Claims shall be \$75,000.

2.2 "*Allowed Priority Tax Claims*" under § 1129(a)(9)(C) shall receive, at the sole discretion of the Debtor, and in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim, (A) an amount equal to the unpaid amount of such Allowed Priority Tax Claim in Cash commencing on the later of (i) the Effective Date, (ii) the date that such Claim becomes an Allowed Priority Tax Claim by a Final Order, or (iii) a date agreed to by the Claimholder and the Debtor; (B) as provided in section 1129(a)(9)(C) of the Bankruptcy Code, cash payments made in equal monthly installments beginning on the Effective Date, with the final installment payable not later

than the sixtieth (60th) month following the Petition Date, together with interest (payable in arrears) on the unpaid portion thereof at 6% from the Effective Date through the date of payment thereof; or (C) such other treatment as to which the Debtor and such Claimholder shall have agreed in writing or the Bankruptcy Court has ordered or may order; provided, however, that the Debtor reserves the right to pay any Allowed Priority Tax Claim, or any remaining balance of any Allowed Priority Tax Claim, in full at any time on or after the Effective Date without premium or penalty; and, provided further, that no holder of an Allowed Priority Tax Claim shall be entitled to any payments on account of any pre-Effective Date interest accrued on or penalty arising before or after the Petition Date with respect to or in connection with such Allowed Priority Tax Claim.

The Debtor is aware of State of Florida Department of Revenue (FLA-DOR) filed proof of claim 2 claiming priority of \$116,747.42 and claim 3 claiming priority of \$498.49. The Debtor disputes the amount and priority of claim 2. The Internal Revenue Service (IRS) filed claim 6 claiming priority \$332,953.03. The Debtor disputes the amount and priority of claim 6. The Debtor believes the estimated allowed priority claims shall be \_\_\_\_\_.

2.3 "*United States Trustee Fees*" required to be paid by 28 U.S.C. §1930(a)(6) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. All U.S. Trustee Fees owing as of the Effective Date shall be paid on or before such date.

### **ARTICLE III - CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS AND DESIGNATION AS IMPAIRED OR UNIMPAIRED**

3.1 Pursuant to § 1123(a)(1) and (3) of the Bankruptcy Code, all claims and interests, except for §§ 507(a)(2) and (a)(8) priority claims treated in Article II above, are classified and afforded the following treatment under the Plan.

"*Class 1*" consists of the **Allowed Secured Claim of 100 NWT**. As set forth in the Debtor's Motion to Approve Settlement Agreement With 100 NWT Fee Owner LLC (Docket entry 124), the 100 NWT is provided an Allowed Secured Claim of \$1.0 million payable at the election of the Debtor as follows: (a) a payment to NWT of \$150,000.00 within 30 days of entry of the Confirmation Order and every thirty days thereafter of 11 equal payments of \$50,000.00 for a total settlement payment of \$700,000.00, or (b) \$525,000.00 within 30 days of entry of the Confirmation Order. NGH has agreed to guarantee said payments. A copy of the Settlement Agreement is **Exhibit F** to the Disclosure Statement.

Upon payment of either of the above option amounts as elected by the Debtor, the claim of 100 NWT shall be satisfied in full and discharged. 100 NWT shall file appropriate satisfactions of judgments in the Miami-Dade County public records and with the State of Florida Division of Corporations.

100 NWT's claim is impaired.

“**Class 2**” consists of holders of Allowed Unsecured Claims equal to \$500.00 or less, or holders of claims greater than \$500.00 who elect to voluntarily reduce their claim to \$500.00 to receive the treatment afforded holders of Allowed Class 2 Claims. An analysis of claims that the Debtor anticipates qualify or whom the Debtor believes will elect to reduce their claims to qualify as Class 2 claims is **Exhibit B** to the Disclosure Statement.

In full satisfaction of each holder’s Allowed Class 2 Claim, the Debtor on the 90<sup>th</sup> day following the Effective Date shall pay each holder of an Allowed Class 2 Claim the lessor of (a) the full amount of their claim without interest, as scheduled on Schedule F, or as included in a timely filed proof of claim, or (b) \$500.00.

Class 2 is impaired under the Plan.

“**Class 3**” consists of *holders of Allowed Unsecured Claims exceeding \$500.00 who do not elect Class 2 treatment*. The Debtor estimates that Allowed Class 3 claims will total no less than \$6,331,681.13 after all the Debtor’s claims objections are resolved. The Debtor has filed or is filing objections to claims totaling \$9,024,791.68. A schedule of the Allowed Claims and Disputed Claims is **Exhibit B** to the Disclosure Statement.

Commencing on the Effective Date, the Debtor shall commence monthly pro rata payments to each holder of an Allowed Class 3 Unsecured Claim based upon the following distribution schedule:

Months 1 – 24 following Effective Date:	\$20,000 per month	\$480,000
Months 25 - 48 following Effective Date:	\$30,000 per month	\$720,000
Months 49 – 60 following Effective Date:	\$40,000 per month	\$480,000
Total Distributions Class 3 Allowed Claims		\$1,680,000

As described in more detail in the disclosure statement, this should result in each holder of an Allowed Class 3 Unsecured Claim receiving an aggregate distribution ranging from a high of 27% percent of each Allowed Claim determined as follows: \$1,680,000 divided by estimated total Allowed Unsecured Claims \$6,331,681.13, which assumes the Debtor successfully prevails at the hearing on the pending disputed claims totaling \$9,024,791.68 and obtains Orders disallowing in full all of these claims. Conversely, the lowest estimated percentage distribution on each Allowed Class 3 Claim would be 11% percent of each Allowed Claim determined as follows: \$1,680,000 divided by estimated total Allowed Unsecured Claims \$6,331,681.13 plus disputed claims of \$9,024,791.68. This dismal scenario assumes the Debtor loses each and every disputed claim and the total \$9,024,791.68 become Allowed Class 3 Claims. As more fully set forth in the Disclosure Statement the actual percentage is likely in the middle.

Class 3 is impaired under the Plan.

"Class 4" consists of *holders of equity interests* in the Debtor. A schedule of the holders of Class 4 and their percentage interest and capital accounts is **Exhibit G** to the Disclosure Statement. Upon the Effective Date, all existing equity interests in the Debtor shall continue subject to each holder agreeing to guarantee the payments under the Plan and pledge their interest as security for the payment of all distributions under the Plan. To the extent the funds from operations and from NGH are insufficient to make the payments under the Plan, each owner shall be obligated to pay its pro rata share of any short-fall suffer the dilution and extinguishment of their interest to the extent extinguished. No equity holder shall be liable under this obligation for more than their ownership interest in the Debtor.

3.2 Pursuant to § 1123(a)(3), the Debtor specifies that Classes 1, 2, and 3 are impaired under the Plan within the meaning of § 1124.

#### **ARTICLE IV - EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

On the Effective Date, all unexpired leases with existing tenants shall be assumed by the reorganized Debtor.

The Debtor is not aware of any other executory contracts or unexpired leases than the tenant leases. Any executory contract or unexpired lease, other than existing tenant leases, shall be deemed rejected as of entry of the Confirmation Order. The order confirming the Plan shall constitute an order approving the rejection of the lease or contract. Any party to a Rejected Contract that objects to the rejection of its contract or lease must file and serve an objection to the Plan within the deadline for objecting to the confirmation of the Plan as set by the Court. The bar date for filing a proof of claim arising from the rejection of a Rejected Contract shall be set by order of the Court. Any claim based on the rejection of a Rejected Contract will be barred if the proof of claim is not timely filed, unless the Court later orders otherwise.

#### **ARTICLE V - MEANS FOR IMPLEMENTATION OF THE PLAN**

5.1 There are three separate sources of funds necessary to fund all of the Plan distribution contemplated under the Plan. The primary source of funds is the Debtor's income from operations. The second source of funds is NGH has committed to funding \$10,000 a month to the Debtor to ensure sufficient funds for the Plan and to contribute more if the Debtor suffers an operational shortfall and more than the \$10,000 is needed to make the Plan payments. Finally, assuming both the Debtor and NGH both have operational shortfalls, then the Class 4 interest holders have committed to fund such shortfalls up the amount of their equity interest in the Debtor. The estimated projections over the 60-month Plan are set forth payments will come from new investors contributions as set forth on **Exhibit C** to the Disclosure Statement. **ALL INTERESTED PARTIES ARE PERMITTED TO INVEST IN THE DEBTOR BY CONTRIBUTING FUNDS TO COUNSEL FOR THE DEBTOR'S COUNSEL TRUST ACCOUNT ON OR BEFORE THREE DAYS OF THE CONFIRMATION DATE.**

5.2 Upon the Effective Date, existing equity in the Reorganized Debtors shall continue subject to the obligation to fund Plan shortfalls to the extent of their interests.

**ARTICLE VI - PROCEDURE FOR RESOLVING CONTESTED CLAIMS**

6.1 Unless otherwise ordered by the Bankruptcy Court, Debtor shall litigate to judgment, settle or withdraw objections to contested claims after confirmation, if necessary. As set forth on Exhibit B to the Disclosure Statement there total claims subject to dispute are \$9,024,791.68.

6.2 Should any payment become due under the Plan on a contested claim, such payment shall be held in the Debtor's counsel's trust account pending the resolution of contested claim. Upon final resolution of the contested claim, the Claimant shall be paid a pro rata distribution of the funds held based on the percentage of the claim allowed, if any.

**ARTICLE VII - RETENTION OF JURISDICTION**

The Bankruptcy Court shall retain jurisdiction over the Chapter 11 case for the purposes of determining any and all objections to the allowances of claims; determining any and all applications for compensation for professional and similar fees; determining any and all applications, adversary proceedings, and contested or litigated matters before the Bankruptcy Court or pending on the Confirmation Date; resolution of any tax issues through negotiation and approval of the Bankruptcy Court or by the filing of adversary complaints if deemed necessary; and construing and enforcing the provisions of the Plan relating to the payments and distributions to be made by the Debtor on or after the Confirmation Date.

**ARTICLE VIII - PROVISION TO INVOKE  
CRAMDOWN PROVISION IF NECESSARY**

If all of the applicable requirements of 11 U.S.C. Section 1129(a), other than paragraph 8, are found to have been met with respect to the Plan, the Debtor may then seek confirmation pursuant to 11 U.S.C. § 1129(b). For purposes of seeking confirmation under the cramdown provision of the Code, should that alternative means of confirmation prove to be necessary, the Debtor reserves the right to modify or vary the terms of the claims of the rejected classes, so as to comply with the requirements of 11 U.S.C. § 1129(b).

**ARTICLE IX - GENERAL PROVISIONS**

9.1 Definitions. The definitions and rules of construction set forth in §§ 101 and 102 of the Code shall apply when terms defined or construed in the Code are used in this Plan.

9.2 Severability. If any provision in this Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

9.3 Binding Effect. The rights and obligations of any entity named or referred to in this Plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.

9.4 Controlling Law. Unless a rule of law or procedure is supplied by federal law (including the Code or the Federal Rules of Bankruptcy Procedure), the laws of the State of Florida govern this Plan and any agreements, documents, and instruments executed in connection with this Plan.

9.5 Release and Discharge. The rights afforded in this Plan and the payments and distributions to be made hereunder shall be in exchange for and in complete exchange, satisfaction, discharge, and release of all existing claims of any kind, nature or description whatsoever against Debtor or any of its assets or properties; and, except as otherwise provided herein, upon the Effective Date, all existing claims against the Debtor shall be, and be deemed to be, exchanged, satisfied, discharged, and released in full; and all holders of claims shall be precluded from asserting against the Debtor or its assets or properties or successors in interest, any other or further claim based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.

9.6 Vesting Assets In Reorganized Debtor. Except as otherwise provided by this Plan, upon the consummation date, title to all assets and properties dealt with by this Plan shall vest in the Reorganized Debtor, free and clear of all claims except as provided under this Plan and the Confirmation Order and the Confirmation Order shall be a discharge of Debtor's liabilities, except as provided for herein.

9.7 Retention Jurisdiction. Debtor shall retain the right to pursue and/or defend any legal action it considers necessary against creditors or other interested parties to resolve possible preference or avoidance actions and/or such other actions that the Debtor may have had standing to bring in order to maximize and safeguard the required payments to creditors, including without limitation all claims and causes of action identified or referenced in the Debtor's schedules and Statement of Financial Affairs. The Debtor reserves for itself the right to pursue to completion any objections to claims and/or other litigation pending at the time of confirmation.

9.8 Modification. The Debtor reserves the right to modify the terms of the Plan before or at confirmation to the extent such modifications do not adversely affect treatment of any class of claims or interests. Specifically, the Debtor reserves the right to shorten the life of the Plan or increase the interest rate payable on Allowed Secured Claims to the extent such modifications are deemed necessary by the Court for purposes of determining whether the Plan is fair and equitable. Debtor also reserves the right to



make whatever technical modifications and clarifications may be necessary to effectuate the purpose of the Plan.

Respectfully submitted this March 1, 2018.

By: /s/Arik Maimon

Arik Maimon

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AM LAW

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By: /s/ Gary Murphree \_\_\_\_\_ /

Gary Murphree, Esq.

FBN: 996475

Brandy Gonzalez-Abreu, Esq.

FBN: 017685

Next Communications, Inc.

Case #: 16-26776-RAM / Chapter 11

Judge: Robert A Mark

DOF: 12/21/2016

Claim	Creditor	P,S, U	Amount Claimed	basis of objection	Objected/Esti. Allowed Amount	Allowed Unsecured Claims
1-1	North American Numbering Plans, Co.	U	251.08			251.08
2-1	State of Florida - Department of Revenue	P	116,747.42		0.00	
3-1	State of Florida - Department of Revenue	P	498.49		498.49	
4-1	Tristar Communications Corp	U	75,000.00			75,000.00
5-1	100 NWT Fee Owner	S	1,763,957.80		700,000.00	
6-1	Internal Revenue Service	P	332,953.08		80,000.00	
7-1	American Express	U	6,630.44			6,630.44
8-1	Sprint	U	3,892,224.03		1,500,000.00	1,500,000.00
9-1	Level 3 Communications	U	65,706.14			65,706.14
10-1	Level 3 Communications	U	956,980.47			956,980.47
11-1	US Bank Equipment Finance	U	166,589.53			166,589.53
12-1	Universal Service Administrative	U	14,310.31			14,310.31
13-1	Universal Service Administration	U	4,524.55			4,524.55
14-1	Verizon Business Global LLC	U	376,309.97		0.00	0.00
15-1	Bellsouth Telecommunications Inc.	U	1,839.96			1,839.96
16-1	Pacific Bell Telephone Company/AT&T Services	U	751.89			751.89
17-1	ATT	U	1,090,862.46			1,090,862.46
18-1	Cheryl Fluhler	U	12,850.00		0.00	0.00
19	Viber Media SARL	U	527,782.10		0.00	0.00
<b>TOTAL:</b>			<b>2,396,521.83</b>			<b>3,883,446.83</b>

*Unsecured NONPRIORITY Claims as per Debtor's schedule F*

Claim	Creditor		Amount Claimed	basis of objection	Disputed	Allowed
3.1	013 Netvision Omega Center		8,549.68			8,549.68
3.2	019 Telzar		14.81			14.81
3.3	019 Telzar		14.81			14.81
3.4	770 Consulting Corp.		193.89			193.89
3.5	AA SmartComTech USA LLC		32.74			32.74
3.6	Ackerman Senterfitt Eidson P.A.		132,634.65			132,634.65
3.7	Advance Global Communication		101,412.68			101,412.68
3.8	AM Law, LLC		5,000.00			5,000.00
3.9	American Express		32,661.36			32,661.36
3.10	American Express		1,855.19			1,855.19
3.11	Ariel Dayan		3,000.00			3,000.00
3.12	Asiya Comunicaciones		-	waive distribution 14%	563,660.70	0.00
3.13	AT&T		-	duplicates above	1,051.09	0.00

3.14	AT&T		-	duplicates above	265.24	0.00
3.15	AT&T Avoics		-	duplicates above	948,929.92	0.00
3.16	AT&T Corporation		-	duplicates above	1,030,263.44	0.00
3.17	AT&T Global Network Services - Israel		-	duplicates above	6,868.75	0.00
3.18	AT&T Global Services LLC		-	duplicates above	15,928.61	0.00
3.19	Avantel		-	object books and records	4,516,935.65	2,250,000.00
3.20	Belgacom		313.45			313.45
3.21	Bezeq International		174,412.27			174,412.27
3.22	Bilzin Sumberg		723.00			723.00
3.23	Birshcom Inc.		6,653.13			6,653.13
3.24	Blackstone		10,939.75			10,939.75
3.25	Blanco		1,000.00			1,000.00
3.26	Bluetone Communications/Blue Mile		166.65			166.65
3.27	Brilliant Telecom Holding		196.48			196.48
3.28	Broad Telecom Inc.		8,241.99			8,241.99
3.29	Broadvox		8,602.25			8,602.25
3.30	Chase		7,896.69			7,896.69
3.31	Cima Telecom		1,221.04			1,221.04
3.32	Cisco Systems			duplicates below claim	22,733.72	0.00
3.33	Cisco Systems Capital Corp.		2,200,000.00	usdc-sdfl 16-mc-21166-dpg		2,200,000.00
3.34	City of Miami		168.46			168.46
3.35	Colonial Coffee Expresso Division		133.40			133.40
3.36	Computer Tel		2,815.66			2,815.66
3.37	Comtel Direct LLC		0.00			0.00
3.38	Cordial Communications		290.71			290.71
3.39	Deutsche Telekom		32,482.69			32,482.69
3.40	DollarPhone		335.55			335.55
3.41	Earthlink		5,060.76			5,060.76
3.42	Elegance Communications		775.71			775.71
3.43	Emanuel & Zweibel, PLLC		0.00			0.00
3.44	Equities.com		48,000.00			48,000.00
3.45	Florida Department of Revenue		15,590.36			15,590.36
3.46	Florida Dept. of Revenue		681.54			681.54
3.47	Florida Dept. of Revenue		317.21			317.21
3.48	Flycom, LLC		10.00			10.00
3.49	Flycom, LLC		10.00			10.00
3.50	FPL		3,732.02			3,732.02
3.51	FPL Fibernet		7,085.71			7,085.71
3.52	France Telecom / Orange Carriers USA		75,259.18			75,259.18
3.53	Future Telecom, LLC		236.24			236.24
3.54	Gerardo Huerta		36.21			36.21
3.55	Global Telecom Solutions LLC		5,365.80			5,365.80
3.56	Go2Tel.com, Inc.		7,077.22			7,077.22
3.57	Hansa Telecom SIA		1,450.37			1,450.37
3.58	HP Financial Services		19,941.97			19,941.97

3.59	IDT-Domestic Telecom		22,809.44			22,809.44
3.60	Impact		2,587.34			2,587.34
3.61	International Telecoms Week Euromoney Global Limited		30,000.00			30,000.00
3.62	IP Network SA DE CV		2,160.98			2,160.98
3.63	IPB Tel-Cascabel		125.88			125.88
3.64	IRS			duplicates above	45,000.00	0.00
3.65	Italian Coffee/Colonial Coffee		133.40			133.40
3.66	IUSACELL		51,876.04			51,876.04
3.67	Joshua Dawson		1,071.80			1,071.80
3.68	KDDI Global		49.68			49.68
3.69	KDDI Global		49.68			49.68
3.70	Kroll Advisory Solutions		11,627.35			11,627.35
3.71	Larry J. Kolb/Kim Kolb		4,417.50			4,417.50
3.72	Layer 5 Projects		1.08			1.08
3.73	Laz Parking		1,595.00			1,595.00
3.74	Lee B. Gartner PA		0.00			0.00
3.75	Lensol Systems		901.57			901.57
3.76	Level 3 / Level 3 Comm LLC Depart. #182			duplicates above	743,266.99	0.00
3.77	Lime Telecom/Cabe & Wireless		331,096.84			331,096.84
3.78	Longphone		2,793.79			2,793.79
3.79	Look International		10.98			10.98
3.80	Look International		10.98			10.98
3.81	Marcatel - Progress International		27,349.36			27,349.36
3.82	Maxcom		36,534.38			36,534.38
3.83	Mayer Brown LLP		0.00			0.00
3.84	MCIM		2,562.00			2,562.00
3.85	Meimoun and Mammon, LLC		28,588.42			28,588.42
3.86	MHD (Exxon)		242.14			242.14
3.87	MSG Teleco Corp.			object settled	2,480,791.51	0.00
3.88	Natcom/National Telecom SA		13,786.41			13,786.41
3.89	Network IP		2,013.61			2,013.61
3.90	NeuStar Inc. c/o Bank of America		100.50			100.50
3.91	NeuStar, Inc.		100.50			100.50
3.92	Neutral Tandem		11.85			11.85
3.93	Neutral Tandem		11.85			11.85
3.94	Nobel Tel, Inc.		2,418.02			2,418.02
3.95	Office Depot		1,178.26			1,178.26
3.96	Office Depot		1,096.94			1,096.94
3.97	Orbitel		53,653.87			53,653.87
3.98	Ortal Ben Hamo		25.00			25.00
3.99	Pallo Marks hernandez PA		0.00			0.00
3.100	Peerless Network		290.71			290.71
3.101	PhoneTime Network, Inc.			object settleld	164,680.45	0.00
3.102	Pitney Bowes		344.58			344.58
3.103	Procom, Inc		835.07			835.07

3.104	Progressive Telecom		447.59			447.59
3.105	Prolenea		1,750.00			1,750.00
3.106	<b>Prolenea</b>			duplicates above	1,750.00	0.00
3.107	Quickcom Hong Kong, China		8,817.39			8,817.39
3.108	<b>QWest Communications</b>		125,119.58			125,119.58
3.109	REal-Net/Quebec Inc.		15,954.03			15,954.03
3.110	Schneider Electric IT Corporation		7,698.97			7,698.97
3.111	Sentinel Consulting, Inc.		2,233.70			2,233.70
3.112	SMG Global LLC		4,401.95			4,401.95
3.113	SMK Solutions GMBH		7,186.40			7,186.40
3.114	Spactron Ltd.		1,070.00			1,070.00
3.115	Speedflow Communications Limited		385.91			385.91
3.116	<b>Sprint</b>			duplicates above	3,200,033.98	0.00
3.117	Sunrust Bank		73,189.27			73,189.27
3.118	TCAS		145.22			145.22
3.119	Telaris Communications		37.12			37.12
3.120	Telecall Telecommunications Corp.		69,186.00			69,186.00
3.121	Telefonica Celular SA (Tigo)		45,860.56			45,860.56
3.122	Telesur, LLC		1,743.44			1,743.44
3.123	TeliaSonera International Carrier		43.34			43.34
3.124	TeliaSonera International Carrier		43.34			43.34
3.125	TelTaac World Wide		987.48			987.48
3.126	<b>Terremark North America LLC</b>			Version lawsuit	20,000.00	0.00
3.127	TG Transit SIA		212.96			212.96
3.128	The Shul of Downtown		500.00			500.00
3.129	Transaction Network Services		9,476.85			9,476.85
3.130	<b>Tristar Communications Corp</b>			duplicates above	135,634.00	0.00
3.131	Truly Nolen		80.25			80.25
3.132	Truly Nolen		80.25			80.25
3.133	<b>TSTT</b>		141,047.24			141,047.24
3.134	Universal Service Administrative Company		5,138.21			5,138.21
3.135	UPM		32.74			32.74
3.136	UPM Marketing		40.36			40.36
3.137	UPS		1,158.48			1,158.48
3.138	<b>US Bank Equipment Finance</b>			duplicates above	166,000.00	0.00
3.139	US Matrix Telecommunications		1,482.51			1,482.51
3.140	US Plumium LLC		205.16			205.16
3.141	<b>Varsatel</b>			settled 0	2,646,946.97	0.00
3.142	VAZQ Communication		6,322.63			6,322.63
3.143	<b>Verizon UK</b>			duplicates above	89,298.85	0.00
3.144	<b>Verizon US</b>			duplicates above	1,100.92	0.00
3.145	Viber		415.44			415.44
3.146	Vinculum-Vintalk		30,527.19	object		30,527.19
3.147	Vitco		65,000.00			65,000.00
3.148	<b>Vivaro Corp. et. al.</b>			settled 0	151,815.00	0.00

3.149	Voip Atlantic Inc		500.00			500.00
3.150	Wiley Rein, LLP		113,612.29			113,612.29
3.151	Wilmerhale		99,283.31			99,283.31
3.152	WNF Law PL		40,759.65			40,759.65
3.153	XcomplP, LLC		931.40			931.40
3.154	YADD, LLC		309.00			309.00
<b>TOTAL:</b>			<b>4,450,473.29</b>		\$ 16,952,955.79	<b>6,700,473.29</b>

Allowed Unsecured Claims filing POCS (see above) 3,883,446.83

Total Allowed Unsecured Claims **10,583,920.12**

Distribution Under Plan Class 3 **1,680,000.00**

% Distribution On Claims **0.158731357**

	Year 1											
	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19
<b>CASH</b>												
Beginning Cash	\$ 191,722	\$ 67,789	\$ 44,344	\$ 21,631	\$ (647)	\$ (22,424)	\$ (43,698)	\$ (64,462)	\$ (84,713)	\$ (104,447)	\$ (123,658)	\$ (142,343)
<b>PROJECTED SALES</b>												
Sales	2,800,000	2,824,409	2,848,981	2,873,767	2,898,769	2,923,989	2,949,427	2,975,087	3,000,971	3,027,079	3,053,415	3,079,979
<b>COGS</b>												
COGS - Minutes	2,744,000	2,767,921	2,792,002	2,816,292	2,840,794	2,865,509	2,890,439	2,915,586	2,940,951	2,966,537	2,992,346	3,018,380
<b>OPERATING EXPENSES</b>												
Salaries	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Business Development	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
<b>TOTAL OPERATING EXPENSES</b>	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
Next Group Holdings Cash Contribution	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>Net Cash Prior to Claim Payments</b>	\$ 251,222	\$ 127,777	\$ 104,824	\$ 82,606	\$ 60,829	\$ 39,555	\$ 18,791	\$ (1,460)	\$ (21,194)	\$ (40,405)	\$ (59,090)	\$ (77,244)
<b>CHAPTER 11 CLAIM PAYMENTS</b>												
Administrative Claim Payments	5,933	5,933	5,693	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	3,586
Priority Claim Payments	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Class 1 Payments	150,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Class 2 Payments	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
<b>TOTAL CLAIM PAYMENTS</b>	183,433	83,433	83,193	83,253	83,253	83,253	83,253	83,253	83,253	83,253	83,253	81,086
<b>Net Cash</b>	\$ 67,789	\$ 44,344	\$ 21,631	\$ (647)	\$ (22,424)	\$ (43,698)	\$ (64,462)	\$ (84,713)	\$ (104,447)	\$ (123,658)	\$ (142,343)	\$ (158,330)

## YEAR 2

	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20
<b>CASH</b>												
Beginning Cash	\$ (158,330)	\$ (125,990)	\$ (93,154)	\$ (59,818)	\$ (25,976)	\$ 8,374	\$ 43,237	\$ 78,618	\$ 114,519	\$ 150,945	\$ 187,901	\$ 225,390
<b>PROJECTED SALES</b>												
Sales	3,104,619	3,129,456	3,154,492	3,179,728	3,205,165	3,230,807	3,256,653	3,282,706	3,308,968	3,335,440	3,362,123	3,389,020
<b>COGS</b>												
COGS - Minutes	3,042,527	3,066,867	3,091,402	3,116,133	3,141,062	3,166,191	3,191,520	3,217,052	3,242,789	3,268,731	3,294,881	3,321,240
<b>OPERATING EXPENSES</b>												
Salaries	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Business Development	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
<b>TOTAL OPERATING EXPENSES</b>	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
Next Group Holdings Cash Contribution	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>Net Cash Prior to Claim Payments</b>	\$ (92,737)	\$ (59,901)	\$ (26,565)	\$ 7,277	\$ 41,627	\$ 76,490	\$ 111,871	\$ 147,772	\$ 184,198	\$ 221,154	\$ 258,643	\$ 296,671
<b>CHAPTER 11 CLAIM PAYMENTS</b>												
Administrative Claim Payments	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753
Priority Claim Payments	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Class 1 Payments	-	-	-	-	-	-	-	-	-	-	-	-
Class 2 Payments	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
<b>TOTAL CLAIM PAYMENTS</b>	33,253	33,253	33,253	33,253	33,253	33,253	33,253	33,253	33,253	33,253	33,253	33,253
<b>Net Cash</b>	\$ (125,990)	\$ (93,154)	\$ (59,818)	\$ (25,976)	\$ 8,374	\$ 43,237	\$ 78,618	\$ 114,519	\$ 150,945	\$ 187,901	\$ 225,390	\$ 263,418



## YEAR 3

	Year 3											
	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21
<b>CASH</b>												
Beginning Cash	\$ 263,418	\$ 275,152	\$ 287,375	\$ 300,091	\$ 313,304	\$ 327,017	\$ 341,234	\$ 355,960	\$ 371,199	\$ 386,955	\$ 403,231	\$ 420,032
<b>PROJECTED SALES</b>												
Sales	3,415,963	3,443,120	3,470,493	3,498,083	3,525,893	3,553,924	3,582,178	3,610,656	3,639,361	3,668,293	3,697,456	3,726,851
<b>COGS</b>												
COGS - Minutes	3,354,476	3,381,144	3,408,024	3,435,118	3,462,427	3,489,953	3,517,698	3,545,664	3,573,852	3,602,264	3,630,902	3,659,768
<b>OPERATING EXPENSES</b>												
Salaries	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Business Development	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
<b>TOTAL OPERATING EXPENSES</b>	<b>16,500</b>	<b>16,500</b>	<b>16,500</b>	<b>16,500</b>	<b>16,500</b>	<b>16,500</b>	<b>16,500</b>	<b>16,500</b>	<b>16,500</b>	<b>16,500</b>	<b>16,500</b>	<b>16,500</b>
Next Group Holdings Cash Contribution	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>Net Cash Prior to Claim Payments</b>	<b>\$ 318,405</b>	<b>\$ 330,628</b>	<b>\$ 343,344</b>	<b>\$ 356,557</b>	<b>\$ 370,270</b>	<b>\$ 384,487</b>	<b>\$ 399,213</b>	<b>\$ 414,452</b>	<b>\$ 430,208</b>	<b>\$ 446,484</b>	<b>\$ 463,285</b>	<b>\$ 480,616</b>
<b>CHAPTER 11 CLAIM PAYMENTS</b>												
Administrative Claim Payments	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753
Priority Claim Payments	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Class 1 Payments	-	-	-	-	-	-	-	-	-	-	-	-
Class 2 Payments	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
<b>TOTAL CLAIM PAYMENTS</b>	<b>43,253</b>	<b>43,253</b>	<b>43,253</b>	<b>43,253</b>	<b>43,253</b>	<b>43,253</b>	<b>43,253</b>	<b>43,253</b>	<b>43,253</b>	<b>43,253</b>	<b>43,253</b>	<b>43,253</b>
<b>Net Cash</b>	<b>\$ 275,152</b>	<b>\$ 287,375</b>	<b>\$ 300,091</b>	<b>\$ 313,304</b>	<b>\$ 327,017</b>	<b>\$ 341,234</b>	<b>\$ 355,960</b>	<b>\$ 371,199</b>	<b>\$ 386,955</b>	<b>\$ 403,231</b>	<b>\$ 420,032</b>	<b>\$ 437,363</b>

	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
<b>CASH</b>												
Beginning Cash	\$ 437,363	\$ 445,720	\$ 454,580	\$ 463,947	\$ 473,825	\$ 484,218	\$ 495,131	\$ 506,567	\$ 518,530	\$ 531,025	\$ 544,056	\$ 557,627
<b>PROJECTED SALES</b>												
Sales	3,756,554	3,786,494	3,816,672	3,847,091	3,877,752	3,908,658	3,939,810	3,971,210	4,002,861	4,034,764	4,066,921	4,099,334
<b>COGS</b>												
COGS - Minutes	3,693,444	3,722,881	3,752,552	3,782,460	3,812,606	3,842,993	3,873,621	3,904,494	3,935,613	3,966,980	3,998,597	4,030,465
<b>OPERATING EXPENSES</b>												
Salaries	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Business Development	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
<b>TOTAL OPERATING EXPENSES</b>	<b>21,500</b>	<b>21,500</b>	<b>21,500</b>	<b>21,500</b>	<b>21,500</b>	<b>21,500</b>	<b>21,500</b>	<b>21,500</b>	<b>21,500</b>	<b>21,500</b>	<b>21,500</b>	<b>21,500</b>
Next Group Holdings Cash Contribution	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>Net Cash Prior to Claim Payments</b>	<b>\$ 488,973</b>	<b>\$ 497,833</b>	<b>\$ 507,200</b>	<b>\$ 517,078</b>	<b>\$ 527,471</b>	<b>\$ 538,384</b>	<b>\$ 549,820</b>	<b>\$ 561,783</b>	<b>\$ 574,278</b>	<b>\$ 587,309</b>	<b>\$ 600,880</b>	<b>\$ 614,996</b>
<b>CHAPTER 11 CLAIM PAYMENTS</b>												
Administrative Claim Payments	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753
Priority Claim Payments	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Class 1 Payments	-	-	-	-	-	-	-	-	-	-	-	-
Class 2 Payments	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
<b>TOTAL CLAIM PAYMENTS</b>	<b>43,253</b>	<b>43,253</b>	<b>43,253</b>	<b>43,253</b>	<b>43,253</b>	<b>43,253</b>	<b>43,253</b>	<b>43,253</b>	<b>43,253</b>	<b>43,253</b>	<b>43,253</b>	<b>43,253</b>
<b>Net Cash</b>	<b>\$ 445,720</b>	<b>\$ 454,580</b>	<b>\$ 463,947</b>	<b>\$ 473,825</b>	<b>\$ 484,218</b>	<b>\$ 495,131</b>	<b>\$ 506,567</b>	<b>\$ 518,530</b>	<b>\$ 531,025</b>	<b>\$ 544,056</b>	<b>\$ 557,627</b>	<b>\$ 571,743</b>

	Year 5											
	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
<b>CASH</b>												
Beginning Cash	\$ 571,743	\$ 565,861	\$ 560,579	\$ 555,901	\$ 551,832	\$ 548,379	\$ 545,545	\$ 543,338	\$ 541,761	\$ 540,822	\$ 540,524	\$ 540,874
<b>PROJECTED SALES</b>												
Sales	4,099,480	4,135,145	4,171,121	4,207,410	4,244,014	4,280,937	4,318,182	4,355,750	4,393,645	4,431,869	4,470,427	4,509,319
<b>COGS</b>												
COGS - Minutes	4,030,609	4,065,675	4,101,046	4,136,726	4,172,715	4,209,018	4,245,636	4,282,573	4,319,832	4,357,414	4,395,324	4,433,563
<b>OPERATING EXPENSES</b>												
Salaries	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Business Development	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
<b>TOTAL OPERATING EXPENSES</b>	<b>31,500</b>	<b>31,500</b>	<b>31,500</b>	<b>31,500</b>	<b>31,500</b>	<b>31,500</b>	<b>31,500</b>	<b>31,500</b>	<b>31,500</b>	<b>31,500</b>	<b>31,500</b>	<b>31,500</b>
Next Group Holdings Cash Contribution	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>Net Cash Prior to Claim Payments</b>	<b>\$ 619,114</b>	<b>\$ 613,832</b>	<b>\$ 609,154</b>	<b>\$ 605,085</b>	<b>\$ 601,632</b>	<b>\$ 598,798</b>	<b>\$ 596,591</b>	<b>\$ 595,014</b>	<b>\$ 594,075</b>	<b>\$ 593,777</b>	<b>\$ 594,127</b>	<b>\$ 595,131</b>
<b>CHAPTER 11 CLAIM PAYMENTS</b>												
Administrative Claim Payments	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753
Priority Claim Payments	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,200
Class 1 Payments	-	-	-	-	-	-	-	-	-	-	-	-
Class 2 Payments	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
<b>TOTAL CLAIM PAYMENTS</b>	<b>53,253</b>	<b>53,253</b>	<b>53,253</b>	<b>53,253</b>	<b>53,253</b>	<b>53,253</b>	<b>53,253</b>	<b>53,253</b>	<b>53,253</b>	<b>53,253</b>	<b>53,253</b>	<b>52,953</b>
<b>Net Cash</b>	<b>\$ 565,861</b>	<b>\$ 560,579</b>	<b>\$ 555,901</b>	<b>\$ 551,832</b>	<b>\$ 548,379</b>	<b>\$ 545,545</b>	<b>\$ 543,338</b>	<b>\$ 541,761</b>	<b>\$ 540,822</b>	<b>\$ 540,524</b>	<b>\$ 540,874</b>	<b>\$ 542,178</b>

**Next Communication Inc. - Liquidation Analysis**

Scheduled Assets of Debtor	Book Value	Liquidation Value
Cash DIP Account	101,093.63	101,093.63
Loan due from Next Group Holdings	3,000,000.00	250,000.00
Office furniture	-	-
Computer equipment and servers (including lawsuit against Verizon et al for lost equipment	500,000.00	300,000.00
Licensed FCC Mobile Virtual Network Operator	100,000.00	50,000.00
Viber lawsuit on appeal	-	-
14% ownership Asiya Comunicacioes SA DE CV, a Mexican entity	88,000.00	<u>44,000.00</u>
Asset Liquidation Value	3,789,093.63	745,093.63
Less 20% Trustee and professional fees		<u>149,018.73</u>
Estimated Distribution Creditors Chapter 7		596,074.90
Priority Claims - IRS		80,000.00
Secured Claim 100 NWT		<u>350,000.00</u>
Available Unsecured creditors Classes 2 and 3		166,074.90
Total Unsecured Creditors		
Class 3 -	10,583,920.12	
100 NWT deficiency \$1,763,957.80 less \$350,000	<u>1,413,957.80</u>	
<b>Total Unsecured Creditors</b>		<u>11,997,877.92</u>
Estimated percentage distribution in hypothetical Chapter 7		1.384%
Estimated Distribution under Plan		15.87%



	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul 17							
Cumulative	-	1,035.00	-	1,164.46	-	5,169.08	-	10,124.08	-	79.08	-	(3,970.92)	-	
Cash Sales	1,200.00	1,200.00	831.65	2,031.65	5,000.00	7,031.65	10,000.00	17,031.65	-	17,031.65	10,000.00	27,031.65	47,031.65	
Other Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Funds</b>	<b>1,200.00</b>	<b>1,200.00</b>	<b>1,866.65</b>	<b>2,031.65</b>	<b>6,164.46</b>	<b>7,031.65</b>	<b>15,169.08</b>	<b>17,031.65</b>	<b>10,124.08</b>	<b>17,031.65</b>	<b>10,079.08</b>	<b>27,031.65</b>	<b>16,029.08</b>	<b>47,031.65</b>
A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B - Bank Chgs	15.00	15.00	-	15.00	-	15.00	-	15.00	-	15.00	-	15.00	-	15.00
C	-	-	-	-	-	-	-	-	-	-	-	-	-	-
D	-	-	-	-	-	-	-	-	-	-	-	-	-	-
E	-	-	657.19	657.19	-	657.19	-	657.19	-	657.19	-	657.19	-	657.19
F	-	-	-	-	-	-	-	-	-	-	-	-	-	-
G	-	-	-	-	-	-	-	-	-	-	-	-	-	-
H	-	-	-	-	-	-	-	-	-	-	-	-	-	-
I - Office Exp	-	-	45.00	45.00	45.00	90.00	45.00	135.00	45.00	180.00	50.00	230.00	50.00	280.00
J	-	-	-	-	-	-	-	-	-	-	-	-	-	-
K - Legal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
L	-	-	-	-	-	-	-	-	-	-	-	-	-	-
M	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N	-	-	-	-	-	-	-	-	-	-	-	-	-	-
O	-	-	-	-	-	-	-	-	-	-	-	-	-	-
P	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Q	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R	-	-	-	-	-	-	-	-	-	-	-	-	-	-
S	-	-	-	-	-	-	-	-	-	-	-	-	-	-
T - Trustee Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
U	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V	-	-	-	-	-	-	-	-	-	-	-	-	-	-
W - Other Op Exp	150.00	150.00	-	150.00	950.38	1,100.38	5,000.00	6,100.38	10,000.00	16,100.38	14,000.00	30,100.38	5,000.00	35,100.38
<b>Total Disb</b>	<b>165.00</b>	<b>165.00</b>	<b>702.19</b>	<b>867.19</b>	<b>995.38</b>	<b>1,862.57</b>	<b>5,045.00</b>	<b>6,907.57</b>	<b>10,045.00</b>	<b>16,952.57</b>	<b>14,050.00</b>	<b>31,002.57</b>	<b>5,050.00</b>	<b>36,052.57</b>
<b>Ending Bal</b>	<b>1,035.00</b>	<b>1,035.00</b>	<b>1,164.46</b>	<b>1,164.46</b>	<b>5,169.08</b>	<b>5,169.08</b>	<b>10,124.08</b>	<b>10,124.08</b>	<b>79.08</b>	<b>79.08</b>	<b>(3,970.92)</b>	<b>(3,970.92)</b>	<b>10,979.08</b>	<b>10,979.08</b>
Billings	No Activity	No Activity	No Activity	No Activity	26,584.73	-	8,921.18	-	32,097.79	-	34,951.61	-	34,951.61	
Receipts	-	-	-	-	(10,000.00)	16,584.73	-	25,505.91	-	57,603.70	(20,000.00)	72,555.31	72,555.31	
Indebtedness	No Activity	No Activity	No Activity	No Activity	26,584.73	-	8,920.29	-	32,094.61	-	33,902.47	-	33,902.47	
Accounts Payable	-	-	-	-	-	26,584.73	(10,000.00)	25,505.02	(14,000.00)	43,599.63	(5,000.00)	77,499.46	77,499.46	

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF FLORIDA  
MIAMI DIVISION

In re:

NEXT COMMUNICATIONS, INC.,  
Debtor.

Case No. 16-26776-RAM  
Chapter 11

**DEBTOR'S MOTION TO APPROVE SETTLEMENT  
AGREEMENT WITH 100 NWT FEE OWNER LLC**

Next Communications, Inc., the debtor and debtor-in-possession (the "Debtor"), moves for entry of an Order approving the Settlement Agreement, attached hereto as **Exhibit A**, among the Debtor, Next Group Holdings, Inc. ("NGH"), an entity affiliated with the Debtor through common ownership, and 100 NWT Fee Owner LLC n/k/a 100 NWT Fee Owner LP ("NWT"), the holder of an Agreed Final Judgment in the amount of \$1,763,957.80 ("AFJ"), pursuant to Federal Rules of Bankruptcy Procedure 2002(a)(3), 9019 and Local Rule 9013-1(D), and states:

1. On December 21, 2016, the Debtor filed this Chapter 11 case.
2. The Debtor continues to operate and manage its properties under §§ 1107 and 1108.
3. As set forth in the case management summary (DE 11), the Debtor is an International Voice Over Internet Protocol (International VoIP) provider. In 2015, the Debtor suffered the loss of millions of dollars in revenues from a suspected cyber-organized criminal hack resulting in the loss. The hack caused dramatic cash flow issues that caused the Debtor's business to fail, i.e., it could not pay providers of the minutes that it sold wholesale at a profit.

4. This resulted in many lawsuits against the Debtor and eventually entry of the AFJ in favor of 100 NWT on October 16, 2015 in Miami-Dade Circuit Court, case no. 15-012905-CA-01 (31). On October 26, 2015, 100 NWT recorded the AFJ in the judicial lien records with the State of Florida, Division of Corporations.

5. 100 NWT commenced proceedings supplemental to enforce the AFJ. Shortly thereafter the Debtor commenced this Chapter 11 case to recommence operations and restructure its debts under the protections afforded the § 362 stay.

6. Since the filing of the case, the Debtor has worked hard to restart the wholesale minute traffic. Revenues have increased as from essentially nothing to \$1.6 million for January 2018. The Debtor's gross profit is between 2% to 3% of revenues. The revenues from operations combined with the increasing revenues from affiliate NGH are now sufficient to commence payments under a plan.

7. 100 NWT filed a secured proof of claim no. 5 in the amount of \$1,763,957.80 (the "NWT Claim") based in part upon the recording of the AFJ as a judicial lien.

8. The Debtor filed an objection to the NWT Claim based in part on the failure to mitigate the AFS as a result of NWT selling the property but retaining the AFJ.

9. The objection remains pending.

10. The Debtor, NGH and 100 NWT have entered into a Settlement Agreement, subject to Court approval, a copy of which is **Exhibit A**.

11. The major terms of the Settlement Agreement are:

Effective Date. This Agreement is subject to the entry orders approving this Agreement in all respects upon a filing of a 9019 motion to compromise (the "**Approval Order**") and the Court entering an Order confirming the Debtor's plan of reorganization



that provides for the treatment of the NWT Claim as set forth below (the “Confirmation Order”). The Parties shall use their best efforts to obtain entry of both the Approval Order and the Confirmation Order, however, if despite their best efforts the Court does not enter both, this Agreement shall become null and void and the Parties are placed in the identical position as if this Agreement was never entered into.

Allowance and Treatment of NWT Claim. The NWT Claim shall be allowed in the secured amount of \$1,000,000.00 (ONE MILLION DOLLARS) payable at the sole discretion of the Debtor as follows: (a) the Debtor shall make a payment to NWT of \$150,000.00 (ONE HUNDRED FIFTY THOUSAND DOLLARS) within 30 days of entry of the Confirmation Order and every thirty days thereafter of 11 equal payments of \$50,000.00 for a total settlement payment of \$700,000.00 (SEVEN HUNDRED THOUSAND DOLLARS), or (b) \$525,000.00 (FIVE HUNDRED TWENTY FIVE THOUSAND DOLLARS) within 30 days of entry of the Confirmation Order. Said payments shall be in full and complete satisfaction of the NWT Claim and the underlying AFJ. Upon entry of the Confirmation Order NWT shall file a partial satisfaction of the AFJ to reduce it to the \$1.0 million dollars.

NWT Rights In Event of Default. In the event of a default, NWT shall provide notice by email to the Debtor and Debtor’s counsel detailing the default and the Debtor shall have 10 calendar days to cure. If the Debtor does not cure the default during the cure period, then NWT shall be entitled to enforce the AFJ and/or the Confirmation Order at its sole discretion up to the reduced amount of \$1.0 million dollars.

Guaranty of NWT Claim Distribution. Next Group Holdings, Inc. (“NGH”), an affiliate of the Debtor through common control, irrevocably guarantees the payment of the amounts owed by the Debtor to NWT set forth in paragraph 2 above in the event of a default. Any such payments made under said guaranty to NWT by NGH shall be credited against the account receivable in the amount of \$3.0 million that NGH owes to the Debtor.

NWT’s Support in Bankruptcy. NWT acknowledges that a material consideration to the Debtor entering into this Agreement is that NWT shall support the Debtor in obtaining Court approval of this Agreement and entry of the Confirmation Order as long as the treatment provided in the Plan of Reorganization is consistent with paragraph 2 above. NWT shall take all reasonable actions

necessary to support confirmation of said Plan including balloting to accept the plan.

12. The Debtor seeks approval of the Settlement Agreement pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure. Rule 9019(a) provides that, after notice and a hearing, a court may approve a proposed compromise. Fed. R. Bankr. P. 9019(a). The decision of whether a compromise should be accepted or rejected lies within the sound discretion of the court. *In re Arrow Air, Inc.*, 85 B.R. 886, 890–91 (Bankr. S.D. Fla. 1988); *In re Air Safety Int'l, L.C.*, 336 B.R. 843, 852 (S.D. Fla. 2005).

13. In considering proposed settlements, the Court must determine whether a proposed settlement is fair and equitable. *In re Chira*, 367 B.R. 888, 896 & n.10 (S.D. Fla. 2007); *In re Air Safety Int'l*, 336 B.R. at 859. Further, the Court must evaluate whether the compromise falls below the “lowest point in the range of reasonableness.” *In re S & I Investments*, 421 B.R. 569, 583 (Bankr. S.D. Fla. 2009) (citing *In re Bicoastal Corp.*, 164 B.R. 1009, 1016 (Bankr. M.D. Fla. 1993)) (ruling that the court should approve a settlement or compromise “unless the proposed settlement falls below the lowest point in the range of reasonableness”); *In re Arrow Air, Inc.*, 85 B.R. at 886.

14. The Eleventh Circuit, in *In re Justice Oaks II, Ltd.*, 898 F.2d 1544, 1549 (11th Cir. 1990), *cert. denied*, 498 U.S. 959 (1990), sets forth the following four factors to assist bankruptcy courts in determining whether to approve a settlement or compromise:

- (a) The probability of success in the litigation;
- (b) The difficulties, if any, to be encountered in the matter of collection;
- (c) The complexity of the litigation involved and the expense, inconvenience and delay necessarily attending it; and

- (d) The paramount interest of the creditors and a proper deference to their reasonable views in the premises.

15. The proposed Settlement Agreement satisfies the four-part test set forth in

*In re Justice Oaks II, Ltd.*, as required under Bankruptcy Rule 9019:

- (a) Probability of Success in Litigation: The issues regarding 100 NWT's alleged failure to properly mitigate the amount of the AFJ as a result of the sale of the building, its defense that it was harmed by a reduction in the sales price of the building in an amount in excess of the AFJ, how these would ultimately affect the amount of its allowed secured are novel legal and factual issues and would require likely fairly extensive and expensive litigation that would burden the Debtor and possibly delay confirmation of a plan of reorganization.
- (b) Difficulties to be Encountered in the Matter of Collection: There was zero difficulty of collection as the Debtor was in an offensively defensive posture seeking only to reduce or eliminate the secured claim of 100 NWT.
- (c) Complexity, Expense and Delay Associated with the Litigation: The legal and factual issues were novel and likely would require extensive discovery surrounding the facts underlying the sale of the building by 100 NWT and possibly valuation testimony of real estate valuation experts and commercial real estate attorneys.
- (d) Paramount Interest of Creditors and Proper Deference to Their Reasonable Views in the Premises: The resolution which results in a substantial reduction in the amount of the 100 NWT Secured Claim is by far in the best interest of creditors given this will avoid any delay in confirmation and there will be substantial distributions available to all other creditors of the estate over and above the payments under the Settlement Agreement to 100 NWT.

16. Applying the foregoing, the Debtors believe that the proposed Settlement Agreement satisfies the four-part test as required under Bankruptcy Rule 9019.

**WHEREFORE** the Debtor requests entry of an Order approving the Settlement Agreement under the terms set forth above.

**I CERTIFY** that a copy of the foregoing was served upon all Registered Users via the Court's Notice of Electronic Filing and to the parties listed on the attached service

list and that I am admitted to the Bar of the United States District Court for the Southern District of Florida and in compliance with the additional qualifications to practice in this Court as set forth in Local Rule 2090-1, on February 27, 2018.

AM LAW

Counsel for the Debtor

7385 SW 87th Avenue, Suite 100

Miami, FL 33173

PH: 305.441.9530

FX: 305.595.5086

**By:/s/ Gary M. Murphree**

Gary M. Murphree, Esq.

FBN 996475

Brandy Gonzalez-Abreu, Esq.

FBN: 017685

**SETTLEMENT AGREEMENT**

This settlement agreement (the "**Agreement**") is made by and between Next Communications, Inc., the debtor and debtor-in-possession (the "Debtor"), Next Group Holdings, Inc. ("NGH"), and 100 NWT Fee Owner LLC n/k/a 100 NWT Fee Owner LP ("NWT"). The Debtor, NGH and NWT shall collectively be referred to as the "**Parties**" and each a "**Party**".

**WHEREAS**, on October 16, 2015, NWT obtained entry of the Agreed Final Judgment in the amount of \$1,678,022.31 against the Debtor (the "AFJ") in Miami-Dade Circuit Court, case no. 15-012905-CA-01 (31);

**WHEREAS**, on October 26, 2015, NWT recorded the AFJ in the judicial lien records with the State of Florida, Division of Corporations;

**WHEREAS**, on or about August 4, 2016, NWT commenced proceedings supplementary under Fla. Stat. 56.29 against the Debtor to obtain possession and ownership of the remaining assets of the Debtor and against various affiliates of the Debtor to recover alleged avoidable transfers;

**WHEREAS**, on December 21, 2016, the Debtor filed this Chapter 11 case in the USBC-SDFL case no. 16-26776-RAM. The Debtor remains in control of its property and operations as the debtor and debtor-in-possession and a trustee has not been appointed. The filing of the Chapter 11 case stayed the NWT's proceedings supplementary;

**WHEREAS**, NWT filed a secured proof of claim no. 5 in the amount of \$1,763,957.80 (the "NWT Claim");

**WHEREAS**, on January 24, 2018, the Debtor filed an objection to the NWT Claim (the "Objection");

**WHEREAS**, the Parties desire to settle, resolve and dispose, on the terms and conditions set forth below, the AFJ, NWT Claim and Objection;

**NOW, THEREFORE**, in consideration of the mutual promises and undertakings herein set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, the Parties agree as follows:

1. **Effective Date**. This Agreement is subject to the entry orders approving this Agreement in all respects upon a filing of a 9019 motion to compromise (the "**Approval Order**") and the Court entering an Order confirming the Debtor's plan of reorganization that provides for the treatment of the NWT Claim as set forth below (the "Confirmation Order"). The Parties shall use their best efforts to obtain entry of both the Approval Order and the Confirmation Order, however, if despite their best efforts the Court does not enter both, this Agreement shall become null and void and the Parties are placed in the identical position as if this Agreement was never entered into. Debtor further agrees to withdraw the Objection upon execution of this Agreement.

2. Allowance and Treatment of NWT Claim. The NWT Claim shall be allowed in the secured amount of \$1,000,000.00 (ONE MILLION DOLLARS) payable at the sole discretion of the Debtor as follows: (a) the Debtor shall make a payment to NWT of \$150,000.00 (ONE HUNDRED FIFTY THOUSAND DOLLARS) within 30 days of entry of the Confirmation Order and every thirty days thereafter of 11 equal payments of \$50,000.00 for a total settlement payment of \$700,000.00 (SEVEN HUNDRED THOUSAND DOLLARS), or (b) \$525,000.00 (FIVE HUNDRED TWENTY FIVE THOUSAND DOLLARS) within 30 days of entry of the Confirmation Order. Said payments shall be in full and complete satisfaction of the NWT Claim and the AFJ.

3. NWT Rights In Event of Default. In the event of a default, NWT shall provide notice by email to the Debtor, Debtor's counsel and NGH detailing the default and the Debtor shall have ten (10) calendar days to cure. If the Debtor and NGH do not cure the default during the cure period, then NWT shall be entitled to enforce the AFJ and/or the Confirmation Order and/or the Guaranty provided in paragraph 4 of this Agreement at its sole discretion in an amount equal to the NWT Claim reduced by any payments made pursuant to paragraph 2.

4. Guaranty of NWT Claim Distribution. NGH, an affiliate of the Debtor through common control, irrevocably guarantees the payment of the amounts owed by the Debtor to NWT set forth in paragraphs 2 and 3 above in the event of a default. Any such payments made under said guaranty to NWT by NGH shall be credited against the account receivable in the amount of \$3.0 million that NGH owes to the Debtor.

5. NWT's Support in Bankruptcy. NWT acknowledges that a material consideration to the Debtor entering into this Agreement is that NWT shall support the Debtor in obtaining Court approval of this Agreement and entry of the Confirmation Order as long as the treatment provided in the Plan of Reorganization is consistent with paragraph 2 above. NWT shall take all reasonable actions necessary to support confirmation of said Plan including balloting to accept the plan.

6. Binding on Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties' and their successors and assigns.

7. No Admission of Wrongdoing. Without admitting fault or liability, the Parties have mutually agreed to resolve the Objection to the NWT Claim in accordance with the terms set forth herein. This Agreement and any action taken to effectuate this Agreement shall not be construed as an admission of any fault, wrongdoing, or liability by any Party. Should the conditions described herein not be satisfied, neither this Agreement nor anything contained herein shall constitute an admission of liability in any proceeding, except this Agreement will be admissible in any proceeding to enforce the terms of this Agreement. The Parties each acknowledge that they are not a prevailing party for any purpose and expressly waive any claims for attorneys' fees and costs.

8. No Other Claims to Be Filed. Unless either Party is in default of this Agreement, the Parties represent that they shall not file or cause to be filed, directly or indirectly, any complaints, charges, applications, actions, claims or grievances against each other with any local, state, or federal agency, court regulatory or self-regulatory agency or other body, and the Parties

will not at any time hereafter file or cause to be filed any complaint, charge, application, action, claim or grievance against each other based on any act, omission or other thing arising or accruing on or prior to the date of signing this Agreement, whether known or unknown at the time of signing.

9. Bankruptcy Court Jurisdiction and Choice of Law. The Parties agree that the Bankruptcy Court shall each retain personal and subject matter jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes that may arise or result from, or be connected with, this Agreement. This Agreement shall be construed in accordance with and governed by the laws of the State of Florida (excluding its laws applicable to conflicts or choice of law).

10. **EACH OF THE PARTIES HERETO WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING CONTRACT, TORT OR OTHERWISE, BETWEEN THEM ARISING OUT OF, CONNECTED WITH, RELATING TO OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT. INSTEAD, ANY DISPUTES RESOLVED IN COURT SHALL BE RESOLVED IN A BENCH TRIAL WITHOUT A JURY.**

11. Severability. Should any provisions of this Agreement be declared or be determined by any court to be illegal or invalid, the validity of the remaining parts, terms or provisions, including the release of all claims, shall not be affected thereby and said illegal or invalid parts, term or provision shall be modified by a court so as to be legal or, if not reasonably feasible, shall be deleted.

12. Entire Agreement. This Agreement constitutes the entire understanding by and between the Parties with respect to the subject matter hereof, and supersedes any prior agreements or understandings between the Parties, oral or written, with respect to the subject matter hereof. There are no other agreements, covenants, promises or arrangements between the Parties other than those set forth herein. There is no other consideration for this Agreement other than the consideration set forth in this Agreement.

13. No Representations. No statements, promises or representations have been made by any Party to any other, or relied upon, and no consideration has been offered, promised, expected or held out other than as may be expressly provided herein. Each Party hereby represents and warrants to the other Parties that such Party has not, as an inducement to such Party's entering into this Agreement, relied on any representation, assertion, guaranty, warranty, collateral contract or other assurance made by or on behalf of another Party or any other person or entity whatsoever, other than the express covenants, representations and warranties set forth in this Agreement. Each Party hereby waives all claims, whether known or unknown, arising out of and/or otherwise relating to any such representation, assertion, guaranty, warranty, collateral contract or other assurance.

14. Representation by Counsel. The Parties acknowledge and understand that they are executing and delivering this Agreement with full knowledge of any and all rights which they may have with respect to the claims herein settled and released. The Parties acknowledge that they were represented by and consulted with an attorney of their own choosing to the extent they desired

before executing and delivering this Agreement in order to review this document and the claims being settled and released hereby and thereby, and that they had a reasonable and sufficient opportunity to do so.

15. Interpretation. The Parties further acknowledge and agree that this Agreement is the result of negotiations between the Parties and that no Party shall be considered the drafter for the purposes of any statute, case law or rule of interpretation that would or might cause any provision to be construed against the drafter.

16. Effect of Waiver. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any of the other provisions hereof whether or not similar, nor shall such waiver constitute a continuing waiver. The failure of any of the Parties to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

17. Amendment to Agreement. This Agreement may not be amended, supplemented, modified or waived except by an instrument in writing signed by a duly authorized officer on behalf of each of the Parties. This Agreement may not be amended, altered, modified or waived, in whole or in part, orally.

18. Counterparts. This Agreement may be executed and delivered in two or more counterparts, each of which when so executed and delivered shall be the original, but such counterparts together shall constitute but one and the same instrument. The Agreement shall be final and binding upon the execution and delivery of the Agreement by all Parties. It is specifically agreed by all Parties that a facsimile or electronic mail copy of this Agreement shall have the same effect and may be accepted with the same authority as the original, and that this Agreement may be executed electronically and in counter-parts.

19. Preservation of Claims and Defenses. If both the Approval Order and Confirmation Order are not entered by the Bankruptcy Court and become final Orders then:

- (a) The Agreement shall be deemed null and void;
- (b) The Parties shall not be deemed to have waived any right or to have settled any controversy between them that existed before the execution of the Agreement;
- (c) The Debtor shall have the opportunity to refile its Objection to the NWT Claim and NWT preserves any defenses to such objection;
- (d) The Parties shall be restored to their respective positions immediately before the execution of the Agreement;
- (e) Neither this Agreement nor any exhibit, document, or instrument delivered hereunder, nor any statement, transaction, or proceeding in connection with the negotiation, execution, or implementation of this Agreement, shall be (i) with prejudice to any person or Party hereto, (ii) deemed to be or construed as an admission by any Party of any act, matter, proposition,



or merit or lack of merit of any claim or defense, or (iii) referred to or used in any manner or for any purpose in any subsequent proceeding in this action, or in any other action in any court or in any other proceeding; and

(f) All negotiations, proceedings, and statements made in connection with the negotiation of this Agreement (i) shall be without prejudice to any person or party herein; (ii) shall not be deemed as or construed to be an admission by any party herein of any act, matter, proposition, or merit or lack of merit of any claim or defense; and (iii) shall not be offered in evidence in this or any other action or proceeding, except in connection with this Agreement or the enforcement thereof.

20. Notices. All notices, requests and other communications pursuant to this Agreement shall be in writing and shall be deemed to have been duly given, if delivered in person or by courier, electronic mail, telegraphed, telexed or by facsimile transmission or sent by express, registered or certified mail, postage prepaid, addressed as follows:

If to Debtor: Next Communications, Inc.  
350 Lincoln Rd, 2<sup>nd</sup> Floor  
Miami Beach, FL 33139  
[arik@nextcommunications.com](mailto:arik@nextcommunications.com)

with a copy to: Am Law LLC  
7385 SW 87 Ave # 100  
Miami, Florida 33173  
Attn: Gary M. Murphree  
Emails: [gmm@amlaw-miami.com](mailto:gmm@amlaw-miami.com);  
[pleadings@amlaw-miami.com](mailto:pleadings@amlaw-miami.com); [mramirez@amlaw-miami.com](mailto:mramirez@amlaw-miami.com)

If to NWT: NWT Fee Owner  
c/o Panther Management Services, LLC  
333 S. Miami Avenue, Suite 150  
Miami, FL 33130

with a copy to: Greg M. Garno, Esq.  
100 SE 2<sup>nd</sup> Street, Suite 4400  
Miami, Florida 33131  
[ggarno@gjb-law.com](mailto:ggarno@gjb-law.com)

If to NGH: Next Group Holdings, Inc.  
350 Lincoln Rd, 2<sup>nd</sup> Floor  
Miami Beach, FL 33139  
~~[arik@nextcommunications.com](mailto:arik@nextcommunications.com)~~


with a copy to:

[Michael@nextgroupHoldings.com](mailto:Michael@nextgroupHoldings.com)  
[ARIK@nextgroupHoldings.com](mailto:ARIK@nextgroupHoldings.com)  
Am Law LLC

7385 SW 87 Ave # 100  
Miami, Florida 33173  
Attn: Gary M. Murphree  
Emails: [gmm@amlaw-miami.com](mailto:gmm@amlaw-miami.com);  
[pleadings@amlaw-miami.com](mailto:pleadings@amlaw-miami.com); [mramirez@amlaw-miami.com](mailto:mramirez@amlaw-miami.com)

IN WITNESS WHEREOF, the Parties have executed this instrument on the dates indicated below.

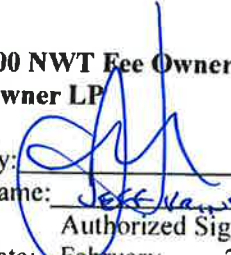
~~Next Communications, Inc.~~

By:   
Name: Arik Meimon, CEO  
Next Communications Inc.  
Date: February \_\_, 2018

Next Group Holding, Inc

By:   
Name: Michael DePrado President & COO  
Authorized Signature  
Date: February \_\_, 2018

100 NWT Fee Owner LLC n/k/a 100 NWT Fee Owner LP

By:   
Name: Jeff Nansky  
Authorized Signature  
Date: February \_\_, 2018



7385 SW 87 Ave # 100  
Miami, Florida 33173  
Attn: Gary M. Murphree  
Emails: [gmm@amlaw-miami.com](mailto:gmm@amlaw-miami.com);  
[pleadings@amlaw-miami.com](mailto:pleadings@amlaw-miami.com); [mramirez@amlaw-miami.com](mailto:mramirez@amlaw-miami.com)

IN WITNESS WHEREOF, the Parties have executed this instrument on the dates indicated below.

**Next Communications, Inc.**

By:   
Name: Arik Meimon, CEO  
Next Communications Inc.  
Date: February     , 2018

**Next Group Holding, Inc.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Authorized Signature  
Date: February     , 2018

**100 NWT Fee Owner LLC n/k/a 100 NWT Fee Owner LP**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Authorized Signature  
Date: February     , 2018

**Next Communications, Inc.**

Ownership as of December 28, 2016

Arik Maimon - 50% (4,700 shares)

Huseyin Kizanlikli - 37.5% (3,525 shares)

Ali Guven Kivilcim - 12.5% (1,175 shares)

Next Group Holding's Operating Results for YE 2017 and March 31, 2018 and Balance Sheet are not yet finalized but will be filed with the Court before the hearing on approval of disclosure statement