

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION**

IN RE: MULTIMEDIA PLATFORMS WORLDWIDE, INC. <i>et al.</i> , Debtors. ¹	CASE NO. 16-23603-RBR (Jointly Administered) CHAPTER 11
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DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

¹ The Debtors are Multimedia Platforms, Inc., Multimedia Platforms Worldwide, Inc. and New Frontiers Media Holdings, LLC.

DISCLAIMER:

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT (THE “DISCLOSURE STATEMENT”) AND EXHIBITS HERETO RELATE TO THE PLAN OF REORGANIZATION (AS IT MAY BE AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED) (THE “PLAN”), AND ARE INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON SUCH PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. SUMMARIES OF THE PLAN AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, OTHER EXHIBITS ATTACHED OR REFERRED TO IN THE PLAN AND THIS DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH 11 U.S.C. § 1125 AND RULE 3016(c) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE (THE “BANKRUPTCY RULES”) AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER LAWS GOVERNING DISCLOSURE OUTSIDE THE CONTEXT OF THE BANKRUPTCY CODE. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SEC APPROVED OR DISAPPROVED OF THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT AND EXHIBITS HERETO WILL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT WILL NOT BE ADMISSIBLE IN ANY NONBANKRUPTCY PROCEEDING NOR WILL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST OR INTERESTS IN THE DEBTOR.

NO PARTY IS AUTHORIZED TO PROVIDE TO ANY OTHER PARTY ANY INFORMATION CONCERNING THE PLAN OTHER THAN THE CONTENTS OF THIS DISCLOSURE STATEMENT. THE DEBTOR HAS NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTOR OR THE VALUE OF ITS PROPERTY OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT. HOLDERS OF CLAIMS AND INTERESTS SHOULD NOT RELY ON ANY INFORMATION, REPRESENTATIONS OR INDUCEMENTS MADE TO OBTAIN YOUR ACCEPTANCE OF

THE PLAN THAT ARE OTHER THAN, OR INCONSISTENT WITH, THE INFORMATION CONTAINED HEREIN AND IN THE PLAN.

CERTAIN OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT MAY BE FORWARD-LOOKING PROJECTIONS AND FORECASTS BASED UPON CERTAIN ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ACTUAL OUTCOMES, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE PROJECTIONS AND FORECASTS SET FORTH HEREIN. NOTHING CONTAINED IN THIS DISCLOSURE STATEMENT, EXPRESS OR IMPLIED, IS INTENDED TO GIVE RISE TO ANY COMMITMENT OR OBLIGATION OF THE DEBTORS OR WILL CONFER UPON ANY PERSON ANY RIGHTS, BENEFITS OR REMEDIES OF ANY NATURE WHATSOEVER.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF. NEITHER THE DELIVERY OF THIS DISCLOSURE STATEMENT NOR THE CONFIRMATION OF THE PLAN WILL CREATE ANY IMPLICATION, UNDER ANY CIRCUMSTANCES, THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS CORRECT AT ANY TIME AFTER THE DATE HEREOF OR THAT THE DEBTOR WILL BE UNDER ANY OBLIGATION TO UPDATE SUCH INFORMATION IN THE FUTURE.

ANY PROJECTIONS PROVIDED IN THIS DISCLOSURE STATEMENT HAVE BEEN PREPARED BY THE PROPONENTS. ANY SUCH PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE AT THE TIME THEY WERE MADE, MAY NOT BE ACHIEVED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE PROPONENTS' CONTROL. THE PROPONENTS CAUTION THAT NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THESE PROJECTIONS OR TO THE DEBTOR'S ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY MAY NOT MATERIALIZE. FURTHER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE PROJECTIONS, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR.

I.

INTRODUCTION²

Multimedia Platforms Worldwide, Inc., a Delaware corporation (the “MPW”), Multimedia Platforms, Inc., a Nevada corporation (“MPI”), and New Media Frontiers Holdings, LLC, a Delaware limited liability company (“NMFH” and, together with MPW and MPI, the “Debtors”), debtors in possession in this Chapter 11 Case, together with White Winston Select Asset Funds, LLC (“White Winston” and, together with the Debtors, the “Proponents”) submit this Disclosure Statement for Debtors’ Plan of Reorganization (as amended, supplemented, or modified, the “Disclosure Statement”) pursuant to section 1125 of the Code to holders of Claims against, and Interests in, the Debtors in connection with (i) the solicitation of acceptances of the Plan of Reorganization dated August 14, 2018 (as amended, supplemented or otherwise modified, the “Plan”), filed by the Proponents with the United States Bankruptcy Court for the Southern District of Florida (the “Court”) and (ii) the hearing to consider confirmation of the Plan (the “Confirmation Hearing”) scheduled in accordance with the Disclosure Statement Order. Unless otherwise defined herein, all capitalized terms contained herein have the meanings ascribed to them in the Plan.

A. General

The Debtors each filed voluntary petitions for relief under Chapter 11 of the Code on October 4, 2016 (the “Petition Date”). Since that time, the Debtors have continued in the possession of their assets as debtors-in-possession pursuant to sections 1107 and 1108 of the Code.

Chapter 11 is the principal business reorganization chapter of the Code. Under Chapter 11, a debtor is authorized to reorganize its business for the benefit of itself, its creditors and equity security holders. In addition to permitting rehabilitation of a debtor, another goal of chapter 11 is to promote equality of treatment for similarly situated creditors and similarly situated equity security holders with respect to the distribution of a debtor’s assets.

The commencement of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the filing date. The Code provides that a debtor may continue to operate its business and remain in possession of its property as a “debtor in possession”.

The consummation of a plan of reorganization is the principal objective of a chapter 11 reorganization case. A plan of reorganization sets forth the terms for satisfying claims against and interests in a debtor. Upon confirmation of a plan of reorganization, the plan is binding upon a debtor, any issuer of securities under the plan, any person acquiring property under the plan and any creditor or interest holder of a debtor. Subject to certain limited exceptions, the

² Unless otherwise defined in the Disclosure Statement, capitalized terms shall have the meanings ascribed to such terms in the Plan.

confirmation order discharges a debtor from any debts that arose prior to the date of confirmation of the plan and substitutes the obligations specified under the confirmed plan.

After a plan of reorganization has been filed, holders of certain claims against, or equity security holders in, a debtor are permitted to vote to accept or reject the plan. However, before soliciting acceptances of the proposed plan, section 1125 of the Code requires a debtor to prepare a disclosure statement in accordance with, and containing adequate information as defined in, section 1125 of the Code.

B. Disclosure Statement Overview

Attached as exhibits to this Disclosure Statement are copies of the following:

- Exhibit A – The Plan;
- Exhibit B – Disclosure Statement Order
- Exhibit C - Liquidation Analysis

The Debtors have not included financial projections since Distributions under the Plan shall be funded from Net Proceeds of Trust Assets. Trust Assets shall be contributed to the Trust on the Effective Date of the Plan.

In addition, a Ballot for the acceptance or rejection of the Plan was enclosed with the Disclosure Statement submitted to the holders of Claims and Interests that the Proponents believe were entitled to vote to accept or reject the Plan. For the reasons set forth hereinafter, no additional Ballot is required in connection with the Plan.

After notice and hearing conducted by the Court, the Court entered an order approving this Disclosure Statement as containing adequate information of a kind and in sufficient detail to enable hypothetical, reasonable investors typical of the Debtors' creditors and holders of equity interests to make an informed judgment whether to accept or reject the Plan, and establishing certain procedures with respect to the solicitation of votes to accept or reject the Plan (the "**Disclosure Statement Order**"). APPROVAL OF THE DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN.

The Disclosure Statement Order sets forth in detail the deadlines, procedures and instructions for voting to accept or reject the Plan and for filing objections to confirmation of the Plan, the record date for voting purposes, and the applicable standards for tabulating Ballots. In addition, detailed voting instructions accompany each Ballot. Each holder of a Claim or Interest entitled to vote on the Plan should read the Disclosure Statement, the Plan, the Disclosure Statement Order and the instructions accompanying the Ballots in their entirety before voting on the Plan. These documents contain, among other things, important information concerning the classification of Claims and Interests for voting purposes and the tabulation of votes. No solicitation of votes to accept the Plan may be made except pursuant to section 1125 of the Code.

C. Holders of Claims and Interests Entitled to Vote

Pursuant to the Code, only holders of allowed claims or allowed interests in classes of claims or interests that are impaired within the meaning of section 1124 of the Code that are entitled to receive distributions under a proposed chapter 11 plan, are entitled to vote to accept or reject such plan. Classes of claims or interests in which the holders of such claims or interests are unimpaired under a Chapter 11 plan are deemed to have accepted the plan and are not entitled to vote to accept or reject the plan. Classes of claims or interests in which the holders of such claims or interests are impaired and are not entitled to receive any distributions under a proposed Chapter 11 plan are deemed to have rejected the plan and are not entitled to vote to accept or reject the plan.

Under the Plan, Classes 2, 4, 5, 6, 7 and 8 are Impaired and, therefore, the holders of the Allowed Claims in Classes 2, 4, 5, 6, 7 and 8 are entitled to vote on the Plan. Classes 1 and 3 are Not Impaired and, therefore, holders of Allowed Claims in Classes 1 and 3 are deemed to have accepted the Plan.

D. Voting Procedures

If you are entitled to vote to accept or reject the Plan, a Ballot for the purpose of voting on the Plan is enclosed with the Disclosure Statement and Disclosure Statement Order. If you hold Claims in more than one Class and you are entitled to vote Claims in more than one Class, you may have received separate Ballots which must be used for each separate Class of Claims. You should vote and return your Ballot(s) to:

**IF BY MAIL OR
HAND- OR OVERNIGHT-DELIVERY:**

Clerk of the Court
United States Bankruptcy Court
United States Courthouse
299 E. Broward Boulevard
Room 112
Fort Lauderdale, FL 33301

DO NOT RETURN YOUR NOTES OR SECURITIES WITH YOUR BALLOT.

TO BE COUNTED, YOUR BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED IN ACCORDANCE WITH THE DISCLOSURE STATEMENT ORDER. ANY EXECUTED BALLOT RECEIVED THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN SHALL BE DEEMED TO CONSTITUTE AN ACCEPTANCE OF THE PLAN FOR PURPOSES OF TABULATING VOTES. NO ADDITIONAL VOTE IS REQUIRED IN CONNECTION WITH THE PLAN.

Any Claim or Interest in an Impaired Class as to which an objection or request for estimation is pending or which is scheduled by the Debtors as unliquidated, disputed or

contingent is not entitled to vote unless the holder of such Claim has obtained an order of the Court temporarily allowing such Claim for the purpose of voting on the Plan.

If you are a holder of a Claim or Interest entitled to vote on the Plan and did not receive a Ballot, received a damaged Ballot or lost your Ballot, or if you have any questions concerning the Disclosure Statement, the Plan or the procedures for voting on the Plan, please contact counsel for the Proponents at the addresses or phone numbers listed in Section 11.12 of the Plan.

E. Vote Required for Acceptance; Best Interests; Binding Effect

The Code defines acceptance of a plan by an Impaired class of claims as acceptance by holders of at least two-thirds in dollar amount, and more than one-half in number, of the claims of that class which actually cast ballots. The Code defines acceptance of a plan by an Impaired class of interests as acceptance by holders of at least two-thirds in amount of the interests of that class that actually casts ballots. The vote of a holder of a claim or interest may be disregarded if the Court determines, after notice and a hearing, that the acceptance or rejection was not solicited or procured in good faith.

In addition, section 1129 of the Code requires that a plan of reorganization or liquidation be accepted by each holder of a claim or interest in an Impaired class or that the plan be found by the Court to provide the holder with at least as much value on account of the claim or interest as it would receive if the debtor were liquidated under Chapter 7 of the Code.

Confirmation of the Plan will make the Plan binding upon the Debtors, holders of Claims against, and Interests in, the Debtors, and other parties in interest regardless of whether they have accepted the Plan, and such holders of Claims and/or Interests will be prohibited from receiving payment from, or seeking recourse against, the Debtors, Property of the Estate or any assets that are distributed to other holders of Claims and/or Interests under the Plan. In addition, Confirmation of the Plan will enjoin creditors and interest holders from taking a wide variety of actions on account of a debt, claim, liability, interest or right that arose prior to the Confirmation Date. As of the Effective Date of the Plan, and to the fullest extent permitted by applicable law, Confirmation will also operate as a discharge of all Claims against, and Interests in, the Debtors, to the fullest extent authorized by section 1141(d) of the Code.

F. Confirmation Hearing

Pursuant to section 1128 of the Code, the Confirmation Hearing will be held in accordance with the Disclosure Statement Order before The Honorable Raymond B. Ray, United States Bankruptcy Judge, at the United States Bankruptcy Court, Southern District of Florida, 299 E. Broward Boulevard, Courtroom 308, Fort Lauderdale, Florida 33301. The Court has directed that objections, if any, to confirmation of the Plan be served and filed so that they are received consistent with the Disclosure Statement Order. The Confirmation Hearing may be adjourned from time to time by the Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or any adjourned Confirmation Hearing.

G. Effective Date

The Plan may not be consummated immediately upon confirmation, but only upon the occurrence of the Effective Date. The Effective Date will not occur unless any conditions to confirmation and consummation are satisfied (or waived pursuant to, and in accordance with, the terms of the Plan). The Confirmation Order may be vacated if the conditions to the Effective Date are not timely met or waived.

Because of the conditions to the Effective Date provided in the Plan, a delay may occur between confirmation of the Plan and the Effective Date. There is no assurance that the conditions to the Effective Date will be fulfilled, or that any condition that is not fulfilled will be waived.

II.**OVERVIEW OF DISTRIBUTIONS
UNDER THE PLAN³**

The following briefly summarizes the classification and treatment of Claims and Interests under the Plan.

<u>Class</u>	<u>Type of Claim or Interest</u>	<u>Estimated Amounts</u>	<u>Treatment</u>	<u>Estimated Recovery</u>
1	Other Priority Claims	\$0.00	Unimpaired.	N/A
2	Allowed Secured Claim: White Winston	\$2,098,150.86	Impaired.	Unknown
3	Other Secured Claims	\$0.00	Unimpaired.	N/A
4	Unsecured Claims	Unknown ⁴	Impaired.	Unknown.
5	Allowed Senior Convertible	Unknown ⁴	Impaired.	Unknown.

³ This table is only a summary of the classification and treatment of Claims and Interests under the Plan. Reference should be made to the entire Disclosure Statement and the Plan for a complete description of the classification and treatment of Claims and Interests. **The amounts of claims and distributions are estimated.**

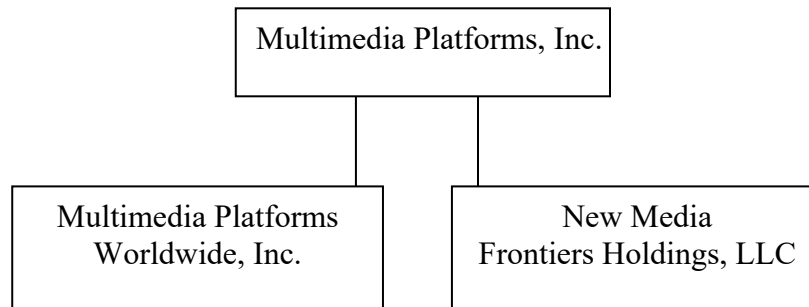
⁴ These amounts will be updated.

<u>Class</u>	<u>Type of Claim or Interest</u>	<u>Estimated Amounts</u>	<u>Treatment</u>	<u>Estimated Recovery</u>
6	Debentures Allowed Equity Interests: MPW	N/A	Impaired.	Cancelled.
7	Allowed Equity Interests: MPI	N/A	Impaired.	Cancelled.
8	Allowed Membership Interests: NMFH	N/A	Impaired.	Cancelled.

III.

GENERAL INFORMATION

A. Description and History of the Debtor



B. Operations

MPI (OTCQB: MMPW) was a publicly traded multiplatform publishing and technology company that created, curated, aggregated and distributed compelling, advertiser-friendly content

to the LGBT community. MPI was created following the merger between Sports Media Entertainment Corp., a Nevada corporation, and Multimedia Platforms, LLC, a Florida limited liability company, on January 29, 2015. Shortly thereafter, MPI embarked on a series of strategic acquisitions with the aim of becoming the world's biggest LGBT media company.

On February 27, 2015, MPI acquired Columbia Funmap, Inc., a New Jersey corporation ("Funmap"). The acquisition provided for assumed indebtedness, as well as the issuance of restricted common stock and a promissory note. The acquisition would allow MPI to gain a distribution foothold in 35 metropolitan areas in North America and to acquire control of a respected and vital travel tool for LGBT travelers.

On June 17, 2015, MPI acquired RND Enterprises, Inc., a New York corporation ("RND"). The acquisition provided for a cash payment and issuance of restricted common stock, and enabled MPI to acquire the LGBT culture magazine, *Next Magazine*.

On September 8, 2015, MPI acquired New Frontiers Media Holdings, LLC. The acquisition provided for a cash payment, assumed liabilities and issuance of a promissory note and restricted common stock. The acquisition enabled MPI to acquire, among other things, the lifestyle magazine, *Frontiers*.

As a result of MPI's expansion and acquisition efforts, MPI had laid the foundation to become the world's biggest LGBT media company, bringing together the best in media and technology to create and distribute the highest quality news, lifestyle, entertainment and video content for the global LGBT community.

The MPI brands represented approximately 7.5 million readers and 4+ million online visitors annually and represented three of America's most populous LGBT markets: California, New York and Florida.

Prior to the Petition Date, MPI produced 5 iconic print brands:

(a) *Florida Agenda* was a statewide weekly LGBT newspaper with rapidly growing coverage and distribution from Jacksonville and Orlando to Fort Lauderdale and Key West;

(b) Frontiers Media was active in mobile, digital streaming video and experiential events but is best known as the publisher of *Frontiers*, a biweekly gay lifestyle magazine offering the latest in politics, health, fitness, gossip, celebrity, entertainment, relationships, travel and shopping, which is circulated throughout California, Nevada and online. Frontiers Media also co-produces *The Horizon*, the world's most popular gay web series with over 38 million viewers;

(c) *WiRld City Guides* were travel maps for all of North America's most popular travel destinations, highlighting where you can eat, shop, and play, and represents the original gay and lesbian travel guide in distribution for 35 years;

(d) *Next* (New York) was a weekly comprehensive lifestyle resource for gay New Yorkers. Published weekly, it was circulated throughout New York City, upstate New York, New Jersey and Fire Island; and

(e) *Next* (South Florida) was a weekly entertainment and lifestyle full-color publication covering the burgeoning South Florida LGBT marketplace.

MPI's iconic print brands created valuable, paid-for-news, entertainment and travel content for the digital brands, maximizing the profitability and value of the digital platforms. During the first quarter, 2016, MPI launched *WiRld.com* in Beta mode. *WiRld* represented the first global digital media hub that would recognize and reward users for consuming original and curated content, including news, entertainment, pop culture, lifestyle stories, social blogs, photos and premium video.

C. Unsecured Financing

In order to finance operations, the Debtors obtained both unsecured and secured financing. The unsecured financing included, but was not limited to, the following:

(i) Lincoln Park Capital Fund, LLC

Between March 20, 2015 and August 21, 2015, MPI issued senior 9% convertible notes (the "Lincoln Park Notes") to Lincoln Park Capital Fund, LLC (the "Lincoln Park") in the aggregate amount of \$800,000.00.

All Lincoln Park Notes were scheduled to mature eighteen (18) months after issuance, except for a \$300,000.00 note issued on August 21, 2015, which was scheduled to mature on December 31, 2016. All Lincoln Park Notes were convertible to stated shares of MPI's common stock.

(ii) Terry King

On October 29, 2015 and January 6, 2016, MPI issued two (2) 9% convertible notes each in the amount of \$50,000.00 to Terry King (the "King Notes"). The King Notes were each due in full twelve (12) months from being issued. The holder of the King Notes also received warrants to purchase stated shares of MPI's common stock.

(iii) C. Lawrence Rustein

On November 6, 2015, MPI issued an 8% convertible note in the amount of \$250,000.00 to C. Lawrence Rustein (the "Rustein Note"). The Rustein Note was due on May 4, 2016. Mr. Rustein also received warrants to purchase 500,000 and 1,750,000 shares, respectively, of MPI's common stock.

(iv) Firstfire Global Opportunities Fund, LLC

On December 15, 2015, MPI issued a 5% senior convertible note in the amount of \$176,000.00 (the “Firstfire Note”) to Firstfire Global Opportunities Fund, LLC (“Firstfire”). The Firstfire Note was due in full on June 16, 2016. Firstfire also received warrants to purchase shares of MPI’s common stock.

On June 16, 2016, MPI entered into an amendment and waiver agreement with Firstfire, pursuant to which the Firstfire Note was exchanged for a second note increased by the amount of \$20,000.00 with an extended maturity date of July 13, 2016. Firstfire also received additional warrants to purchase shares of MPI’s common stock.

D. Secured Financing

The Debtors obtained secured financing from White Winston as follows:

On July 29, 2016, MPI, Funmap and New Frontiers entered into a Master Credit Facility Agreement (the “Credit Facility”) with White Winston. In accordance with Credit Facility, White Winston agreed to lend up to the principal amount of \$1,750,000.00. In order to secure the Credit Facility, MPI, Funmap and New Frontiers each granted a security interest to White Winston, an UCC-1 financing statements were recorded, thus providing first priority liens against substantially all of their assets. The Credit Facility was further secured by a pledge of MPI’s equity in Funmap and New Frontiers. A lockbox arrangement was also entered by the parties. MPW guaranteed the Credit Facility and granted White Winston a security interest in the Debtor’s assets. MPI also pledged its equity in MPW in order to further secure the Credit Facility.

The secured promissory note (the “Note”) issued and delivered to White Winston was to bear interest at the rate of 10% per annum and was scheduled to mature on June 29, 2017. Upon an event of default, the interest rate would be increased by 7%. The parties entered a side letter agreement, whereby it was agreed that interest on the advance to Lincoln Park in the amount of \$932,383.10 would accrue for the first year.

As part of the Credit Facility transaction, White Winston received warrants to purchase fixed, pro-rata and adjustable amounts of shares of MPI’s common stock.

The closing of the Credit Facility occurred on July 27, 2016 (the “Closing”). At Closing, the amount of \$1,116,934.40 was disbursed in accordance with a Disbursing Statement executed by the parties. The initial disbursements consisted of: (a) payment to Lincoln Park in the amount of \$932,383.10, representing a payoff of the amounts owed on account of the unsecured Lincoln Park Notes; (b) payment to White Winston in the amount of \$134,551.30, representing payment of fees, costs and interest to White Winston and its legal counsel; and (c) disbursement to MPI in the amount of \$50,000.00. Subsequent advances to the debtors totaled \$140,367.71 between August 19, 2016 and September 1, 2016.

The Closing and material disbursements occurred prior to White Winston having concluded its due diligence.

E. Events Leading to Bankruptcy

The Closing of the Credit Facility occurred on or about July 27, 2016. On September 9, 2016, White Winston declared a default. The alleged defaults related to: (a) a failure to pay interest, and (b) breaches of unspecified representations and warranties. Consequently, White Winston accelerated the Note and demanded assemblage of all collateral.

On September 22, 2016, White Winston filed a “Verified Complaint” against MPI, Funmap and New Frontiers for various theories of recovery (the “MA Litigation”) and also sought and obtained an *ex-parte* temporary restraining order (the “TRO”) in the MA Litigation. The TRO effectively enjoined MPI, Funmap and New Frontiers from using any cash collateral, accounts receivable or any other pledged collateral securing the Credit Facility. Essentially, MPIs entire business came to a stop.

Consequently, the Debtors sought protection under Chapter 11, so as to afford the Debtors an opportunity to either restructure operations.

IV.

EVENTS DURING THE CHAPTER 11 CASE

On October 4, 2016, the Debtors commenced the Chapter 11 Case. The Debtors remain in possession of their assets as debtors-in-possession pursuant to sections 1107 and 1108 of the Code. The following is a brief description of the major events during the Chapter 11 Case:

1. “First Day” Motions

Shortly after the Petition Date, the Debtors filed various “first day” motions with the Court, including, without limitation, the following:

(a) *Ex-Parte Motion for Entry of an Order for Joint Administration* [ECF No. 3], which was granted by the Court’s *Order Granting Debtors’ Ex-Parte Motion for Entry of an Order for Joint Administration* [ECF No. 24];

(b) *Application For Entry of Interim and Final Orders Authorizing Employment of Seese, P.A., as Counsel for Debtors-in-Possession* [ECF No. 6], which was granted by the Court’s *Interim Order Authorizing Employment of Seese, P.A., as Counsel for Debtors-in-Possession, Nunc Pro Tunc to October 4, 2016* [ECF No. 41] and *Final Order Authorizing Employment of Seese, P.A., as Counsel for Debtors-in-Possession, Nunc Pro Tunc to October 4, 2016* [ECF No. 41];

(c) *Motion For Authority to Use Cash Collateral and Request for Expedited Hearing* [ECF No. 11], which was denied by the Court’s *Order Denying Debtors’ Motion For Authority to Use Cash Collateral and Request for Expedited Hearing* [ECF No. 36]; and

(d) *Motion For An Order Authorizing the Debtors to Pay Prepetition Wages and Related Withholdings Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code* [ECF No. 16], which was denied by the Court’s *Order Denying Debtors’ Motion For An Order Authorizing*

the Debtors to Pay Prepetition Wages and Related Withholdings Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code [ECF No. 35].

2. Motion to Appoint Chapter 11 Trustee

On October 13, 2017, White Winston filed its *Motion for Appointment of Chapter 11 Trustee and to Prohibit Use of Cash Collateral* [ECF No. 17] (the “Trustee Motion”). The Trustee Motion was originally set for hearing on October 14, 2016. At the conclusion of hearings conducted by the Court on October 14, 2016, an evidentiary hearing on the Trustee Motion was scheduled for December 9, 2016. In support of the Trustee Motion, White Winston alleged that the Debtors had essentially diverted accounts receivable into an account maintained by a non-disclosed entity – MPW. The Debtors disputed these allegations.

3. Orders Denying Cash Collateral Use and Payment of Prepetition Wages

Again, on October 11, 2016, the Debtors filed their *Motion For Authority to Use Cash Collateral and Request for Expedited Hearing* [ECF No. 11] (the “Cash Collateral Motion”) and *Motion For An Order Authorizing the Debtors to Pay Prepetition Wages and Related Withholdings Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code* [ECF No. 16] (the “Payroll Motion”). These motions were scheduled for hearing on October 14, 2016.

During the hearings conducted by the Court on October 14, 2016, the Court denied the Cash Collateral Motion and Payroll Motion pending the evidentiary hearing on the Trustee Motion, which was scheduled for December 9, 2016. Consequently, the Debtors had no ability to operate and their operations remained at a standstill.

4. Post-Petition Financing

In light of the Court having denied the Cash Collateral Motion and Payroll Motion pending an evidentiary hearing on the Trustee Motion, the Debtors, in an effort to restart their business operation, filed their *Emergency Motion for Authority to Obtain Post-Petition Financing Pursuant to Sections 105(a), 363(b) and 364 of the Bankruptcy Code* [ECF No. 59] (the “Financing Motion”) with the Court on November 2, 2016.

The Financing Motion was granted by the Court’s *Agreed Interim Order Granting Debtors’ Emergency Motion for Authority to Obtain Post-Petition Financing Pursuant to Sections 105(a), 363(b) and 364 of the Bankruptcy Code* [ECF No. 72] and *Final Order Granting Debtors’ Emergency Motion for Authority to Obtain Post-Petition Financing Pursuant to Sections 105(a), 363(b) and 364 of the Bankruptcy Code* [ECF No. 100].

5. Emergency Motion for Reconsideration and Renewed Motions

On November 2, 2016, the Debtors filed their (A) *Emergency Motion For Reconsideration of (A) Order Denying Debtor’s Motion For Authority to Use Cash Collateral and Request for Expedited Hearing*, and (B) *Order Denying Debtors’ Motion For An Order Authorizing the Debtors to Pay Prepetition Wages and Related Withholdings Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code* [ECF No. 56]; (B) *Renewed Emergency Motion For Authority to Use Cash Collateral and Request for Expedited Hearing* [ECF No. 57];

and (C) *Renewed Emergency Motion For an Order Authorizing Debtors to Pay Prepetition Wages and Related Withholdings Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code* [ECF No. 58].

As a part of the approval of the post-petition financing, the Debtors and White Winston agreed that a “collection agent” would be appointed for purposes of collecting the pre-petition accounts receivable. Collected pre-petition accounts receivable would then be held in escrow. On November 11, 2016, the Debtors filed their *Ex-Parte Motion for Entry of Order Approving Retention of Collection Agent* [ECF No. 73], which was granted by the Court’s *Agreed Order Granting Ex-Parte Motion for Entry of Order Approving Retention of Collection Agent* [ECF No. 75].

Additionally, on November 10, 2016, the Court entered the *Agreed Order Granting Renewed Emergency Motion For an Order Authorizing Debtors to Pay Prepetition Wages and Related Withholdings Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code* [ECF No. 71].

6. Settlements With White Winston

a. The First Settlement

The post-petition lender approved to provide post-petition financing only partially funded the commitment. Consequently, the Debtors were never able to properly restart their business operations. Accordingly, in an effort to salvage whatever value remained of the Debtors’ assets, the Debtors negotiated an agreement with White Winston.

On January 26, 2017, the Debtors filed their *Motion to Approve Settlement Agreement With White Winston Select Asset Funds, LLC and For Related Relief* [ECF No. 109], pursuant to which the Debtors sought approval of a settlement agreement with White Winston. In accordance with the settlement agreement with White Winston, the parties, among other things: (a) agreed upon the appointment of a chief restructuring officer; (b) agree to negotiate on a plan of reorganization; (c) stipulated to the collateral securing any obligations owed to White Winston; (d) agreed to a sale of substantially all of the Debtors’ assets in the absence of a plan of reorganization; (e) stipulated to the amount of White Winston’s secured claim subject to the Debtors reserving rights to dispute the claim asserted by White Winston; and (f) agreed upon a general release in favor of White Winston.

On March 1, 2017, the Court entered the *Order Granting Debtors’ Motion to Approve Settlement Agreement With White Winston Select Asset Funds, LLC and For Related Relief* [ECF No. 125], which approved the settlement agreement and further authorized the appointment of Barry Mukamal as chief restructuring officer.

b. The Second Settlement

In accordance with the first settlement, the Debtors and White Winston subsequently engaged in discussions regarding a plan of reorganization and a sale of substantially all of the Debtors’ assets, including potential issues identified in connection with a sale of assets relating

to the ability of White Winston to credit bid. In the meantime, the Debtors engaged in discussions with a potential plan sponsor. The potential plan sponsor had expressed interest in sponsoring a plan of reorganization, which was one of the reasons for entering the first settlement agreement with White Winston. Eventually, the potential plan sponsor elected not to proceed.

Consequently, the Debtors and White Winston decided to enter into a second settlement agreement. On February 20, 2018, the Debtors filed their *Motion to Approve Compromise of Controversy With White Winston Select Asset Funds, LLC* [ECF No. 181], which was subsequently approved by the Court's *Order Granting Debtors' Motion to Approve Compromise of Controversy With White Winston Select Asset Funds, LLC* [ECF No. 188]. It is the second settlement agreement which provides the bases of the Plan.

7. Motion to Dismiss or Convert

On August 3, 2017, the United States Trustee filed the *United States Trustee's (I) Motion to Convert or Dismiss Case and in the alternative (II) Motion for the Appointment of a Chapter 11 Trustee* [ECF No. 131] (the "US Trustee Motion"). The hearings on the US Trustee Motion have been continued in light of the ongoing discussions between the Debtors and White Winston.

8. Plan and Disclosure Statement

On August 14, 2018, the Debtors filed the *Plan of Reorganization*.

9. Monthly Operating Reports/U.S. Trustee Fees

The Debtors have prepared and filed (or shall in advance of the disclosure statement hearing) all monthly operating reports required pursuant to the Operating Guidelines for Debtors-in-Possession and paid all fees pursuant to 28 U.S.C. § 1930(a)(6) or will otherwise become current prior to any hearing to consider approval of this Disclosure Statement. Copies of the monthly operating reports have been filed with the Court and are available for review.

V.

THE PLAN OF REORGANIZATION

A. Overview of Plan of Reorganization

THE PLAN IS ANNEXED HERETO AS EXHIBIT A AND IS AN INTEGRAL PART OF THIS DISCLOSURE STATEMENT. THE SUMMARY OF THE PLAN SET FORTH BELOW IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT OF THE PLAN. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE PROVISIONS OF THE PLAN AND THE SUMMARY CONTAINED HEREIN, THE TERMS OF THE PLAN WILL GOVERN.

B. Classification and Treatment of Claims Against The Debtor

The Plan classifies Claims and Interests separately and provides different treatment for different Classes of Claims and Interests in accordance with the Code. As described more fully below, the Plan provides, separately for each Class, that holders of certain Claims will receive various amounts and types of consideration based on the different rights of the holders of Claims in each Class.

C. Unclassified Claims

The following Administrative Claims, Priority Tax Claims and United States Trustee's Fees are unclassified under the Plan and will be treated as follows:

1. Allowed Administrative Claims.

Administrative Claims are Claims constituting a cost or expense of the administration of the Case allowed under sections 503(b) and 507(a)(2) of the Code. Such Claims include any actual and necessary costs and expenses of preserving the Estate, any actual and necessary costs and expenses of operating the businesses of the Debtors in Possession, any indebtedness or obligations incurred or assumed by the Debtors in Possession in connection with the conduct of their businesses, all compensation and reimbursement of expenses to the extent allowed by the Court under section 330, 331 or 503 of the Code, all costs associated with the cure of any executory contracts and unexpired leases between the Debtors and any Person, and any fees or charges assessed against the Estate under section 1930 of title 28 of the United States Code.

Except as otherwise provided herein, and except to the extent that any entity entitled to payment of any Allowed Administrative Claim agrees to a different treatment, each holder of an Allowed Administrative Claim shall receive Cash in an amount equal to such Allowed Administrative Claim on the later of the Effective Date and the date such Administrative Claim becomes an Allowed Administrative Claim by Final Order, or as soon thereafter as is reasonably practicable.

2. Ordinary Course Claims

Allowed Administrative Claims representing liabilities incurred by the Debtors in the ordinary course of their businesses shall be paid in full and performed by the Reorganized Debtors in the ordinary course of business consistent with past practices and in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions.

3. Professional Fee and Expense Claims

Compensation of Professionals and reimbursement of expense incurred by Professionals are Administrative Claims pursuant to sections 503(b)(2), 503(b)(3), 503(b)(4) and 503(b)(5) of the Code (the "Professional Fee and Expense Claims"). All payments to Professionals for Professional Fee and Expense Claims will be made in accordance with the procedures established by the Code, the Rules and the Court relating to the payment of interim and final compensation for services rendered and reimbursement of expenses. The Court will review and

determine all applications for compensation for services rendered and reimbursement of expenses.

All entities seeking an award by the Court of Professional Fee and Expense Claims shall file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred through the Effective Date pursuant to section 330 of the Code and Rule 2016 by the date fixed by the Court.

The time for filing objections to applications for allowance and payment of Professional Fee and Expense Claims, and the date and time for a hearing in respect of such applications and the related objections, if any, shall be set by order of the Court.

4. Priority Tax Claims

Except to the extent that a holder of an Allowed Priority Tax Claim under section 507(a)(8) of the Code has been paid by the Debtors prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Tax Claim shall receive deferred Cash payments over a period not to exceed five years following the Petition Date equal to the amount of the Allowed Priority Tax Claims as of the Effective Date of the Plan. Allowed Priority Tax Claims owed to governmental units shall be paid interest consistent with section 511 of the Code.

5. United States Trustee's Fees.

The Reorganized Debtor shall pay the United States Trustee the appropriate sums required pursuant to 28 U.S.C. §1930(a)(6) through Confirmation. The Reorganized Debtor shall further pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. §1930(a)(6) based on disbursements by the Reorganized Debtor for post-confirmation periods within the time periods set forth in 28 U.S.C. §1930(a)(6), until the earlier of the closing of the Case by the issuance of a Final Decree by the Court, upon the entry of an order of this Court dismissing the Case, or upon entry of an order converting the Case to another chapter under the Code, and the Reorganized Debtor shall provide to the United States Trustee upon the payment of each post-confirmation payment an appropriate affidavit indicating disbursement for the relevant periods. The Creditor Trustee shall pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. §1930(a)(6) based on disbursements from the Creditor Trust for post-confirmation periods within the time periods set forth in 28 U.S.C. §1930(a)(6), until the earlier of the closing of the Case by the issuance of a Final Decree by the Court, upon the entry of an order of this Court dismissing the Case, or upon entry of an order converting the Case to another chapter under the Code, and the Creditor Trustee shall provide to the United States Trustee upon the payment of each post-confirmation payment an appropriate affidavit indicating disbursement for the relevant periods.

D. Classified Claims

For purposes of this Plan, Claims against, and Interests in, the Debtors shall be classified and treated as follows:

Class 1. Allowed Other Priority Claims

(i) Description. Class 1 consists of the Allowed Other Priority Claims against any of the Debtors that are entitled to priority in accordance with section 507(a) of the Code (other than Administrative Claims, Secured Tax Claims and Priority Tax Claims).

(ii) Treatment. Each holder of an Allowed Class 1 Claim shall receive, in full satisfaction, release and exchange for such Claim, deferred Cash payments in an amount equal to the amount of such Allowed Other Priority Claim for the maximum period allowable in accordance with the section 1129(a)(9) of the Code.

(iii) Impairment. The Class 1 Claims are Unimpaired.

Class 2. Allowed Secured Claim of White Winston

(i) Description. Class 2 consists of the Allowed Secured Claim of White Winston against the Debtors. For purposes of the Plan, White Winston shall be deemed to have an Allowed Secured Claim in the amount of \$2,098,150.86.

(ii) Treatment. White Winston shall retain the Lien against the Collateral as existed as of the Filing Date. In full and complete satisfaction of the Allowed Class 2 Claim, White Winston shall be entitled to the following: (x) the first \$600,000.00 of Net Proceeds from D&O Claims shall be paid to White Winston or its designee and shall be used, in part, to satisfy the White Winston Advance; (y) fifty-percent of all Net Proceeds from D&O Claims received over and above \$600,000.00 (the “Sharing Threshold”) following payment in full of Allowed Professional and Expense Claims; and (z) a Pro Rata share of the New Equity in the Reorganized Debtor. In calculating White Winston’s Pro Rata share of the New Equity in the Reorganized Debtor, the amount of the Allowed Class 2 Claim – as of the Effective Date – shall be added to the total amount of the Allowed Class 4 Claims and the Allowed Class 5 Claims. In consideration for the treatment afforded the holder of the Allowed Class 2 Claim, White Winston shall: (i) pay \$20,000.00 as a carve-out of its Collateral at Confirmation to be used to pay Allowed Professional Fee and Expense Claims; (ii) contribute to the Estate any claims that White Winston may have or hold against any of the Debtors’ officers and directors (the “White Winston D&O Claims”); (iii) pay all litigation costs and expenses, including reasonable attorneys’ fees and expenses of special litigation counsel, directly allocable to the prosecution of the D&O Claims; and (iv) advance the amount of \$100,000.00 to the Estate on the Effective Date (the “White Winston Advance”). The White Winston Advance shall be secured by a first priority, senior lien on the Collateral and used for purposes of making the initial Distributions to holders of Allowed Administrative Claims (excluding Allowed Professional Fee and Expense Claims), Allowed Class 1 Claims, and amounts payable to the United States Trustee pursuant to 28 U.S.C. § 1930(a)(6), and shall mature and become due and owing upon recovery from the D&O Claims, and shall be paid from the first \$100,000 paid to White Winston above the Sharing Threshold. The documents evidencing the White Winston Advance and the security interest to White Winston to secure repayment of the White Winston Advance shall be filed with the Court at least five (5) days prior to the Confirmation Hearing.

(iii) Impairment. The Class 2 Claim is Impaired.

Class 3. Allowed Other Secured Claims

(i) Description. Class 3 consists of Allowed Other Secured Claims against any of the Debtors, other than the Allowed Class 2 Claim.

(ii) Treatment. The holders of Allowed Class 3 Claims shall receive, in full satisfaction, release and exchange for such Claim, at the sole option of the Proponents: (i) each holder of an Allowed Other Secured Claim, including any interest on such Allowed Other Secured Claim required to be paid pursuant to section 506(b) of the Code, shall receive payment in full, in Cash, on the later of the Effective Date of the Plan and the date such Allowed Other Secured Claim becomes an Allowed Other Secured Claim, or as soon thereafter as is reasonably practicable; or (ii) the Collateral securing the Allowed Class 3 Claim shall be surrendered to the holder of the Allowed Class 3 Claim, thus resulting in the holder of the Allowed Class 3 Claim receiving the indubitable equivalent of its Secured Claim under section 1129(b)(2)(A)(iii). The Debtors reserve the right to obtain a determination of the value of any Secured Claim pursuant to section 506 of the Code. In the event any of the Debtors obtains such a determination, each such holder receiving the treatment set forth in the preceding sentence of this Section 4.03 (b)(i) or (ii) shall have an Allowed Class 4 Claim for the amount by which the amount of the Allowed Claim exceeds the value of the Collateral, that is Property of the Estate, securing such Allowed Claim.

(iii) Impairment. The Class 3 Claims are Unimpaired.

Class 4. Allowed Unsecured Claims

(i) Description. Class 4 consists of the Allowed Unsecured Claims against any of the Debtors.

(ii) Treatment. Each holder of an Allowed Class 4 Claim shall receive the following: (i) such holder's Pro Rata share of beneficial interests in the Trust, which shall entitle each holder of an Allowed Unsecured Claim to receive such holder's Pro Rata share of Distributions of Net Proceeds of Trust Assets; and (ii) such holder's Pro Rata share of New Equity in the Reorganized Debtor. In calculating each such holder's Pro Rata share of New Equity in the Reorganized Debtor, the total amount of Allowed Class 4 Claims shall be added to the total amount of the Allowed Class 2 Claim (as of the Effective Date) and the Allowed Class 5 Claims.

(iii) Impairment. The Class 4 Claims are Impaired.

Class 5. Allowed Senior Convertible Debentures

(i) Description. Class 5 consists of the Allowed Senior Convertible Debentures against any of the Debtors.

(ii) Treatment. Each holder of an Allowed Class 5 Claim shall receive a Pro Rata share of New Equity in the Reorganized Debtor. In calculating each such holder's Pro Rata share of New Equity in the Reorganized Debtor, the total amount of Allowed Class 5 Claims shall be added to the total amount of the Allowed Class 2 Claim (as of the Effective Date) and the Allowed Class 4 Claims.

- (iii) Impairment. The Class 4 Claims are Impaired.

Class 6. Allowed Equity Interests in MPW

- (i) Description. Class 6 consists of Allowed Equity Interests in MPW.
- (ii) Treatment. The holders of Allowed Equity Interests in MPW shall not receive any Distributions or receive or retain any Property under the Plan. The Allowed Equity Interests in MPW shall be cancelled as of the Effective Date.
- (iii) Impairment. The Class 6 Equity Interests are Impaired.

Class 7. Allowed Equity Interests in MPI

- (i) Description. Class 7 consists of Allowed Equity Interests in MPI.
- (ii) Treatment. The holders of Allowed Equity Interests in MPI shall not receive any Distributions or receive or retain any Property under the Plan. The Allowed Equity Interests in MPI shall be cancelled as of the Effective Date.
- (iii) Impairment. The Class 7 Equity Interests are Impaired.

Class 8. Allowed Membership Interests in NFM

- (i) Description. Class 8 consists of Allowed Membership Interests in NFM.
- (ii) Treatment. The holders of Allowed Membership Interests in NFM shall not receive any Distributions or receive or retain any Property under the Plan. The Allowed Membership Interests in NFM shall be cancelled as of the Effective Date.
- (iii) Impairment. The Class 8 Membership Interests are Impaired.

E. Provisions Regarding Voting and Distributions Under the Plan and Treatment of Disputed, Contingent and Unliquidated Claims and Interests

1. Voting of Claims, Equity Interests and Membership Interests

Each holder of an Allowed Claim, Allowed Equity Interest and Allowed Membership Interest in an Impaired Class of Claims, Equity Interests or Membership Interests that is entitled to vote on the Plan pursuant to the Code shall be entitled to vote separately to accept or reject the Plan as provided in such order as may be entered by the Court establishing certain procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan, or any other order or orders of the Court.

The Plan is a joint Plan filed by and on behalf of the Debtors and White Winston. The Proponents have filed a joint Plan in order to minimize attorneys' fees, costs and related costs of administration. However, only Ballots filed by Creditors holding Claims, Equity Interests and Membership Interests against each of the Debtors will be calculated in determining whether each

of the Debtors has met the requirements for Confirmation under sections 1126 and 1129 of the Code.

2. Nonconsensual Confirmation (“Cramdown”)

Notwithstanding that any Impaired Class of Claims, Equity Interests or Membership Interests entitled to vote does not accept the Plan by the statutory majorities required by section 1126(c) of the Code, the Proponents are requesting confirmation of the Plan under the cram down provisions of section 1129(b) of the Code.

3. Method of Distribution Under the Plan

(a) Subject to Rule 9010, and except as otherwise provided in this Section 5.03 of the Plan, all Distributions under the Plan shall be made by the Disbursing Agent to the holder of each Allowed Claim at the address of such holder as listed on the Schedules as of the Effective Date unless the Debtors or Reorganized Debtor have been notified in writing of a change of address, including by the filing of a proof of Claim by such holder that provides an address different from the address reflected on the Schedules.

(b) Any payment of Cash made by the Disbursing Agent pursuant to the Plan shall be made by check drawn on a domestic bank or by wire transfer.

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

(d) No payment of Cash less than one hundred dollars (\$100.00) shall be made by the Disbursing Agent to any holder of a Claim unless a request therefor is made in writing to the Disbursing Agent, or unless the Distribution is a final Distribution.

(e) When any Distribution on account of an Allowed Claim pursuant to the Plan would otherwise result in a Distribution that is not a whole number, the actual Distribution shall be rounded as follows: (i) fractions of $\frac{1}{2}$ or greater shall be rounded to the next higher whole number, and (ii) fractions of less than $\frac{1}{2}$ shall be rounded to the next lower whole number. Cash to be distributed pursuant to the Plan shall be adjusted as necessary to account for the rounding provided in Section 5.03(e) of the Plan.

(f) Any Distributions of Cash or other property under the Plan which are unclaimed for a period of six (6) months after the Distribution Date shall be vested in the Reorganized Debtor or the Trust, as the case may be, and any entitlement of any holder of any Claim to such Distributions shall be extinguished and forever barred.

(g) Any Distributions of Cash or other property under the Plan which are unclaimed for a period of six (6) months after the Distribution Date shall be vested in the Reorganized Debtor or Trust, as the case may be, for Distribution in accordance with the Plan and any entitlement of any holder of any Claim to such Distributions shall be extinguished and forever barred.

(h) At the close of business on the Effective Date, the claims register shall be closed, and there shall be no further changes in the record holders of any Claims. The Disbursing Agent shall have no obligation to recognize any transfer of any Claims occurring after the Effective Date; provided, however, that the foregoing will not be deemed to prohibit the sale or transfer of any Claim prior to the Effective Date. The Disbursing Agent shall instead be entitled to recognize and deal for all purposes under the Plan with only those record holders as of the close of business on the Effective Date.

4. Distributions Withheld for Disputed General Unsecured Claims

(a) Establishment and Maintenance of Reserve

On any Distribution Date, the Disbursing Agent shall reserve from the Distributions to be made on such dates to the holders of Allowed Claims, an amount equal to one-hundred percent (100%) of the Distributions to which holders of Disputed Claims would be entitled under the Plan as of such dates if such Disputed Claims were Allowed Claims in their Disputed Claim Amounts or as estimated by the Debtors or the Court in accordance with Section 5.09 of the Plan (the “Disputed Claims Reserve”).

(b) Property Held in Disputed Claims Reserve

Cash in the Disputed Claims Reserve shall (together with all other accretions or distributions thereon) be held in trust by the Disbursing Agent for the benefit of the potential recipients of such Cash.

(c) Distributions Upon Allowance of Disputed General Unsecured Claims

The holder of a Disputed Claim that becomes an Allowed Claim subsequent to any Distribution Date shall receive Distributions of Cash and any other consideration from the Disputed Claims Reserve from the Disbursing Agent within ten (10) days following the date on which such Disputed Claim becomes an Allowed Claim pursuant to a Final Order. Such Distributions shall be made in accordance with the Plan.

(d) Expenses of Disputed Claims Reserve

Except as otherwise ordered by the Court, the amount of any reasonable expenses incurred by the Disbursing Agent on or after the Effective Date with respect to the Disputed Claims Reserve shall be paid by the Disbursing Agent from Cash otherwise available for Distributions under the Plan.

5. Procedures for Allowance or Disallowance of Disputed Claims

(a) Objections to and Resolution of Administrative Claims and Claims

Except as to applications for allowance of compensation and reimbursement of expenses under sections 330 and 503 of the Code, the Debtors or the Reorganized Debtor, as the case may be, shall have the exclusive right to make and file objections to Administrative Claims and Claims subsequent to the Effective Date. All objections shall be litigated to Final Order. From

and after the Effective Date, the Reorganized Debtor shall have the authority to compromise, settle, otherwise resolve or withdraw any of their objections without approval of the Court, except as otherwise provided herein. Unless otherwise ordered by the Court, the Debtors, the Reorganized Debtor, or the Disbursing Agent, as the case may be, shall file all objections to Claims and serve such objections upon the holder of the Claim as to which the objection is made as soon as is practicable, but in no event later than one hundred twenty (120) days after the Effective Date or such later date as may be approved by the Court. The Debtors or the Reorganized Debtor reserve the right to object to Administrative Claims as such claims arise in the ordinary course of business. The Reorganized Debtor or the Trust, as the case may be, shall bear all costs and expenses relating to the investigation and prosecution of Disputed Claims from and after the Effective Date.

(b) No Distribution Pending Allowance

Notwithstanding any other provision of the Plan, if any portion of a Claim is disputed, the full amount of such Claim shall be treated as a Disputed Claim for purposes of this Plan, and no payment or Distribution provided under the Plan shall be made on account of such unless and until such Disputed Claim becomes an Allowed Claim (in whole or in part).

(c) Disallowed Claims

All Claims or Interests held by Persons against whom the Debtors or the Reorganized Debtor has commenced an Action under sections 542, 543, 544, 545, 547, 548, 549, and/or 550 of the Code, shall be deemed “disallowed” Claims or Interests pursuant to section 502(d) of the Code and holders of such Claims or Interests shall not be entitled to vote to accept or reject the Plan. Claims or Interests that are deemed disallowed pursuant to this Section 5.05(c) of the Plan shall continue to be disallowed for all purposes until the Action against such party has been settled or resolved by Final Order and any sums due to the Estate from such party have been paid.

6. Disbursing Agent

The Reorganized Debtor shall act as Disbursing Agent under the Plan with respect to all Distributions on account of Allowed Claims other than Allowed Class 4 Claims. The Creditor Trustee shall act as Disbursing Agent under the Plan with respect to Distributions from the Trust. Any Disbursing Agent may employ or contract with other entities to assist in or make the Distributions required by the Plan. Each Disbursing Agent will serve without bond unless otherwise ordered by the Court. The Reorganized Debtor or the Creditor Trustee, as the case may be, shall hold all reserves and accounts pursuant to the Plan and the Disputed Claims Reserve.

6. Setoffs and Recoupment

The Disbursing Agent may, but shall not be required to, set off (pursuant to the provisions of sections 553 and 362 of the Code or other applicable law) against or recoup from any Claim and the payments to be made pursuant to the Plan in respect of such Claim, any Claims of any nature whatsoever that the Debtors may have against the claimant, but neither the

failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors of any setoff or recoupment right they may have against the holder of such Claim.

7. Allocation of Plan Distributions Between Principal and Interest

To the extent that any Allowed Claim entitled to a Distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall be allocated to the principal amount (as determined for federal income tax purposes) of the Claim first, and then to accrued but unpaid interest.

8. Estimations of Claims

For purposes of calculating and making Distributions under the Plan, the Disbursing Agent shall be entitled to estimate, in good faith and with due regard to litigation risks associated with Disputed Claims, the maximum dollar amount of Allowed and Disputed Claims, inclusive of contingent and/or unliquidated Claims in a particular Class. The Disbursing Agent may at any time request that the Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Code or otherwise regardless of whether the Debtors or Reorganized Debtor previously objected to such Claim or whether the Court has ruled on any such objection, and the Court will retain jurisdiction to estimate any Claim at any time during litigation concerning such objection to any Claim, including without limitation, during the pendency of any appeal relating to any such objection. In the event that the Court estimates any contingent or unliquidated Claim, the amount so estimated shall constitute either the Allowed Amount of such Claim or a maximum limitation on the amount of such Claim, as determined by the Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Disbursing Agent may pursue supplementary proceedings to object to the allowance of such Claim. All of the foregoing objection, estimation, and resolution procedures are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Court.

9. No Recourse

Notwithstanding that the Allowed Amount of any particular Disputed Claim is reconsidered under the applicable provisions of the Code and Rules or is Allowed in an amount for which after application of the payment priorities established by the Plan there is insufficient value to provide a recovery equal to that received by other holders of Allowed Claims in the respective Class, no Claim holder shall have recourse against the Disbursing Agent, the Debtors, the Reorganized Debtor, White Winston or any of their respective Professionals, consultants, partners, members, managers or Affiliates or their respective successors or assigns, or any of their respective property. However, nothing in the Plan shall modify any right of a holder of a Claim under section 502(j) of the Code. THE ESTIMATION OF CLAIMS AND ESTABLISHMENT OF RESERVES UNDER THE PLAN MAY LIMIT THE DISTRIBUTION TO BE MADE ON INDIVIDUAL DISPUTED CLAIMS, REGARDLESS OF THE AMOUNT FINALLY ALLOWED ON ACCOUNT OF SUCH DISPUTED CLAIMS. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS OR IN ANY OTHER DOCUMENT, WHITE WINSTON SHALL NOT HAVE AND SHALL NOT INCUR ANY LIABILITY OR OBLIGATION TO ANY PERSON OR ENTITY OTHER THAN TO

PERFORM ITS OBLIGATIONS AS SPECIFICALLY SET FORTH IN THIS PLAN. WITHOUT LIMITING THE GENERALITY OF THE IMMEDIATELY PRECEDING SENTENCE, WHITE WINSTON SHALL NEITHER HAVE NOR INCUR ANY LIABILITY OR OBLIGATION FOR PAYMENT OR DISTRIBUTION TO OR FOR THE BENEFIT OF ANY CREDITOR OR EQUITY SECURITY HOLDER OF THE DEBTORS.

10. Amendments to Claims

A Claim may be amended prior to the Confirmation Date only as agreed upon by the Proponents and the holder of such Claim, or as otherwise permitted by the Court, the Rules or applicable law. After the Confirmation Date, a Claim may not be amended without the authorization of the Court. Any amendment to a Claim filed after the Confirmation Date shall be deemed disallowed in full and expunged without any action by the Debtors, the Reorganized Debtor or the Estate, unless the Claim holder has obtained prior Court authorization for the filing of such amendment.

11. Post-petition Interest on Claims

Unless expressly provided in the Plan, the Confirmation Order, by order of the Court, or any contract, instrument, release, settlement, or other agreement entered into in connection with the Plan, post-petition interest shall not accrue on or after the Petition Date on account of any Claim.

F. Treatment of Executory Contracts and Unexpired Leases

1. Executory Contracts and Unexpired Leases

The Code grants the Debtors the power, subject to the approval of the Court, to assume or reject executory contracts and unexpired leases. If an executory contract or unexpired lease is rejected, the other party to the agreement may file a claim for damages incurred by reason of the rejection. In the case of rejection of leases of real property, such damage claims are subject to certain limitations imposed by the Code.

Pursuant to sections 365(a) and 1123(b)(2) of the Code, all executory contracts and unexpired leases between either of the Debtors and any Person shall be deemed rejected as of the Effective Date, except for any executory contract or unexpired lease (i) which previously has been assumed or rejected pursuant to an order of the Court entered prior to the Effective Date, or (ii) as to which a motion for approval of the assumption or rejection of such executory contract or unexpired lease has been filed and served prior to Confirmation. Notwithstanding the foregoing, the Debtors and the Reorganized Debtor, as the case may be, reserve the right to seek and obtain an extension of the time within which to assume or reject any unexpired lease or executory contract.

2. Schedules of Rejected Executory Contracts and Unexpired Leases; Inclusiveness

Each executory contract and unexpired lease that relates to the use or occupancy of real property shall be deemed to include (i) all modifications, amendments, supplements,

restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affects such executory contract or unexpired lease, and (ii) all executory contracts or unexpired leases appurtenant to the premises, including, without limitation, all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, usufructs, reciprocal easement agreements, vault, tunnel or bridge agreements or franchises, and any other interests in real estate or rights in rem relating to such premises, unless any of the foregoing agreements previously have been assumed.

3. Insurance Policies

Each of the Debtors' insurance policies and any agreements, documents or instruments relating thereto, including without limitation, any retrospective premium rating plans relating to such policies, shall be treated as executory contracts under the Plan; provided, however, any policy of insurance that was either renewed or purchased following the Filing shall not be deemed an executory contract for purposes of the Plan. Notwithstanding the foregoing, distributions under the Plan to any holder of a Claim covered by any insurance policies and related agreements, documents or instruments that are assumed hereunder, shall comply with the treatment provided under the Plan. Nothing contained in the Plan shall constitute or be deemed a waiver or release of any Action that the Debtors may hold against any entity, including, without limitation, the insurers under any of the Debtors' policies of insurance.

4. Approval of Assumption or Rejection of Executory Contracts and Unexpired Leases

Subject to the occurrence of the Effective Date, entry of the Confirmation Order shall constitute (i) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Code, of the assumption of the executory contracts and unexpired leases assumed pursuant to Article VI of the Plan, and (ii) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Code, of the rejection of the executory contracts and unexpired leases rejected pursuant to the Plan subject, however, to the provisions of Section 6.01A of the Plan.

5. Cure of Defaults

To the extent that cure payments are due with respect to an executory contract or unexpired lease to be assumed pursuant to the Plan, the amount of such cure payment shall be listed in the motion filed as contemplated under Section 6.01A of the Plan. To the extent that the non-debtor party to any executory contract or unexpired lease disagrees with the cure amount disclosed, such party must file a notice of dispute with the Court and serve such notice on the Debtors by no later than five (5) days prior to the hearing on the motion(s) unless otherwise ordered by the Court. Except as may otherwise be agreed to by the parties, within sixty (60) days after the Effective Date, the Reorganized Debtor or the party receiving an assignment of any unexpired lease or executory contract shall cure any and all undisputed defaults under any executory contract or unexpired lease assumed pursuant to the Plan in accordance with section 365(b)(1) of the Code. All disputed defaults that are required to be cured shall be cured either within thirty (30) days of the entry of a Final Order determining the amount, if any, of the Debtors' liability with respect thereto, or as may otherwise be agreed to by the parties. If there are any objections filed, the Court shall hold a hearing. In the event the Court determines that

the cure amount is greater than the cure amount listed by the Debtors, the Reorganized Debtor may elect to reject the contract or unexpired lease and not pay such greater cure amount.

6. Bar Date for Filing Proofs of Claim Relating to Executory Contracts and Unexpired Leases Rejected Pursuant to the Plan

Claims arising out of the rejection of an executory contract or unexpired lease pursuant to the Plan must be filed with the Court and/or served upon the Debtors or Reorganized Debtor or as otherwise may be provided in the Confirmation Order, by no later than thirty (30) days after the earlier of (i) notice of entry of an order approving the rejection of such executory contract or unexpired lease, and (ii) notice of entry of the Confirmation Order. Any Claim not filed within such time will be forever barred from assertion against the Debtors, Estate, the Reorganized Debtor, the Trust, Trust Assets and Property of the Estates. Unless otherwise ordered by the Court, all Claims arising from the rejection of executory contracts and unexpired leases shall be treated as Unsecured Claims under the Plan.

G. Implementation and Effect of Confirmation of the Plan

1. General

Upon confirmation of the Plan, and in accordance with the Confirmation Order, the Proponents will be authorized to take all necessary steps, and perform all necessary acts, to consummate the terms and conditions of the Plan. In addition to the provisions set forth elsewhere in the Plan, the following shall constitute the means for implementation of the Plan.

2. Means For Implementation

Distributions under the Plan shall be made from the White Winston Advance, Net Proceeds of Actions, and Net Proceeds of D&O Claims available for Distributions in accordance with the Plan. It is anticipated that either (a) one or more of the Debtors shall be dissolved under the Plan, or (b) the Debtors shall be merged with only one of the Debtors surviving by merger, which shall be the Reorganized Debtor. The Reorganized Debtor shall prosecute Actions (other than D&O Claims) and Net Proceeds of Actions shall be distributed in accordance with the Plan.

The Creditor Trustee shall be entitled and otherwise authorized to investigate and prosecute D&O Claims. The Net Proceeds of D&O Claims shall be distributed in accordance with the Plan. White Winston shall pay all litigation costs and expenses in connection with the prosecution of the D&O Claims. Likewise, as part of the Plan, White Winston shall contribute any and all claims it has against the Debtors' former or current officers and directors. Such claims shall be prosecuted by the Creditor Trustee and Net Proceeds distributed in accordance with the Plan.

3. Effectiveness of Instruments and Agreements

On the Effective Date, all documents described in and all other agreements entered into or documents issued pursuant to the Plan and/or any agreement entered into or instrument or document issued in connection with any of the foregoing, as applicable, shall become effective

and binding upon the parties thereto in accordance with their respective terms and conditions and shall be deemed to become effective simultaneously.

4. Distributions

Distributions shall be made by the Disbursing Agent in accordance with the Plan.

5. Corporate Action

On the Effective Date, all matters provided for under the Plan that would otherwise require approval of the shareholders, directors, manager, managing member or members of the Debtors under the Plan, shall be deemed to have occurred and shall be in full force and effect from and after the Effective Date pursuant to the applicable limited liability law, without any requirement of further action by the shareholders, directors, manager, managing member or members of the Debtors.

6. No Change of Control

Any acceleration, vesting or similar change of control rights of any Person under employment, benefit or other arrangements with the Debtors that could otherwise be triggered by the entry of the Confirmation Order or the consummation of the Plan or any of the transactions contemplated thereby shall be deemed to be waived and of no force or effect.

7. Term of Bankruptcy Injunction or Stays

All injunctions or stays provided for in this Case under sections 105 or 362 of the Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the entry of the Debtors' discharge.

8. Causes of Action

As of the Effective Date, pursuant to section 1123(b)(3)(B) of the Code, the Reorganized Debtor (other than D&O Claims) and the Creditor Trustee (only with respect to D&O Claims) shall have the authority to commence and prosecute such Actions any and all Actions accruing to the Debtors and Debtors in Possession, including, without limitation, the Actions under sections 510, 542, 544, 545, 547, 548, 549, 550, 551 and 553 of the Code, for the benefit of the Estate. The Reorganized Debtor shall continue to prosecute and may be substituted as the party in interest in any Action pending on the Effective Date. Notwithstanding anything to the Plan to the contrary, and unless otherwise ordered by the Court, the Debtors preserve, and do not waive, any and all Actions, including, without limitation, Avoidance Actions against any party who may have received transfers of interest in property of the Debtors or payments within 90-days prior to the Petition Date, including, without limitation, any recipient listed in response to Question 3 on the Debtors' respective Statements of Financial Affairs. The Debtors expressly preserve, and do not waive, any and all claims or causes of actions against any officer or director of the Debtors.

9. Objections to Claims

The Debtors, the Reorganized Debtor or the Creditor Trustee, as the case may be, shall pursue any objections to Claims.

10. Settlements

After the Effective Date, the Reorganized Debtor and the Creditor Trustee, as the case may be, shall have the authority to compromise and settle, otherwise resolve, discontinue, abandon or dismiss all such Actions (other than the D&O Claims as provided hereinafter) with the approval of the Court. Any settlement or compromise of any Action or objection to Claim shall be subject to final approval of the Court and the standards applicable under Rule 9019.

In connection with any proposed compromise or settlement of Joint Claims, any compromise and settlement shall be by mutual agreement of White Winston and the Reorganized Debtor. The Liquidating Trustee and White Winston each shall provide written notice to the other of any proposed settlement in whole or in part of the Joint Claims ("Settlement Notice") and shall conspicuously indicate in such writing that such writing constitutes a Settlement Notice. The receiving party shall respond in writing within seven (7) days of its receipt of a Settlement Notice whether it agrees to any compromise or settlement of the Joint Claims as described in the Settlement Notice. ; In the event that either White Winston or the Reorganized Debtor advises by a Settlement Notice or a written response to a Settlement Notice that it wishes to compromise and settle such Joint Claims for an amount not agreeable to by the other (the "Disputed Compromise Amount"), and the Joint Claims are subsequently compromised and settled, or recovery is obtained by judgment or other court order, for an amount less than the Disputed Compromise Amount (the "Settled Amount"), then in the event that (a) White Winston indicated in a signed writing to the Debtors that it desired to settle for the Disputed Compromise Amount, the difference between the Disputed Compromise Amount and the Settled Amount shall be added to the \$600,000.00 to which White Winston is entitled to be paid in accordance with Section 4.02(b) of this Plan, or (b) the Reorganized Debtor advised White Winston in a signed writing to settle for the Disputed Compromise Amount, the difference between the Disputed Compromise Amount and the Settled Amount shall be deducted first from the \$600,000.00, and then to any subsequent distribution, of Net Proceeds of D&O Claims to which White Winston is entitled in accordance with Section 4.02(b) of this Plan; provided, however, under no circumstances shall the Reorganized Debtor have recourse against White Winston other than setoff against the Distributions of Net Proceeds of D&O Claims to which White Winston would be entitled.

11. Discharge of Debtors

The rights afforded herein and the treatment of all Claims and Interests in the Plan shall be in exchange for and in complete satisfaction, discharge (in accordance with the Code) and release of Claims and Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, as applicable, against the Debtors and the Debtors in Possession, the Estate, or any of the assets or properties under the Plan. Except as otherwise provided herein, (i) upon entry of the Debtors' discharge, all such Claims against, and Interests in, the Debtors shall be satisfied, discharged and released in full, and (ii) as of the Effective Date, all Persons shall be precluded and enjoined from asserting against the Reorganized Debtor, its successors and assigns, or its assets or properties any other or further Claims based upon any act

or omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date, whether or not such holder has filed a proof of Claim or Proof of Interest and whether or not such holder has voted to accept or reject the Plan. Notwithstanding the foregoing, nothing in the Plan shall release, discharge, enjoin or preclude the Debtors from performing their obligations under this Plan, or any Claim that has not arisen as of the Effective Date that any governmental unit may have against the Debtor and nothing in the Plan shall release, nullify or enjoin the enforcement of any liability to a governmental unit under environmental statutes or regulations that any entity would be subject to as the owner or operator of property after the date of entry of the Confirmation Order.

12. Injunction Related to Discharge

Except as otherwise expressly provided in the Plan, the Confirmation Order or a separate order of the Court, all Persons who have held, hold or may hold Claims against, or Interests in the Debtors, 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 with respect to any such Claim or Interest, (ii) enforcing, attaching, collecting or recovering by any manner or means of any judgment, award, decree or order against the Proponents or any party who may be liable with any of the Debtors on account of any such Claim or Interest, (iii) creating, perfecting or enforcing any Lien or asserting control of any kind against the Proponents or any party who may be liable with any of the Proponents on account of such Claim (other than the Joint Claims) or against the property or interests in property of the Proponents or any party who may be liable with the Proponents on account of any such Claim or Interest (other than the Joint Claims), and (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors or against the property or interests in property of the Proponents on account of any such Claim or Interest. Such injunctions shall extend to successors and assigns of the Proponents and any party who may be liable with the Proponents on account of any Claim and their respective properties and interests in property (other than with respect to the Joint Claims). Notwithstanding anything herein or in the Plan to the contrary, and with respect to any Person who may be liable with the Proponents on account of any Claim other than the Joint Claims, the foregoing injunction shall be enforceable so long as the Debtors do not default (that is not timely cured) in the treatment afforded to the holder of the Claim under the Plan.

13. Injunction Against Interference with the Plan

Upon the entry of a Confirmation Order with respect to the Plan, all holders of Claims and Interests and other parties in interest, along with their respective present or former employees, agents, shareholders, officers, directors, partners, members or principals, shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan, except with respect to actions any such entity may take in connection with the pursuit of appellate rights.

H. Confirmation and Effectiveness of the Plan

1. Conditions Precedent to Confirmation

The Plan shall not be confirmed by the Court unless and until the following conditions shall have been satisfied or waived pursuant to Section 8.04 of the Plan:

(a) The Confirmation Order shall be in form and substance reasonably acceptable to the Proponents and shall include, among other things, a finding of fact that the Proponents and their respective members, employees, advisors, attorneys, and agents acted in good faith within the meaning of and with respect to all of the actions described in section 1125(e) of the Code and are, therefore, not liable for the violation of any applicable law, rule or regulation governing such actions; and

(a) The Clerk of the Court shall have entered the Confirmation Order on the Docket.

2. Conditions Precedent to Effectiveness

Unless satisfied or waived, the Plan shall not become effective unless and until the Confirmation Order shall have been entered and shall be a Final Order (with no modification or amendment thereof), and there shall be no stay or injunction that would prevent the occurrence of the Effective Date.

3. Effect of Failure of Conditions

If each condition to the Effective Date specified in the Plan has not been satisfied or duly waived within ninety (90) days after the Confirmation Date, then upon the filing of a motion by the Proponents made before the time that all conditions have been satisfied or duly waived, the Confirmation Order will be vacated by the Court; provided, however, that notwithstanding the filing of such a motion, the Confirmation Order shall not be vacated if each of the conditions to the Effective Date is either satisfied or duly waived before the Court enters an order granting the relief requested in such motion. If the Confirmation Order is vacated, the Plan shall be deemed null and void in all respects, including without limitation the discharge of Claims pursuant to section 1141 of the Code and the assumptions or rejections of executory contracts and unexpired leases as provided by the Plan, and nothing contained herein shall (1) constitute a waiver or release of any Action by, or Claims against, the Debtors, or (2) prejudice in any manner the rights of the Debtors, and any Creditor or party in interest.

4. Waiver of Conditions

The Proponents may waive in writing one or more of the conditions precedent to confirmation of the Plan, or the condition precedent to effectiveness of the Plan, without further notice to parties in interest or the Court without a prior hearing.

I. Retention of Jurisdiction

The Court shall have exclusive jurisdiction of all matters arising out of, and related to, the Case and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Code and for, among other things, the following purposes:

(a) to hear and determine pending applications for the assumption or rejection of executory contracts or unexpired leases, if any are pending, and the allowance or disallowance of Claims resulting, therefrom;

(b) to determine any and all adversary proceedings, motions, applications and contested matters, and other litigated matters pending on the Confirmation Date;

(c) to hear and determine all Actions, including, without limitation, Actions commenced by the Debtors, Reorganized Debtor, Creditor Trustee or any other party in interest with standing to do so, pursuant to sections 505, 542, 543, 544, 545, 547, 548, 549, 550, 551, and 553 of the Code, collection matters related thereto, and settlements thereof;

(d) to hear and determine any objections to or the allowance, classification, priority, compromise, estimation or payments of any Administrative Claims, Claims or Interests;

(e) to ensure that Distributions to holders of Allowed Claims are accomplished as provided in the Plan;

(f) to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;

(g) to issue such orders in aid of execution and consummation of the Plan, to the extent authorized by section 1142 of the Code;

(h) to consider any amendments to or modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in the Plan, or any order of the Court, including, without limitation, the Confirmation Order;

(i) to hear and determine all applications for compensation and reimbursement of expenses of Professionals under sections 330, 331, and 503(b) of the Code;

(j) to hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;

(k) to recover all Assets of the Debtors and Property of the Estate, wherever located;

(l) to determine any Claim of or any liability to a governmental unit that may be asserted as a result of the transactions contemplated herein;

(m) to enforce the Plan, the Confirmation Order and any other order, judgment, injunction or ruling entered or made in the Case, including, without limitation, the discharge, injunction, exculpation and releases provided for in the Plan;

(n) to take any action and issue such orders as may be necessary to construe, enforce, implement, execute, and consummate the Plan or to maintain the integrity of the Plan following consummation;

(o) to hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505, and 1146 of the Code (including, but not limited to, an expedited determination under section 505(b) of the Code of the tax liability of the Debtors for all taxable periods through the Effective Date for all taxable periods of the Debtors through the liquidation and dissolution of such entity);

(p) to hear any other matter not inconsistent with the Code; and

(q) to enter a final decree closing each Case; provided however, that nothing in the Plan shall divest or deprive any other court or agency of any jurisdiction it may have over the Debtors under applicable environmental laws.

J. Creditor Trustee

1. Establishment of the Trust

Upon the Effective Date of the Plan, the Creditor Trustee and the Debtors shall enter into the Trust Agreement, the form of which shall be filed with the Court at least five (5) days prior to the commencement of the Confirmation Hearing. The Trust shall be a distinct legal entity from the Debtors, and the Debtors shall have no liability whatsoever from any obligations of the Trust pursuant to the Plan, the Trust Agreement or otherwise, and is intended to qualify as a qualified settlement fund pursuant to Internal Revenue Code section 468B. By executing the Trust Agreement, the Debtors shall transfer, assign, and deliver all of their right, title and interest in and to the Trust Assets to the Trust. The Debtors shall execute and deliver such other documentation deemed reasonably necessary by the Creditor Trustee or its counsel to assure the proper transfer, assignment and delivery of title to the Trust Assets to the Trust. Except for the Trust Assets, the Debtors shall not have any obligation to contribute any funds or assets to the Trust.

The Trust Assets shall be comprised of (a) the balance of the White Winston Advance following satisfaction of Allowed Administrative Claims (excluding Allowed Professional Fee and Expense Claims), initial Distributions on account of Allowed Class 1 Claims, and fees payable to the United States Trustee pursuant to 28 U.S.C. § 1930(a)(6); (b) the Net Proceeds of Actions following satisfaction of Allowed Professional Fee and Expense Claims; and (c) fifty-percent (50%) of the Net Proceeds of D&O Claims following payment of (i) \$600,000.00 to White Winston; and (ii) Allowed Professional Fee and Expense Claims.

The Trust Assets shall be conveyed to the Creditor Trustee following (a) the Effective Date, (b) appointment of the Creditor Trustee, and (c) execution of the Trust Agreement, or as soon thereafter as reasonably practicable.

2. Appointment of Creditor Trustee

A Creditor Trustee shall be selected by the Debtors and White Winston. The Creditor Trustee shall have the duties and responsibilities set forth in Section 9.06 of the Plan and shall serve in accordance with Article IX of the Plan.

3. Irrevocable Trust

The Trust Assets shall be held in an irrevocable trust for Distribution to the holders of Allowed Class 4 Claims. Once the Trust Assets are deposited into the Trust, they shall no longer be Property of the Estate or any other Person or Entity, and neither the Debtors nor any other Person or Entity shall have any claim to such funds or Assets. The Confirmation Order shall declare and provide that Trust Assets in the Trust shall (a) be held in trust as set forth herein, (b) not be Property of the Estate in this or any subsequent proceeding in which the Debtors or their successors or assigns may be a debtor under the Code, and (c) be protected from, and not be subject to, the Claims of any Creditors of, or holders of Interests in, the Debtors.

4. Channeling Injunction

On the Effective Date of the Plan, all Allowed Class 4 Claims shall be automatically channeled, transferred and attached solely and exclusively to the Trust, and the sole and exclusive right and remedy available to holders of Allowed Class 4 Claims shall be the entitlement, in accordance with the Plan and the Trust Agreement, to (a) assert Allowed Class 4 Claims solely and exclusively against the Trust and the Trust Assets, and (b) Pro Rata shares of New Equity. The transfer to, vesting in and assumption by the Trust of the Trust Assets and the issuance of the beneficial interests in the Trust, as contemplated under the Plan and the Trust Agreement, shall, as of the Effective Date, discharge, release, and extinguish all obligations and liabilities of the Debtors for and in respect of all Unsecured Claims. The Trust shall assume sole responsibility and liability for all Allowed Class 4 Claims and such Allowed Class 4 Claims shall be paid from the Net Proceeds of the Trust Assets as described under the Plan. The Confirmation Order shall contain appropriate language incorporating the foregoing and permanently enjoining any holder of an Allowed Class 4 Claim from taking any action in violation of Section 9.03 of the Plan. The entry of the Confirmation Order shall act as a full and complete discharge of all Claims, liabilities and/or interests arising from, relating to, or in connection with the Allowed Class 4 Claims, except to the extent that the Trust Agreement and the Plan provides a mechanism for the payment or resolution thereof.

5. Cash Distributions from Trust

Pursuant to the Trust Agreement, each holder of an Allowed Unsecured Claim in Class 4 shall receive its Pro Rata share of "Trust Units" in exchange for such holder's Allowed Unsecured Claim in Class 4. Upon issuance, the Trust Units shall not be certificated and are not transferable (except as may be otherwise provided in the Trust Agreement). Under section 1145 of the Code, the issuance of the Trust Units shall be exempt from any registration and any applicable state and local laws requiring registration of securities. If the Creditor Trustee determines, with the advice of counsel, that the Trust is required to comply with the registration and reporting requirements of the Securities Exchange Act of 1934 or Investment Company Act of 1940, as amended, then the Creditor Trustee shall take any and all actions to comply with such reporting requirements and file necessary periodic reports with the Securities and Exchange Commission.

Each holder of an Allowed Unsecured Claim in Class 4 shall receive, on each Distribution Date, a Cash Distribution in the amount of such holder's Pro Rata share of the Net Proceeds of Trust Assets; provided, however, that if such holder's Allowed Class 4 Claim is a Disputed Claim, then the Creditor Trustee shall withhold from any such Distribution the amount of Cash that would be necessary to make some proportionate Distribution to the holders of all Class 4 Claims which are Disputed Claims as of each such Disputed Claim were an Allowed Class 4 Claim. At such time that such Disputed Claim becomes an Allowed Class 4 Claim, the holder of such Allowed Class 4 Claim shall receive the Distribution to which such holder is entitled under the Plan.

6. Duties and Responsibilities of the Creditor Trustee

The duties of the Creditor Trustee shall be limited to:

- (i) maintain a current listing of Class 4 Claims and a roster of Trust Units;
- (ii) investigate, pursue, prosecute, compromise and/or otherwise resolve D&O Claims;
- (iii) investigate, pursue, prosecute, compromise and/or otherwise resolve any objections to disputed Unsecured Claims;
- (iv) perform any other duties as may be set forth in the Trust Agreement; and
- (v) hire any professionals in connection with fulfilling the duties set forth in Section 9.06 of the Plan.

The Trust Agreement shall provide for the Creditor Trustee to perform the duties commonly performed by, and have the powers commonly provided to, such trustees, as more specifically set forth in the Trust Agreement, including, among other things, obtaining a tax identification number for the Trust, preparing and filing appropriate federal and state tax returns for the Trust, opening bank accounts for the Trust, maintaining records pertaining to the units of beneficial interest of the holders of Allowed Unsecured Claims in the Trust, and retaining professionals to represent the interests of the Trust. For purposes of performing all of the foregoing, as well as for the purpose of prosecuting to conclusions objections to Claims and Actions, the Creditor Trustee shall have the status of a representative of the Estate under section 1123(b)(3)(B) of the Code. Pending entry of a final decree and order closing the Case, the Creditor Trustee shall submit any settlements of objections to Claims and Actions, including, without limitation, to the Court upon notice as directed by the Court, in accordance with the Plan.

7. Expenses of the Trust

All costs and expenses of the Trust associated with the administration of the Trust shall be the sole responsibility of and paid by the Trust from Trust Assets. Under no circumstances shall the Reorganized Debtor be liable for any such expenses.

8. Compensation of the Creditor Trustee and Other Professionals

The Creditor Trustee shall be paid at a rate agreed to by the Debtors, White Winston and the Creditor Trustee. All Professionals (including the Creditor Trustee and his or her Professionals) shall be obligated to file applications for allowance of compensation and reimbursement of expenses in accordance with section 330 of the Code, Rule 2016 of the Rules and the United States Trustee's Guidelines and Local Rules of the Court. Compensation of the Creditor Trustee and Other Professionals shall be paid by the Trust. Under no circumstances shall such expenses be an obligation of the Debtors or Reorganized Debtor.

9. Income Tax Treatment

For federal income tax purposes, it is intended that the Trust be classified as a trust under section 301.7701-4 of the United States Treasury Regulations and that such trust is owned by its beneficiaries. Accordingly, for federal income tax purposes, it is intended that the beneficiaries (i.e., holders of Allowed Class 4 Claims) be treated as if they had received a distribution of an undivided interest in the Trust Assets and then contributed such interests to the Trust.

10. Service and Termination of Creditor Trustee

The Creditor Trustee shall serve in such capacity until the earliest of (i) entry of a final decree and order closing the Case, (ii) completion of his or her duties set forth in Section 9.06 of the Plan and by order of the Court; and (iii) the Creditor Trustee resigns; provided, however, that the Creditor Trustee may be terminated, for cause, by order of the Court, following notice and hearing, at the request of the United States Trustee.

11. Successor Creditor Trustee

In the event the Creditor Trustee resigns or is terminated or removed, a successor Creditor Trustee shall be appointed by agreement between the Reorganized Debtor and White Winston and approved by the Court.

12. Termination of Trust

The Trust shall terminate as provided in the Trust Agreement.

K. Substantive Consolidation

The Debtors have concluded that substantive consolidation of all of the Debtors' estates into one estate is in the best interests of the Debtors' creditors. In the event of substantive consolidation, (i) all Assets and liabilities of the Debtors are merged so that all Assets of the Debtors shall be available to pay Allowed Claims under the Plan; (ii) no Distributions shall be made under the Plan on account of intercompany Claims existing between the Debtors, (iii) all guarantees by the Debtors of the obligations of any other Debtor shall be eliminated so that any Claim against any Debtor and any guarantee thereof executed by any other Debtor shall be one obligation, and (iv) each and every Claim filed or Allowed, or to be filed or Allowed, in the Case of any of the Debtors shall be deemed filed and Allowed against all other Debtors.

The Plan shall constitute a request for substantive consolidation. The Confirmation Order shall represent an order authorizing and directing substantive consolidation.

L. Miscellaneous Provisions**1. Effectuating Documents and Further Transactions.**

The Proponents or Reorganized Debtor, as the case may be, are authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to implement, effectuate and further evidence the terms and conditions of the Plan and any notes or other interests issued pursuant to the Plan.

2. Exemption from Transfer Taxes

From and after the Confirmation Date, and pursuant to section 1146(a) of the Code, the issuance, transfer or exchange of notes or other interests under the Plan, including creation of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, any merger agreements or agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated by the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

3. Authorization to Request Prompt Tax Determinations.

The Debtors or the Reorganized Debtor, as the case may be, are authorized to request an expedited determination under section 505(b) of the Code of the tax liability of the Debtors, for all taxable periods through the Effective Date.

4. Exculpation.

Subject to the occurrence of the Effective Date, and except as otherwise provided in the Plan, neither the Proponents nor any of their respective members, agents, financial advisors, attorneys, employees, holders of Interests, affiliates and representatives (the "Exculpated Parties") shall have or incur any liability to any holder of a Claim or Interest for any act or

omission in connection with, related to, or arising out of, the Case, the Plan, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan; provided, however, that the foregoing shall not operate as a waiver or release for (i) any express contractual obligation owing by any such Person, and (ii) willful misconduct or gross negligence, and, in all respects, the Exculpated Parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan; provided further that nothing in the Plan shall, or shall be deemed to, release the Exculpated Parties, or exculpate the Exculpated Parties with respect to, their respective obligations or covenants arising pursuant to the Plan; provided further that the foregoing shall not operate as a waiver or release of Claims by governmental entities arising under environmental laws.

5. Injunction Relating to Exculpation

The Confirmation Order will contain an injunction, effective on the Effective Date, permanently enjoining the commencement or prosecution by the Debtors, the Reorganized Debtor and any other Person, whether derivatively or otherwise, of any Action or causes of action exculpated, released or discharged pursuant to this Plan against the Exculpated Parties.

6. Payment of Statutory Fees

The Reorganized Debtor shall be responsible for timely payment of fees incurred pursuant to 28 U.S.C. § 1930(a)(6) through Confirmation and following the Effective Date based on disbursements by the Reorganized Debtor. After confirmation, the Reorganized Debtor shall file with the Court and serve on the United States Trustee a quarterly financial report regarding all income and disbursements, including all plan payments, for each period (or portion thereof) the Case remains open. The Creditor Trustee shall be responsible for timely payment of fees incurred pursuant to 28 U.S.C. § 1930(a)(6) following the Effective Date based on disbursements by the Creditor Trustee. The Creditor Trustee shall file with the Court and serve on the United States Trustee a quarterly financial report regarding all income and disbursements, including all plan payments, for each period (or portion thereof) the Case remains open.

7. Amendment or Modification of Plan

Alterations, amendments or modifications of the Plan may be proposed in writing by the Proponents at any time prior to the Confirmation Date in conformity with section 1127(a) of the Code, provided that the Plan, as altered, amended or modified, satisfies the conditions of sections 1122, 1123 and 1129 of the Code, and the Proponents shall have complied with section 1125 of the Code. The Plan may be altered, amended or modified by the Proponents at any time after the Confirmation Date in conformity with section 1127(b) of the Code, provided that the Plan, as altered, amended or modified, satisfies the requirements of sections 1122 and 1123 of the Code and the Court, after notice and a hearing, confirms the Plan, as altered, amended or modified, under section 1129 of the Code and the circumstances warrant such alterations, amendments or modifications. A holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such holder.

Prior to the Effective Date, the Proponents may make appropriate technical adjustments and modifications to the Plan without further order or approval of the Court.

8. Severability

In the event that the Court determines, prior to the Confirmation Date, that any provision in the Plan is invalid, void or unenforceable, such provision shall be invalid, void or unenforceable with respect to the holder or holders of such Claims or Interests as to which the provision is determined to be invalid, void or unenforceable. The invalidity, voidability or unenforceability of any such provision shall in no way limit or affect the enforceability and operative effect of any other provision of the Plan. The Court, at the request of the Proponents, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

9. Revocation or Withdrawal of the Plan

The Proponents reserve the right to revoke or withdraw the Plan prior to the Confirmation Date. If the Proponents revoke or withdraw the Plan prior to the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained herein shall constitute or be deemed a waiver or release of any Claims or Actions by or against the Debtors or any other Person, an admission against interests of the Debtors, nor shall it prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors.

10. Binding Effect Notices

The Plan shall be binding upon and inure to the benefit of the Debtors, the holders of Claims and Interests, and their respective successors and assigns.

11. Notices

All notices, requests and demands to or upon the Proponents or the Reorganized Debtors to be effective shall be in writing and, unless otherwise expressly provided in the Plan, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

If to the Debtors/Reorganized Debtor:

With copies to:

Seese, P.A.

Attention: Michael D. Seese, Esq.

101 N.E. 3rd Avenue, Suite 1270

Ft. Lauderdale, Florida 33301

Telephone No. (954) 745-5897

If to White Winston:

Jeffrey D. Sternklar, LLC
225 Franklin Street
26th Floor
Boston, MA 02110
Telephone No. (617) 396-4515

If to the Creditor Trustee:

[tba]

12. Governing Law

Except to the extent the Code, Rules or other federal law is applicable, or to the extent the Plan or any agreement entered into pursuant to the Plan provides otherwise, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida, without giving effect to the principles of conflicts of law of such jurisdiction.

13. Withholding and Reporting Requirements

In connection with the consummation of the Plan, the Debtors or the Reorganized Debtor, as the case may be, shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements.

14. Section 1125(e) of the Code

As of the Confirmation Date, the Proponents shall be deemed to have solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Code. As of the Confirmation Date, the Debtors and their respective members, managers, managing members, officers, shareholders, directors, agents, financial advisors, attorneys, employees, equity holders, partners, Affiliates and representatives shall be deemed to have participated in good faith and in compliance with the applicable provisions of the Code in the offer and issuance of the new securities hereunder and, therefore, are not, and on account of such offer, issuance and solicitation shall not be, liable at any time for the violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections hereof or other offer under the Plan.

15. Filing of Additional Documents

On or before Substantial Consummation of the Plan, the Proponents shall file with the Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

16. No Admissions

Notwithstanding anything in the Plan to the contrary, nothing contained in the Plan shall be deemed as an admission by any Person with respect to any matter set forth in the Plan or herein.

17. Waiver of Bankruptcy Rule 3020(e) and 7062

The Proponents may request that the Confirmation Order include (a) a finding that Rules 3020(e) and 7062 shall not apply to the Confirmation Order, and (b) authorization for the Debtors to consummate the Plan immediately after entry of the Confirmation Order.

18. Time

In computing any period of time prescribed or allowed by the Plan, unless otherwise set forth herein or determined by the Court, the provisions of Rule 9006 shall apply.

19. Substantial Consummation

The Plan shall be deemed to be Substantially Consummated in accordance with sections 1101 and 1127(b) of the Code.

20. Final Decree

The Reorganized Debtor shall be responsible for filing a motion with the Court to obtain a final decree to close the Case.

21. Inconsistency

In the event of any inconsistency between the Plan and the Disclosure Statement, any Exhibit to the Plan or the Disclosure Statement or any other instrument or document created or executed pursuant to the Plan, the Plan shall govern. In the event of any inconsistency between the Plan and the Confirmation Order, the Confirmation Order shall govern.

22. No Interest or Attorneys' Fees

Except as otherwise provided under the Plan, or as ordered by the Court, no interest, penalty or other charge, including any late charge, arising from and after the Filing Date, and no award or reimbursement of any attorneys' fees or other related cost or disbursement, shall be allowed on, or in connection with, any Claim, unless otherwise provided under the Plan or awarded by the Court.

23. Successors and Assigns

This Plan and all the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

24. Headings

The headings of articles, paragraphs and sub-paragraphs in this Plan are inserted for convenience only and shall not affect the interpretation of any provision of this Plan.

25. No Penalty for Prepayment

The Disbursing Agent shall at any time be permitted to prepay, in whole or in part, any Claim treated under this Plan. Neither the Debtors, the Reorganized Debtor nor the Creditor Trustee shall be liable for payment of any sum or interest in the form of a penalty relating to the partial or full prepayment of any claim treated under this Plan, as permitted herein.

26. Savings Clause

Any minor defect or inconsistency in the Plan may be corrected or amended by the Confirmation Order.

27. Remedy of Defects

After the Effective Date, the Proponents may, with approval of the Court, and so long as it does not materially and adversely affect the interests of Creditors, remedy any defect or omission or reconcile any inconsistencies in the Plan or in the Confirmation Order in such manner as may be necessary to carry out the purposes and effect of the Plan and in form and substance satisfactory to the Proponents.

VI.

CERTAIN RISK FACTORS TO BE CONSIDERED

HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE DOCUMENTS DELIVERED TOGETHER HERewith AND/OR INCORPORATED BY REFERENCE), PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

A. Risk that Distributions Will be Less than Estimated by the Debtors

The ultimate recoveries under the Plan to holders of Claims are uncertain. The factors specified below assume that the Plan is approved by the Court and that the conditions precedent on the Effective Date of the Plan are satisfied or otherwise waived.

The Debtors and the Creditor Trustee reserve the right to object to the amount or classification of any Claim or Interest. Thus, the estimates set forth in this Disclosure Statement cannot be relied upon by any creditor whose Claim or Interest is subject to a successful objection. Any holder of such Claim or Interest may not receive the estimated Distributions set

forth herein. The projected Distributions may not be realized for reasons including, but not limited to, the amount of Allowed Claims may be greater and/or the value of the collected assets may be less.

TIME MAY ELAPSE BETWEEN THE EFFECTIVE DATE AND THE RECEIPT OF A FINAL DISTRIBUTION UNDER THE PLAN, BECAUSE: (I) THE VARIOUS CLASSES OF CLAIMS, AS WELL AS THE CATEGORIES OF ADMINISTRATIVE AND PRIORITY TAX CLAIMS, MAY HAVE SUBSTANTIAL AND/OR COMPLICATED DISPUTED CLAIMS; AND (II) THE PLAN ADMINISTRATOR MAY NOT REALIZE RECOVERIES FOR A DELAYED PERIOD RELATING TO ACTIONS.

B. Industry Conditions and Financial Condition of Reorganized Debtor

1. Objections to Classifications

Section 1122 of the Code provides that a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class. The Proponents believe that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Code. However, there can be no assurance that the Court would reach the same conclusion.

2. Risk of Non-confirmation of the Plan

Even if all Impaired Classes accept the Plan, the Plan might not be confirmed by the Court. Section 1129 of the Code sets forth the requirements for the confirmation and requires, among other things, that the confirmation of a plan of reorganization or liquidation is not likely to be followed by the liquidation or the need for further financial reorganization of the debtor, unless the plan provides for liquidation of a debtor's assets, and that the value of distributions to dissenting creditors and holders of interests not be less than the value of distributions such creditors and holders of interests would receive if the debtor was liquidated under Chapter 7 of the Code. There can be no assurance, however, that the Court would also conclude that the requirements for confirmation of the Plan have been satisfied.

VII.

CONFIRMATION OF THE PLAN

Under the Code, the following steps must be taken to confirm the Plan:

A. The Confirmation Hearing

The Code requires the Court, after notice, to hold a confirmation hearing before a plan of reorganization or liquidation may be confirmed. The Confirmation Hearing in respect of the Plan has been scheduled in accordance with the Disclosure Statement Order, before the Honorable Raymond B. Ray, United States Bankruptcy Judge, at the United States Bankruptcy Court, 299 E. Broward Blvd., Courtroom 308, Fort Lauderdale, Florida 33301. The Confirmation Hearing may be adjourned from time to time by the Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing. Any objection to

Confirmation must be made in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim or number and type of shares of Interest held by the objector. The Court has directed that objections, if any, to Confirmation of the Plan be served and filed so that they are received in accordance with the Disclosure Statement Order. The Confirmation Hearing may be adjourned from time to time by the Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or any adjourned Confirmation Hearing.

Objections to Confirmation of the Plan are governed by Rule 9014.

B. Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Court will confirm the Plan only if all of the requirements of section 1129 of the Code are met. Among the requirements for Confirmation of a plan are that the plan is (i) accepted by all Impaired classes of Claims and Interests or, if rejected by an impaired class, that the plan “does not discriminate unfairly” and is “fair and equitable” as to such class, (ii) feasible and (iii) in the “best interests” of creditors and holders of partnership interests that are impaired under the plan.

1. Unfair Discrimination and Fair and Equitable Tests

To obtain nonconsensual confirmation of the Plan, the Court must determine that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to each impaired, non-accepting Class. The Code provides a non-exclusive definition of the phrase “fair and equitable.” The Code establishes “cram down” tests for secured creditors, unsecured creditors and Partnership holders, as follows:

- (a) Secured Creditors. Either (i) each impaired secured creditor retains its liens securing its secured claim and receives on account of its secured claim deferred cash payments having a present value equal to the amount of its allowed secured claim, (ii) each impaired secured creditor realizes the “indubitable equivalent” of its allowed secured claim or (iii) the property securing the claim is sold free and clear of liens with such liens to attach to the proceeds of the sale and the treatment of such liens on proceeds to be as provided in clause (i) or (ii) of this subparagraph.
- (b) Unsecured Creditors. Either (i) each non-accepting impaired unsecured creditor class receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan.
- (c) Interests. Either (i) each holder of an Interest will receive or retain under the plan property of a value equal to the greatest of the fixed liquidation preference to which such holder is entitled, the fixed redemption price to which such holder is entitled or the value of the interest or (ii) the holder of an interest that is junior to the non-accepting class will not receive or retain any property under the plan.

2. Feasibility

The Code permits a plan to be confirmed if it is not likely to be followed by liquidation or the need for further financial reorganization unless the plan provides for liquidation of a debtor's assets.

3. Best Interests Test

With respect to each Impaired Class of Claims and Interests, confirmation of a plan requires that each holder of a Claim or Interest either (i) accept the plan or (ii) receive or retain under the plan property of a value, as of the effective date, that is not less than the value such holder would receive or retain if the debtor were liquidated under Chapter 7 of the Code. To determine what holders of Claims and Interests of each impaired class would receive if the Debtors were liquidated under Chapter 7, the Court must determine the dollar amount that would be generated from the liquidation of the Debtor's Assets and properties in the context of a hypothetical Chapter 7 liquidation case. The cash amount which would be available for satisfaction of Claims and Interests would consist of the proceeds resulting from the disposition of the unencumbered assets and properties of the Debtors, augmented by the unencumbered cash held by the Debtors at the time of the commencement of the hypothetical liquidation case. Such cash amount would be reduced by the amount of the costs and expenses of the liquidation and by such additional administrative and priority claims that might result from the termination of the Debtors' businesses and the use of Chapter 7 for the purposes of liquidation.

The Debtors' costs of liquidation under Chapter 7 would include the fees payable to a trustee in bankruptcy, as well as those that might be payable to attorneys and other professionals that such a trustee might engage. The foregoing types of claims and other claims which might arise in a liquidation case or result from the pending Chapter 11 case, including any unpaid expenses incurred by the Debtors during the Chapter 11 case such as compensation for attorneys, financial advisors and accountants, would be paid fully from the liquidation proceeds before the balance of those proceeds would be made available to pay general unsecured claims.

To determine if the Plan is in the best interests of each Impaired Class, the present value of the distributions from the proceeds of a liquidation of the Debtors' Assets and properties, after subtracting the amount attributable to the foregoing claims, are then compared with the value of the property offered to such classes of claims and interests under the plan.

After considering the effects that a Chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in this Case, including, without limitation, the increased costs and expenses of a liquidation under Chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee, the Debtors have determined that confirmation of the Plan will provide each holder of an Allowed Claim or Interest with a recovery that is not less, and is most likely higher, than such holder would receive pursuant to liquidation of the Debtors under Chapter 7.

The Proponents also believe that the value of any Distributions to each class of Allowed Claims in a Chapter 7 case would not occur for a substantial period of time after such Case were to begin. It is likely that Distribution of the proceeds of the liquidation could be delayed after the

completion of such liquidation in order to resolve Claims and prepare for Distributions. In the likely event litigation was necessary to resolve Claims asserted in the Chapter 7 case, the delay could be prolonged.

VIII.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Proponents have evaluated alternatives to the Plan. After studying these alternatives, the Proponents have concluded that the Plan is the best alternative and will maximize recoveries by parties in interest, assuming confirmation of the Plan. The following discussion provides a summary of the Proponents' analysis leading to their conclusion that a dismissal or alternative plan of liquidation would not provide the highest value to parties in interest.

A. Liquidation Under Chapter 7

Conversion of the Case to Chapter 7 would result in the appointment of a Chapter 7 trustee and the hiring of additional professionals, thus diminishing whatever recoveries exist for the benefit of creditors holding Allowed Claims.

In a Chapter 7, there would likely be no equity for the benefit of holders of Allowed Claims save and except the Allowed Secured Claim of White Winston, as White Winston holds a first-priority lien against substantially all of the Debtors' Assets.

B. Dismissal

If the Plan is not confirmed, the Court could dismiss the Case. If the Case is dismissed, it is likely that White Winston would proceed to foreclose on its Collateral thus resulting in no funds being available for any other Creditors. Again, Confirmation of the Plan provides for payment of Allowed Administrative Claims, Allowed Priority Claims and further provides for Distributions to holders of Allowed Unsecured Claims.

IX.

FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A. Introduction

The following discussion summarizes certain federal income tax consequences of the implementation of the Plan to the Debtors and certain holders of Claims. The following summary does not address the federal income tax consequences to holders whose Claims are entitled to reinstatement or payment in full in cash under the Plan (e.g., holders of Administrative Claims, Other Priority Claims, and Secured Claims).

The following summary is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated thereunder, judicial decisions, and published administrative rules and pronouncements of the Internal Revenue Service (the "IRS") as in effect

on the date hereof. Changes in such rules or new interpretations thereof may have retroactive effect and could significantly affect the federal income tax consequences described below.

The federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The Debtors have not requested a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of the Plan. Thus, no assurance can be given as to the interpretation that the IRS will adopt. In addition, this summary does not address foreign, state or local tax consequences of the Plan, nor does it purport to address the federal income tax consequences of the Plan to special classes of taxpayers (such as foreign taxpayers, broker-dealers, banks, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, tax-exempt organizations, and investors in pass-through entities).

This discussion assumes that the various debt and other arrangements to which the Debtors are a party will be respected for federal income tax purposes in accordance with their form.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

B. Consequences to the Debtors

1. Cancellation of Debt

The Tax Code provides that a debtor in a bankruptcy case must reduce certain of its tax attributes - such as net operating loss ("NOL") carryforwards, current year NOLs, tax credits and tax basis in assets --by the amount of any cancellation-of-indebtedness income ("COD") realized by such debt in connection with the bankruptcy case. COD is the amount by which the indebtedness discharged (reduced by any unamortized discount) exceeds the fair market value of any consideration given in exchange therefor, subject to certain statutory or judicial exceptions that can apply to limit the amount of COD (such as where the payment of the cancelled debt would have given rise to a tax deduction). On August 29, 2003, the IRS issued proposed and temporary regulations addressing the method for applying the attribute reduction described above to an affiliated group filing a consolidated federal income tax return. The regulations are effective with respect to COD occurring after August 29, 2003. Under these regulations, the attributes of the debtor member are first subject to reduction. These attributes include: (1) consolidated attributes of the debtor member; (2) attributes that arose in separate return limitation years of the debtor member; and (3) the basis of property of the debtor member. To the extent that the excluded COD exceeds the attributes of the debtor member, the regulations generally require the reduction of attributes of other members. If the attributes of the debtor member reduced under the above rules is the basis of stock of another member of the group, a

“look-through rule” applies requiring that corresponding adjustments be made to the attributes of the lower-tier member.

As a result of the potential discharge of Claims pursuant to the Plan, the Debtors may realize COD. The extent of such COD and resulting tax attribute reduction will depend, in part, on the value of Distributions. Consequently, there could be material reductions the attributes (including consolidated NOL carryforwards and current year NOLs (if any)) of the Debtors. Other tax attributes may also be reduced. To the extent that asset basis is reduced, depreciation or amortization of assets would also be reduced, and gain recognized (and therefore tax imposed) in connection with the disposition of such assets may be increased.

C. Consequences to Holders of Certain Claims

1. Consequences to Holders of Unsecured Claims

Pursuant to the Plan, holders of Allowed Unsecured Claims will receive, in satisfaction and discharge of their Claims, the treatment provided for under Section 4.04 of the Plan. Holders of Allowed Unsecured Claims may wish to consult with their tax advisors on the effects of the Plan.

2. Distributions in Discharge of Accrued but Unpaid Interest

In general, to the extent that any amount received by a holder of a Claim is received in satisfaction of accrued interest, such amount will be taxable to the holder as interest income (if not previously included in the holder’s gross income). Conversely, a holder generally recognizes a deductible loss to the extent any accrued interest claimed or amortized original issue discount (“OID”) was previously included in its gross income and is not paid in full. However, the IRS has privately ruled that a holder of a security, in an otherwise tax-free exchange, could not claim a current deduction with respect to any unpaid OID. Accordingly, it is also unclear whether, by analogy, a holder of a Claim with previously included OID that is not paid in full would be required to recognize a capital loss rather than an ordinary loss.

Pursuant to the Plan, all distributions in respect of Claims will be allocated first to the principal amount of such Claims, as determined for federal income tax purposes, and thereafter, to the portion of such claim, if any representing accrued but unpaid interest. However, there is no assurance that such allocation will be respected by the IRS.

Each holder of a Claim is urged to consult its tax advisor regarding the allocation of consideration and the deductibility of unpaid interest or amortized OID for tax purposes.

3. Information Reporting and Withholding

All distributions to holders of Claims under the Plan are subject to any applicable withholding (including employment tax withholding). Under federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to “backup withholding”. Backup withholding generally applies if the holder (a) fails to furnish its social security number or other taxpayer identification number (“TIN”), (b) furnishes an incorrect TIN, (c) fails properly to report interest or dividends, or (d) under certain

circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions.

The foregoing summary has been provided for informational purposes only. All holders of Claims are urged to consult their tax advisors concerning the federal, state, local, and other tax consequences applicable under the Plan.

X.

CONCLUSIONS AND RECOMMENDATIONS

Based upon the foregoing, the Proponents believe that Confirmation of the Plan will provide the greatest recovery for all holders of Allowed Claims against the Debtors and recommend that all holders of Allowed Claims and Interests in Classes that are Impaired and entitled to vote on the Plan vote to accept the Plan.

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