IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

IN RE:	)	**CHAPTER 11**
	)	
NEXXLINX CORPORATION, INC., et al.,	)	**Jointly Administered Under**
	)	**CASE NO. 16- 61225-PMB**
	)	
Debtors.	)	
	)	
	)	

DISCLOSURE STATEMENT TO ACCOMPANY DEBTORS' PLAN OF REORGANIZATION

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DEBTORS AND DEBTORS-IN-POSSESSION

Dated: October 4, 2016

ARTICLE I
INTRODUCTION

This disclosure statement ("**Disclosure Statement**") is submitted by Nexxlinx Corporation, Inc., ("**Nexxlinx**"); NexxLinx Global, Inc. ("**NGI**"); NexxLinx of New York, Inc. ("**NNY**"); CustomerLinx of North Carolina, Inc. ("**CNC**"); Microdyne Outsourcing Inc. ("**MOI**"), and NexxPhase, Inc. ("**Nexxphase**"), debtors and debtors-in-possession in the above-styled, jointly administered Chapter 11 cases (collectively, the "**Debtors**[1]"), to provide information to all of their known creditors and equity interest holders about the Chapter 11 Plan of Reorganization ("**Plan**") filed by the Debtors. The purpose of the Disclosure Statement is to provide information of a kind and in detail sufficient to enable Creditors and Interest Holders in certain impaired Classes to make an informed judgment regarding whether to accept or reject the Plan and to inform Holders of Claims and Interests in the unimpaired Classes of their treatment under the Plan.

The Debtors believe that the Plan provides Creditors with the greatest possible value that can be realized on their respective claims, and that the Plan is in the best interests of all Creditors. If the Plan is not confirmed by the Bankruptcy Court, the Debtors may be forced to convert these Chapter 11 cases to cases under Chapter 7 of the Bankruptcy Code. The Debtors believe that, in the event the cases were converted to Chapter 7 of the Bankruptcy Code, Creditors would receive substantially smaller distributions, if any, than are provided for in the Plan. Consequently, the Debtors seek confirmation of the Plan and urge all Creditors and Interest Holders to vote to accept the Plan.

Unless otherwise defined herein, capitalized terms used herein shall have the same meaning ascribed to them in the Plan.

1.1 Disclaimer

ALL CREDITORS AND INTEREST HOLDERS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, THE EXHIBITS AND THE DISCLOSURE STATEMENT AS A WHOLE.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, STATUTORY PROVISIONS, DOCUMENTS RELATED TO THE PLAN, EVENTS IN THE DEBTORS' CHAPTER 11 CASES, AND FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT THE PLAN AND RELATED DOCUMENT SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS.

[1] NexxLinx of Texas, Inc. ("NTX"), is also a debtor-in-possession in the jointly administered Case; however, NTX is not a party to this Plan of Reorganization.

FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. FOR THE FOREGOING REASONS, AS WELL AS THE COMPLEXITY OF THE DEBTORS' FINANCIAL MATTERS, THE DEBTORS ARE UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY INACCURACY OR OMISSION. THE FINANCIAL DATA SET FORTH HEREIN, EXCEPT AS OTHERWISE SPECIFICALLY NOTED, HAS NOT BEEN SUBJECTED TO AN INDEPENDENT AUDIT.

NEITHER THE DEBTORS NOR THE BANKRUPTCY COURT HAS AUTHORIZED THE COMMUNICATION OR REPRESENTATION BY ANY PERSON OR ENTITY (INCLUDING ANY OF THE DEBTORS' AGENTS, OFFICERS, DIRECTORS, EMPLOYEES, ACCOUNTANTS, FINANCIAL ADVISORS, ATTORNEYS OR AFFILIATES) CONCERNING THE DEBTORS, THEIR OPERATION, FUTURE REVENUE, PROFITABILITY, VALUE OR OTHERWISE, OTHER THAN AS SET FORTH IN THE DISCLOSURE STATEMENT. THE DEBTORS MAKE NO SUCH REPRESENTATIONS OTHER THAN THAT THE INFORMATION CONTAINED IN THE DISCLOSURE STATEMENT IS BELIEVED TO BE CORRECT AT THE TIME OF THE FILING OF THE DISCLOSURE STATEMENT. ANY INFORMATION, REPRESENTATION OR INDUCEMENT MADE TO SECURE OR OBTAIN ACCEPTANCES OR REJECTIONS OF THE PLAN THAT ARE OTHER THAN, OR ARE INCONSISTENT WITH, THE INFORMATION CONTAINED IN THE DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY ANY PERSON IN ARRIVING AT A DECISION TO VOTE FOR OR AGAINST THE PLAN. ANY SUCH ADDITIONAL INFORMATION, REPRESENTATIONS AND INDUCEMENTS SHOULD BE IMMEDIATELY BROUGHT TO THE ATTENTION OF THE PLAN PROPONENTS.

EXCEPT FOR HISTORICAL INFORMATION, ALL THE STATEMENTS, EXPECTATIONS, AND ASSUMPTIONS, INCLUDING EXPECTATIONS AND ASSUMPTIONS CONTAINED IN THIS DISCLOSURE STATEMENT, ARE FORWARD LOOKING STATEMENTS THAT INVOLVE A NUMBER OF RISKS AND UNCERTAINTIES. ALTHOUGH THE DEBTORS HAVE USED THEIR BEST EFFORTS TO BE ACCURATE IN MAKING THESE FORWARD-LOOKING STATEMENTS, IT IS POSSIBLE THAT THE ASSUMPTIONS MADE BY THE DEBTORS MAY NOT MATERIALIZE. IN ADDITION, OTHER IMPORTANT FACTORS COULD AFFECT THE PROSPECT OF RECOVERY TO CREDITORS, INCLUDING, BUT NOT LIMITED TO, THE CONTINGENCIES NECESSARY TO FULLY FUND THE PLAN AND THE AMOUNT OF ALLOWED CLAIMS.

1.2 Disclosure Statement

This Disclosure Statement sets forth certain information regarding the Debtors' pre-petition activity. This Disclosure Statement also describes the Plan, alternatives to the Plan, effects of confirmation of the Plan, and the manner in which distributions will be made under the Plan. In addition, the Disclosure Statement discusses the confirmation process and voting procedures that Holders of Claims in impaired Classes must follow for their votes to be counted.

When and if confirmed by the Bankruptcy Court, the Plan will bind the Debtors and all Holders of Claims against, and Interests in, the Debtors, whether or not they are entitled to vote or did vote on the Plan and whether or not they receive or retain any Distributions or Property under the Plan. Thus, all Claimants are encouraged to read this Disclosure Statement carefully. In particular, Holders of Impaired Claims who are entitled to vote on the Plan are encouraged to read this Disclosure Statement, the Plan, and any exhibits to the Plan or Disclosure Statement, carefully and in their entirety before voting to accept or reject the Plan.

1.3 Summary of Distributions Under the Plan

The chart below summarizes the treatment, timing and percentage distributions to each Class under the Plan. For a further discussion, see Article IV below.

Class No.	Claim/Interest	Treatment of Claim/Interest	Estimated Amount and Projected Recovery	Voting Rights
N/A	Administrative Expense Claims	Each holder of an Allowed Administrative Expense Claim (other than Postpetition Trade Claims), will be paid in full and in Cash, without interest, on or as soon as practicable after the later of (a) the Effective Date, or (b) the date after such Claim is Allowed; or (c) as the holder may otherwise agree.	Estimated Amount: under $100,000.00 Estimated Recovery: 100% of Allowed Amount	Unimpaired and not entitled to vote
N/A	Priority Tax Claims	Each holder of an Allowed Priority Tax Claim, will be paid in Cash in full on the Effective Date or as soon thereafter as is reasonably practicable, but in no event later than the end of five (5) years from the Petition Date through regular quarterly installments in Cash through and including the date such Allowed Priority Tax Claim is paid in full. If paid over time, the Holder shall receive interest at the Section 6621 Interest Rate (or the	Estimated Amount: $117,000.00 Estimated Recovery: 100% of Allowed Amount	Unimpaired and not entitled to vote

Class No.	Claim/Interest	Treatment of Claim/Interest	Estimated Amount and Projected Recovery	Voting Rights
		applicable statutory rate under state law).		
1	Priority Claims	Each holder of an Allowed Priority Claim, will be paid in full and in Cash, without interest, on or as soon as practicable after the later of (a) the Effective Date, or (b) the date after such Claim is Allowed; or (c) as the holder may otherwise agree.	Estimated Amount: $0.00 Estimated Recovery: 100% of Allowed Amount	Unimpaired and not entitled to vote
2	Post-Petition Trade Claims	All Allowed Post-Petition Trade Claims shall be assumed and paid by the Reorganized Debtor in the normal course of business according the terms of any agreement or course of dealing between the Holder and the Debtors.	Estimated Amount: $500,000.00 Estimated Recovery: 100% of Allowed Amount	Unimpaired and not entitled to vote
3	Secured Claim of Action Capital	Action Capital's Class 3 Claim shall be paid by the Debtors as follows: (a) the Pre-Petition Loans shall be repaid from operating revenues of the Debtors in accordance with the terms of the Pre-Petition Loan Documents, and (b) the DIP Financing shall be paid in accordance with the terms of the Post-Petition Loan Documents.	Estimated Amount: $3,700,000.00 Estimated Recovery: 100% of Allowed Amount	Impaired and entitled to vote
4	Secured Claim of BB&T	BB&T's Class 4 Claim shall be paid by the Reorganized Debtor in eight equal quarterly payments of $67,000 for a total of $536,000.00.	Estimated Amount: $536,000.00	Impaired and entitled to vote

Class No.	Claim/Interest	Treatment of Claim/Interest	Estimated Amount and Projected Recovery	Voting Rights
			Estimated Recovery: 100% of Allowed Amount	
5	Secured Claim of Susquehanna Commercial Finance, Inc.	Susquehanna's Class 5 Claim shall be paid in twenty-one equal monthly payments of $3,301.38 for a total Allowed Secured Claim of $69,328.98. Any remaining claim, to the extent Allowed, will be treated as a Class 9 Claim.	Estimated Amount: $ 69,328.98 Estimated Recovery: 100% of Allowed Secured Claim	Impaired and entitled to vote
6	Secured Claim of Ascentium Capital, LLC	Ascentium's Class 6 Claim shall be paid in twenty-three equal monthly payments of $615.05 for a total Allowed Secured Claim of $14,146.15. Any remaining claim, to the extent Allowed, will be treated as a Class 9 Claim.	Estimated Amount: $14,146.15 Estimated Recovery: 100% of Allowed Secured Claim	Impaired and entitled to vote
7	Secured Claim of SHI International Corporation	SHI's Class 7 Claim shall be paid in thirteen equal monthly payments of $1,110.93 for a total Allowed Secured Claim of $14,442.13. Any remaining claim, to the extent Allowed, will be treated as a Class 9 Claim.	Estimated Amount: $14,442.13 Estimated Recovery: 100% of Allowed Secured Claim	Impaired and entitled to vote
8	Other Secured Claims	Class 8 Secured Claims shall be paid at the Reorganized Debtor's option, as follows (i) by the transfer of the collateral securing such Class 8 Claim, (ii) by the sale of the collateral securing such Allowed Secured Claim and the payment of the net sale proceeds in an amount	Estimated Amount: $0.00 Estimated Recovery: 100% of Allowed Secured Claim	Impaired and entitled to vote

Class No.	Claim/Interest	Treatment of Claim/Interest	Estimated Amount and Projected Recovery	Voting Rights
		equal to the value of such Holder's interest in the collateral, or (iii) by payment of Cash in an amount equal to the value of such holder's interest in the collateral.		
9	Unsecured Claims	The Reorganized Debtor will contribute a total of $1.4M over the life of the Plan to the Distribution Fund. Holders of an Allowed Unsecured Claim in Class 9 shall receive payment of a proportionate share of the funds in the Distribution Fund equal to that Holder's Pro Rata Share.	Estimated Amount: $6,000,000.00 Estimated Recovery: 23.3%	Impaired and entitled to vote
10	Convenience Class Claims (Unsecured Claims of $5,000.00 or less)	Holders of an Allowed Class 10 Claim shall receive a one-time Distribution in an amount equal to twenty percent (20%) of such Holder's Allowed Claim in full and final satisfaction of such Allowed Claim.	Estimated Amount: $140,000.00 Estimated Recovery: 20%	Impaired and entitled to vote
11	Allowed Equity Interests	Holders of Allowed Equity Interests shall not receive or retain any property under the Plan, and such Equity Interests will be cancelled.	Estimated Recovery: $0.00	Deemed to reject and not entitled to vote

The liability estimates outlined in the above chart are estimates only. The projected Administrative Expense Claims do not include estimated professional fees to be incurred by the Debtors or the Committee through a projected Effective Date of January 1, 2017. It is assumed that operating expenses will be paid in the normal course of business prior to the Effective Date and that a substantial portion of the professional fees and expenses to be incurred in the future

will be paid on a monthly basis under the interim compensation arrangement approved previously in the Reorganization Case, subject to final review and approval by the Bankruptcy Court.

1.4 Notice of Substantive Consolidation

PLEASE TAKE NOTICE THAT THE PLAN PROVIDES FOR SUBSTANTIVE CONSOLIDATION OF THE DEBTORS' ASSETS AND LIABILITIES INTO A SINGLE ESTATE. THE PLAN PROVIDES THAT THE ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE APPROVAL, PURSUANT TO SECTION 105(a) OF THE BANKRUPTCY CODE, OF THE SUBSTANTIVE CONSOLIDATION OF NEXXLINX; NGI; NNY; CNC; MOI, AND NEXXPHASE, AND THEIR BANKRUPTCY ESTATES FOR ALL PURPOSES RELATED TO CLAIMS AND DISTRIBUTION OF ASSETS UNDER THE PLAN. AS A RESULT, ON AND AFTER THE CONFIRMATION DATE (I) ALL ASSETS AND LIABILITIES OF ANY OF THE DEBTORS AND THE ESTATES SHALL BE TREATED AS THOUGH THEY WERE MERGED WITH AND INTO NEXXLINX CORPORATION, INC., WHICH SHALL BECOME THE REORGANIZED DEBTOR; (II) NO DISTRIBUTIONS SHALL BE MADE UNDER THE PLAN ON ACCOUNT OF ANY CLAIM HELD BY ANY OF THE DEBTORS AGAINST ANY OTHER DEBTOR PARTY; (III) ALL GUARANTEES OF ANY DEBTOR OF THE OBLIGATIONS OF ANY OTHER DEBTOR SHALL BE ELIMINATED; AND (IV) EACH AND EVERY CLAIM AND PROOF OF CLAIM AGAINST ANY OF THE DEBTORS SHALL BE DEEMED ONE CLAIM OR PROOF OF CLAIM AGAINST ALL OF THE DEBTORS AND A SINGLE OBLIGATION OF THE CONSOLIDATED REORGANIZED DEBTOR ON AND AFTER THE CONFIRMATION DATE. ADDITIONALLY, THE SUBSTANTIVE CONSOLIDATION EFFECTED PURSUANT TO THE PLAN SHALL NOT CREATE DEFENSES TO ANY AVOIDANCE ACTION OR CAUSE OF ACTION OR REQUIREMENTS FOR ANY THIRD PARTY TO ESTABLISH MUTUALITY IN ORDER TO ASSERT A RIGHT OF SETOFF. FOR THE REASONS SET FORTH IN GREATER DETAIL BELOW IN ARTICLE V, SECTION 5.1 OF THE DISCLOSURE STATEMENT, THE PLAN PROPONENTS BELIEVE THAT THE REQUIREMENTS FOR SUBSTANTIVE CONSOLIDATION ARE MET IN THESE BANKRUPTCY CASES AND THAT SUBSTANTIVE CONSOLIDATION IS NECESSARY TO ENSURE EQUITABLE TREATMENT OF CREDITORS.

1.5 Background

On June 28, 2016 (or in the case of NexxPhase, July 14, 2016) (the "**Petition Date**"), the Debtors each filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Georgia, Atlanta Division (the "**Bankruptcy Court**"). Upon filing for Chapter 11 protection, the Debtors each became a "Debtor-in-Possession" under the Bankruptcy Code and have acted in that capacity since that time.

The Debtors have filed simultaneously with this Disclosure Statement their Plan of Reorganization. The Debtors, as proponents of the Plan, distribute this Disclosure Statement together with the Plan in order to solicit acceptances of the Plan. This introductory section is qualified in its entirety by the detailed explanations that follow and the provisions of the Plan. In

the event of conflict between anything stated in this Disclosure Statement and the Plan, the terms of the Plan will control.

1.6 Solicitation of Acceptances

Pursuant to a Court Order dated __________, 2016, creditors and interest holders may accept or reject the Plan no later than **_____________, 2016** (the "**Voting Deadline**"). A ballot with which to indicate and file an acceptance or rejection of the Plan has been provided to you. You must complete and file your ballot on or before the Voting Deadline in order for your vote to count. Any ballot that is executed by the holder of any Allowed Claim or Allowed Interest but does not indicate acceptance or rejection of the Plan shall be deemed to have accepted the Plan. Any other ballot not filed in accordance with the filing instructions on the ballot pertaining to the Plan shall not be counted for voting purposes.

THE DEBTORS HEREBY SOLICIT APPROVAL OF THE PLAN BY THEIR CREDITORS AND INTEREST HOLDERS. THE DEBTORS BELIEVE THE PLAN PROVIDES THE OPTIMUM RETURN TO CREDITORS AND THAT LIQUIDATION UNDER CHAPTER 7 OF THE BANKRUPTCY CODE WOULD RESULT IN A REDUCED DISTRIBUTION TO UNSECURED CREDITORS. THE DEBTORS URGE EACH CREDITOR AND INTEREST HOLDER TO VOTE IN FAVOR OF THE PLAN BY MARKING THE "ACCEPTS" BOX ON THE ENCLOSED BALLOT AND FILING IT WITH THE COURT ON OR BEFORE THE VOTING DEADLINE.

ARTICLE II
HISTORY OF THE DEBTORS AND EVENTS LEADING UP TO CHAPTER 11

2.1 History of the Debtors

Nexxlinx is a Delaware corporation with its headquarters in Atlanta, Georgia. NGI, NNY, NTX, NexxPhase, CNC, and MOI are all wholly-owned subsidiaries of Nexxlinx. Collectively, the Debtors operate customer service call centers in Georgia, North Carolina, New York, and Maine and employ approximately 1100 employees. The Debtors have six major clients, with one representing approximately seventy percent (70%) of their business.

Customerlinx, the predecessor to Nexxlinx, was founded in 1998 by a group of individual investors to provide customer calling services for AT&T. Shortly thereafter, SAC Capital Advisors, a Connecticut investment firm ("**SAC**"), invested over $30.0 million for growth and for selected acquisitions. In 2001, Five Paces Ventures ("**Five Paces**") invested $3.0 million as part of a round of financing led by SAC. During 2002 and 2003, Customerlinx lost the AT&T relationship as well as another critical client resulting in significant financial struggles. In 2003, Five Paces Ventures acquired 85% of Customerlinx from SAC for $2.0 million, with SAC owning the remainder. To date, Five Paces has invested a total of approximately $8.0 million through debt and equity securities. In November 2012, the name was changed from Customerlinx to Nexxlinx.

Customerlinx sought to grow its business and expand its footprint with the acquisition of NNY in 2001 and CNC in 2005. Then, in 2009, Nexxlinx made its largest investment in NexxPhase, Inc., its wholly owned subsidiary which was formed to provide an in–the-cloud

solution for the operation and applications used in the call center business. Prior to the internet, call center companies bought large legacy based hardware to operate the functions of the call center. Advances in technology allowed call centers to avoid the cost and inefficiency of these legacy systems by utilizing web-based systems. Although there were a number of commercially available products, Nexxlinx chose to develop its own software platform, principally for two reasons. First, Nexxlinx felt it could develop products and applications that were unique to its customers, thus helping to solidify the relationship. Secondly, and more importantly, Nexxlinx believed that if it could sell this technology to other call centers, it could greatly enhance the overall market value of the Nexxlinx.

In February, 2011, Nexxlinx acquired the operations of MOI from L-3 Communications which operated a contact center in Orono, Maine. Nexxlinx paid $115,000 plus future payments based on EBIDA performance for 2011 and 2012. This was a strategic acquisition that not only added significant revenue, but also improved margins as it gave the Debtors greater capacity to handle work for its largest customer, and the ability to spread costs over multiple sites. In addition, the MOI acquisition brought with it several new clients. The additional volume greatly increased Nexxlinx's financial performance. As a result of this improved financial condition, the company embarked on a number of new business opportunities to try to raise the overall value of the corporate enterprise.

Nexxlinx invested heavily into Nexxphase and aggressively ramped up the growth of Nexxphase in anticipation of a large contract with the State of Georgia to provide software licenses and seats. Nexxphase grew its staff to over 20 with people in research and development, sales and marketing and operations with a monthly cost of approximately $250,000. Unfortunately, soon after signing the agreement, the State of Georgia revised its strategy and reverted back to a case worker model that reduced seat count from approximately 1500 seats to 300 seats over a five month period. As a result, revenue from the contract was approximately $600,000 per month, far short of the $1.0 million per month that Nexxphase had been anticipating. Nexxphase was slow to reduce headcount, hopeful that it could re-work the contract. By the end of 2014, Nexxlinx had invested approximately $4.0 million in Nexxphase and ultimately lost an undetermined amount of money. In August 2015, Nexxphase was sold to Contact Solutions Inc. ("**CSI**") in a transaction that provided approximately $2.0 million in net proceeds.

In 2012, Nexxlinx entered into a joint venture with General Larry Ellis (ret.) to form VetConnexx, a disabled-veteran owned company established to recruit and train disabled veterans to work as agents in customer care call centers. General Ellis owned 51% of VetConnexx and Nexxlinx owned the remaining 49%. The idea was compelling and many corporations supported hiring veterans, even if it meant paying a premium above the cost of traditional call centers. By the end of 2013, Nexxlinx had invested $163,000 in VetConnexx and loaned an additional $521,000. Unfortunately, Nexxlinx and General Ellis were unable to agree on operating policies and principles, and the parties agreed to disband the relationship. VetConnexx is still operating, but the collectability of the loan advances is doubtful.

In 2013, Nexxlinx entered into another partnership designed to expand its business footprint. Nexxlinx acquired a 19% ownership interest in Savilinx LLC, a female-owned contact

call services company, with the hope that it would win diversity contracts. Savilinx remains in operation and is moderately profitable.

Also in 2013, Nexxlinx advanced working capital to Perfetta LLC, a minority owned business. As with Savilinx, Nexxlinx hoped that Perfetta would be able to attract corporations desiring to use contact centers to meet diversity guidelines. Nexxlinx invested heavily in this strategy, advancing significant sums to Perfetta and betting heavily on Perfetta's CEO and his ability to bring diversity business. By the end of 2014, Nexxlinx had advanced over $1.3 million to Perfetta. In addition to repayment of its advances, Nexxlinx expected Perfetta to subcontract a significant portion of its diversity business to Nexxlinx. Unfortunately, Perfetta was never able to get off the ground and the relationship resulted in no new business to Nexxlinx. By the summer of 2015, Perfetta was performing less than $50,000 per month in volume and the relationship ended by September 1, 2015. The collectability of remaining advances to Perfetta is highly doubtful.

2.2 Events Leading Up To Chapter 11

In the spring of 2015, the Debtors lost a significant customer, NCS Pearsons, Inc., ("**Pearsons**") due to complaints regarding alleged performance issues. Pearsons refused to pay invoices totaling approximately seven hundred seventy-five thousand dollars ($775,000) in May of 2015 and this nonpayment by Pearsons caused significant cash flow problems for the Debtors. Additionally, in May of 2015, a large contract anticipated with Comcast unexpectedly fell through. The Debtors had increased staff to account for the anticipated additional work.

As a result of these largely unsuccessful ventures, and in the wake of losing one or more large customers, the Debtors faced increasingly difficult cash flow constraints. Beginning in the summer of 2015, the Debtors implemented a number of operational changes to address their financial hardships. In July, the Debtors closed their Austin, Texas facility which was no longer needed after losing their contract with Pearsons. The Debtors also downsized their management team, particularly in the sales and marketing and technology groups resulting in a savings of approximately $40,000- $50,000 per month. Finally, and most significantly, in September, 2015, the Debtors sold Nexxphase, a wholly owned software platform to CSI for $2.85 million (less the approximate $800,000 the Debtors owed CSI). The sale proceeds were paid to BB&T and applied against the outstanding indebtedness. While the sale proceeds did not fully extinguish the BB&T debt, the transaction did eliminate approximately $200,000 in monthly losses associated with the operation of the Nexxphase business.

In the late summer and early fall of 2015, the Debtors cash flow constraints worsened. The Debtors' revolving line of credit facility with BB&T was stretched beyond capacity and was up for renewal. BB&T was unwilling to renew upon maturity and the Debtors were left with no choice but to seek alternate financing. In October 2015, the Debtors[2] entered into a Factoring and Security Agreement (the "**Factoring Agreement**") and an Earned and Unbilled Revenue Line of Credit Agreement (the "**Line of Credit Agreement**") with Action. While the proceeds from the Action facility were used to pay BB&T, the facility was insufficient to pay BB&T all

[2] Nexxphase was not a party to the agreements with Action.

outstanding amounts owed; therefore, the Debtors and BB&T entered into a subordinated note in the approximate amount of $1,028,000.00 and BB&T and Action entered into an intercreditor agreement setting forth the relative priorities of each party's interests. This transaction, and the resulting financing, came at an increased monthly expense to the Debtors. The Debtors continued to struggle financially and ultimately negotiated a series of loans from Five Paces Ventures, the Debtors' majority shareholder, in the approximate aggregate amount of $600,000, to fund certain operating expenses and to address structured payments of past due obligations.

During the late fall and winter of 2015, the Debtors continued to make operational adjustments aimed at improving cash flow. The Debtors terminated the CEO, COO and a number of other senior corporate staff, which resulted in an additional reduction of approximately $80,000 per month. The Debtors reworked payment schedules with a number of creditors including BB&T, Century Link, CSI, Pipkins, and VPI to more ably manage cash flow. In February of 2016, the Debtors reached a settlement with Pearson to accept $250,000 in settlement of a collection suit. The same month, the Debtors sub-leased their Atlanta headquarters saving approximately $15,000 per month. In March, the Debtors closed their main Newburgh, New York facility and consolidated the operations in a much smaller building with an anticipated savings of approximately $60,000 per month.

While implementing these various cost cutting measures, the Debtors also actively engaged in discussions with potential purchasers. In particular, the Debtors had meaningful discussions with two potential third party purchasers and entered into a Letter of Intent with one of the parties to explore the possibility of an acquisition. After extensive due diligence, both parties declined to pursue the transaction based principally on concerns regarding customer concentration. This was a similar issues raised by potential lenders when the Debtors sought take-out financing when the BB&T loan matured. The Debtors acknowledged that the customer concentration concerns would likely be a hurdle to any buyer seeking financing in connection with the acquisition.

In the first quarter of 2016, the Debtors generated EBITDA of $787,000 on revenue of $10,456,000. This compares to the forecasted EBITDA and revenue for the same period of $645,00 and $10,655,000, respectively. Over the six-month period from November 2015 to April 2016 the Debtors had repaid approximately $900,000 -$1,000,000 to various creditors including approximately $350,000 to BB&T, $300,000 to Century Link and $250,000 to CSI. The Debtors' original budget provided for 2016 forecast revenues of $36.0 million and EBITDA of $2.45 million. Under that forecast, the Debtors felt they could make a significant dent in repaying some of their legacy obligations. Unfortunately, in March of 2016, the Debtors largest customer required that work being outsourced by the Debtors to a sub-contractor in Costa Rica be brought back to the United States and be performed by the Debtors domestically. The Debtors simply did not have enough trained staffing to fill the void from work previously serviced in Costa Rica; therefore, the Debtors experienced reduced volumes and therefore realized reduced revenues as they transitioned services from Costa Rica to the Debtors' facility in Duluth, Georgia. Additionally, the Debtors realized a 27.0% profit margin on the work which it sub-contracted to a vendor in Costa Rica, much higher than what they realize on work performed domestically. While the Debtors believe they will regain the same volumes previously serviced once they have sufficient trained staff, the interim period cost the Debtors approximately $1 million dollars in lost revenues during April and May of 2016.

The Debtors are currently negotiating modifications to their agreements with several large customers which the Debtors believe will facilitate improved cash flow; however, the scope and timing of such modifications are uncertain. The relocation of services from Costa Rica to Georgia and the associated increase in overhead, coupled with the other issues facing the Debtors, proved to be a setback which they simply could not overcome. After consultation with their advisors and directors, the Debtors concluded that it was in their best interest, and the interests of their creditors and employees, to seek protection under Chapter 11 of the Bankruptcy Code.

ARTICLE III
CLASSIFICATION OF CLAIMS AND INTERESTS

3.1 Introduction

The following is a summary of the Plan. This overview is qualified in its entirety by reference to the provisions of the Plan. In accordance with Section 1123(a)(1) of the Bankruptcy Code, Allowed Administrative Expense Claims and Allowed Priority Tax Claims are not classified under the Plan. All other Claims and Interests in the Case are classified as shown below. The Plan provides that holders of Allowed Claims in certain classes will be entitled to a distribution of cash. Notwithstanding any provision of the Plan, a Claim in a particular Class is entitled to receive Distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class, and only to the extent such Claim has not been paid, released, or otherwise satisfied prior to the Effective Date.

3.2 Classifications

The Plan divides all classified Claims and Interests into the following Classes, which shall be mutually exclusive.

Class 1: Class 1 shall consist of all Allowed Priority Claims.

Class 2: Class 2 shall consist of all Allowed Post-Petition Trade Claims.

Class 3: Class 3 shall consist of the Allowed Secured Claims of Action Capital.

Class 4: Class 4 shall consist of the Allowed Secured Claims of BB&T.

Class 5: Class 5 shall consist of the Allowed Secured Claims of Susquehanna Commercial Finance, Inc.

Class 6: Class 6 shall consist of the Allowed Secured Claims of Ascentium Capital, LLC.

Class 7: Class 7 shall consist of the Allowed Secured Claims of SHI International Corporation.

Class 8: Class 8 shall consist of the Allowed Secured Claims against the Debtors that are not included in Class 3, Class 4, Class 5, Class 6 or Class 7.

Class 9: Class 9 shall consist of the Allowed Unsecured Claims not included in Class 10.

Class 10: Class 10 shall consist of all Allowed Unsecured Convenience Class Claims.

Class 11: Class 11 shall consist of all Allowed Equity Interests in the Debtors.

ARTICLE IV
DESCRIPTION OF CLAIMS AND TREATMENT UNDER THE PLAN

Claims and Interests, as well as their treatment and an analysis of whether they are classified or unclassified and impaired or unimpaired, are described as follows:

4.1 Unclassified Claims

(a) Nonclassification.

In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Expenses and Priority Tax Claims have not been classified in the Plan. The treatment accorded to Administrative Expenses and Priority Tax Claims is set forth in Article II of the Plan.

(b) Administrative Expenses.

Except as otherwise provided below, on or before the later to occur of the Effective Date or five business days following the date of entry of a Final Order Allowing the Claim, each Holder of an Allowed Administrative Expense Claim (other than Postpetition Trade Claims) shall be paid by the Reorganized Debtor in full, in cash in an amount equal to the Allowed Amount of its Administrative Expense Claim, in accordance with Section 1129(a)(9)(A) of the Bankruptcy Code. Notwithstanding the foregoing, each Holder of an Allowed Administrative Expense Claim may be paid (a) on such other terms as may be agreed upon by the Holder of such Allowed Administrative Expense Claim and the Reorganized Debtor or (b) as otherwise ordered by a Final Order of the Bankruptcy Court.

(c) Fees and Charges.

All fees and charges assessed against the Estate under Chapter 123 of Title 28, United States Code, 28 U.S.C. §§1911-1930, which are incurred but unpaid for all periods through the Effective Date, will be paid on the Effective Date by the Reorganized Debtor.

(d) Applications for Allowance of Administrative Expenses.

All Holders of Administrative Expenses (other than Claims pursuant to 11 U.S.C. § 503(b)(9)) that do not file an application or other Bankruptcy Court-approved pleading on or before the date which is thirty (30) days after the Effective Date will be forever barred from asserting such Administrative Expense against the Reorganized Debtor, the Debtors or their Estates.

(e) Priority Tax Claims.

The Reorganized Debtor will pay all Allowed Priority Tax Claims in Cash in full on the Effective Date or as soon thereafter as is reasonably practicable, but in no event later than the end of five (5) years from the Petition Date. As to any Allowed Priority Tax Claim not paid in full on the Effective Date, the Holder of such Allowed Priority Tax Claim shall receive on account of such Allowed Priority Tax Claim regular quarterly installment payments in Cash in accordance

with Section 1129(a)(9)(C) of the Bankruptcy Code through and including the date such Allowed Priority Tax Claim is paid in full. Holders of Allowed Priority Tax Claims shall receive interest on account of their Allowed Priority Tax Claims at the Section 6621 Interest Rate; provided, however, that if the Holder of such Allowed Priority Tax Claim is a city, county or state, such Holder shall receive interest on account of its Allowed Priority Tax Claim at the applicable statutory rate under state law. To the extent that any Allowed Priority Tax Claim is allowed after the Effective Date, it will be paid in full in Cash as soon after allowance as is reasonably practicable over a period no later than the end of five (5) years from the Petition Date, including interest as calculated above.

4.2 Unimpaired Classes of Claims and Interests

The following classes of Claims and Interests are unimpaired; therefore, under 11 U.S.C. § 1126(f), they will be conclusively presumed to have accepted the Plan.

(a) Class 1 - Priority Claims

Each holder of an Allowed Priority Claim designated in Class 1 shall be paid as follows:

(a) In full, in cash, on or before the later of the Effective Date or, if an objection to such Claim is asserted, five business days following the date of a Final Order allowing any such Claim; or

(b) Upon such other terms as may be agreed to between the Debtors and each such Priority Claimant.

Class 1 is unimpaired by the Plan. Accordingly, Holders of Class 1 Claims are not entitled to vote to accept or reject the Plan.

(b) Class 2- Post-Petition Trade Claims

Class 2 consists of all Allowed Post-Petition Trade Claims. On the Effective Date any Allowed Post-Petition Trade Claims shall be assumed and paid by the Reorganized Debtor in the normal course of business according the terms of any agreement or course of dealing between the Holder and the Debtors. Class 2 is unimpaired by the Plan. Accordingly, Holders of Class 2 Claims are not entitled to vote to accept or reject the Plan.

4.3 Impaired Classes of Claims

The following classes of Claims and Interests are impaired; therefore, Holders of such Allowed Claims are entitled to vote on the Plan.

(a) Class 3- Secured Claim of Action Capital

Class 3 consists of the Allowed Secured Claim of Action Capital, which is secured by a first priority security interest in certain assets of the Debtors, including but not limited to accounts receivable. Except as modified herein, Action Capital's Class 3 Claim shall be paid by the

Debtors as follows: (a) the Pre-Petition Loans shall be repaid from operating revenues of the Debtors in accordance with the terms of the Pre-Petition Loan Documents, (b) the DIP Financing shall be paid in accordance with the terms of the Post-Petition Loan Documents, and (c) the Pre-Petition Loan Documents and the Post-Petition Loan Documents shall continue in full force and effect following Confirmation of the Plan. Class 3 is impaired by the Plan, and Action Capital, as the Holder of the Allowed Class 3 Claim is entitled to vote to accept or reject the Plan.

(b) <u>Class 4- Secured Claim of BB&T</u>

Class 4 consists of the Allowed Secured Claim of BB&T, which is secured by a second priority security interest in certain assets of the Debtors, including but not limited to accounts receivable. BB&T's Class 4 Claim shall be paid by the Reorganized Debtor as set forth on Schedule 5.06 attached to the Plan. Class 4 is impaired by the Plan, and BB&T, as the Holder of the Allowed Class 4 Claim is entitled to vote to accept or reject the Plan.

(c) <u>Class 5- Secured Claim of Susquehanna Commercial Finance, Inc.</u>

Class 5 consists of the Allowed Secured Claim of Susquehanna Commercial Finance, Inc. ("**Susquehanna**"), which is secured by a first priority security interest in certain office furniture located in Duluth, Georgia. Susquehanna's Class 5 Claim shall be satisfied, at the Reorganized Debtor's option, as follows (i) by the transfer, assignment and conveyance by the Reorganized Debtor of the collateral securing Susquehanna's Class 5 Claim to Susquehanna in full and final satisfaction of such Allowed Secured Claim, (ii) by the sale of the collateral securing such Allowed Secured Claim, following Designated Notice, and the payment by the Reorganized Debtor to Susquehanna of the net sale proceeds in an amount equal to the value of Susquehanna's interest in the collateral in full and final satisfaction of such Allowed Secured Claim, or (iii) by payment of Cash to Susquehanna in an amount equal to the value of Susquehanna's interest in the collateral securing the Allowed Secured Claim, with such payment to be made in accordance with Schedule 5.07 attached to the Plan, unless the Secured Claim is a Disputed Claim, in which case any past due payments set forth on Schedule 5.07 shall be paid within five business days following entry of a Final Order allowing the Secured Claim. In the event Susquehanna disputes the valuation of its collateral by the Reorganized Debtor, the parties shall work in good faith to try and resolve such dispute. If the parties are unable to agree on a valuation, the parties shall ask the Court to hold a valuation hearing after confirmation of the Plan and Schedule 5.07 shall be amended to reflect the court's ruling. Class 5 is impaired by the Plan. Accordingly, Susquehanna, as the Holder of the Allowed Class 5 Claim is entitled to vote to accept or reject the Plan.

(d) <u>Class 6- Secured Claim of Ascentium Capital, LLC</u>

Class 6 consists of the Allowed Secured Claim of Ascentium Capital, LLC ("**Ascentium**"), which is secured by a first priority security interest in a certain generator located in Duluth, Georgia. Ascentium's Class 6 Claim shall be satisfied, at the Reorganized Debtor's option, as follows (i) by the transfer, assignment and conveyance by the Reorganized Debtor of the collateral securing such Class 6 Claim to Ascentium in full and final satisfaction of such Allowed Secured Claim, (ii) by the sale of the collateral securing such Allowed Secured Claim, following Designated Notice, and the payment by the Reorganized Debtor to Ascentium of the net sale proceeds in an amount equal to the value of Ascentium's interest in the collateral in full and final

satisfaction of such Allowed Secured Claim, or (iii) by payment of Cash to Ascentium in an amount equal to the value of Ascentium's interest in the collateral securing the Allowed Secured Claim, with such payment to be made in accordance with Schedule 5.08 attached to the Plan, unless the Secured Claim is a Disputed Claim, in which case any past due payments set forth on Schedule 5.08 shall be paid within five business days following entry of a Final Order allowing the Secured Claim. In the event Ascentium disputes the valuation of its collateral by the Reorganized Debtor, the parties shall work in good faith to try and resolve such dispute. If the parties are unable to agree on a valuation, the parties shall ask the Court to hold a valuation hearing after confirmation of the Plan and Schedule 5.08 shall be amended to reflect the court's ruling. Class 6 is impaired by the Plan. Accordingly, Ascentium, as the Holder of the Allowed Class 6 Claim is entitled to vote to accept or reject the Plan.

(e) Class 7- Secured Claim of SHI International Corporation

Class 7 consists of the Allowed Secured Claim of SHI International Corporation ("**SHI**"), which is secured by a first priority security interest in a certain Symantec computer hardware and software. SHI's Class 7 Claim shall be satisfied, at the Reorganized Debtor's option, as follows (i) by the transfer, assignment and conveyance by the Reorganized Debtor of the collateral securing such Class 7 Claim to SHI in full and final satisfaction of such Allowed Secured Claim, (ii) by the sale of the collateral securing such Allowed Secured Claim, following Designated Notice, and the payment by the Reorganized Debtor to SHI of the net sale proceeds in an amount equal to the value of SHI's interest in the collateral in full and final satisfaction of such Allowed Secured Claim, or (iii) by payment of Cash to SHI in an amount equal to the value of SHI's interest in the collateral securing the Allowed Secured Claim, with such payment to be made in accordance with Schedule 5.09 attached to the Plan, unless the Secured Claim is a Disputed Claim, in which case any past due payments set forth on Schedule 5.09 shall be paid within five business days following entry of a Final Order allowing the Secured Claim. In the event SHI disputes the valuation of its collateral by the Reorganized Debtor, the parties shall work in good faith to try and resolve such dispute. If the parties are unable to agree on a valuation, the parties shall ask the Court to hold a valuation hearing after confirmation of the Plan and Schedule 5.09 shall be amended to reflect the court's ruling. Class 7 is impaired by the Plan. Accordingly, SHI as the Holder of the Allowed Class 7 Claim is entitled to vote to accept or reject the Plan

(f) Class 8- Other Allowed Secured Claims

Class 8 consists of the Allowed Secured Claims against the Debtors that are not included in Class 3, Class 4, Class 5, Class 6 or Class 7. Each Allowed Secured Claim in Class 8 shall be satisfied, at the Reorganized Debtor's option, as follows (i) by the transfer, assignment and conveyance by the Reorganized Debtor of the collateral securing such Class 8 Claim to the holder of such Allowed Secured Claim in full and final satisfaction of such Allowed Secured Claim, (ii) by the sale of the collateral securing such Allowed Secured Claim, following Designated Notice, and the payment by the Reorganized Debtor to the Holder of such Allowed Secured Claim the net sale proceeds in an amount equal to the value of such Holder's interest in the collateral in full and final satisfaction of such Allowed Secured Claim, or (iii) by payment of Cash to the Holder of such Allowed Secured Claim in an amount equal to the value of such holder's interest in the collateral securing the Allowed Secured Claim, unless the Secured Claim is a Disputed Claim, in which case any past due payments shall be paid within five business days following entry of a Final Order

allowing the Secured Claim. In the event any Other Allowed Secured Creditor disputes the valuation of its collateral by the Reorganized Debtor, the parties shall work in good faith to try and resolve such dispute. If the parties are unable to agree on a valuation, the parties shall ask the Court to hold a valuation hearing after confirmation of the Plan and payments shall be amended to reflect the court's ruling. Class 8 is impaired by the Plan. Accordingly, Holders of Class 8 Claims are entitled to vote to accept or reject the Plan.

(g) <u>Class 9- Unsecured Claims</u>

Class 9 consists of all Allowed Unsecured Claims which are not Class 10 Convenience Class Claims. Holders of Allowed Unsecured Claims in Class 9 shall receive distributions from the Distribution Fund. The Reorganized Debtor shall make quarterly payments into the Distribution Fund in accordance with Schedule 5.11 attached to the Plan. Distributions shall be made whenever the amount in the Distribution Fund equals or exceeds one hundred fifty thousand dollars ($150,000.00), but in no event less frequently than semi-annually. On each of the Distribution Dates, each Holder of an Allowed Unsecured Claim in Class 9 shall receive payment of a proportionate share of the funds then available in the Distribution Fund equal to that Holder's Pro Rata portion of the aggregate amount of all Claims in Class 9 (both Allowed and Disputed) on such Distribution Date. Distributions with respect to each Disputed Claim in Class 9 shall be held in reserve until such time as the Claim becomes an Allowed Claim or Disallowed Claim. Distributions held in reserve with respect to Disputed Claims in Class 9 that become Allowed after the Effective Date shall be paid as soon as reasonably practicable after the dates such Claims are Allowed. The total aggregate amount of all distributions with respect to Allowed Unsecured Claims in Class 9 shall not exceed the total aggregate amount of funds paid into the Distribution Fund. Class 9 is Impaired by the Plan. Each Holder of an Allowed Class 9 Unsecured Claim is entitled to vote to accept or reject the Plan.

(h) <u>Class 10 - Convenience Class Claims</u>

Class 10 consists of all creditors holding Allowed Unsecured Claims equal to or less than five thousand dollars ($5,000.00) and all creditors who hold Allowed Unsecured Claims that exceed five thousand dollars ($5,000.00) and who elect voluntarily to reduce their Claims to five thousand dollars ($5,000.00), waive and release any remaining Claims against the Debtors, their Estates, and the Reorganized Debtor and participate in Class 10. In the event Class 10 votes to reject the Plan, Class 10 will be eliminated and Holders of Claims that would otherwise be included in Class 10 will be treated as Holders of Class 9 Claims. On or before sixty days following the Effective Date or as soon thereafter as is reasonably practicable, and after the payment of Distributions (to the extent and in the manner contemplated by the Plan) to the Holders of Allowed Claims in Classes 1 through 8 (and inclusion in the Reserve of an appropriate amount for Disputed Claims in said Classes), the Reorganized Debtor shall make a one-time Distribution to each Holder of an Allowed Class 10 Claim in an amount equal to twenty percent (20%) of such Holder's Allowed Claim in Class 10 in full and final satisfaction of such Allowed Claim. To the extent that any Class 10 Claim is allowed after the Effective Date, it will be paid twenty percent (20%) of the Allowed Claim in Cash within five (5) business days after the Claim is allowed or as soon thereafter as is reasonably practicable. Class 10 is Impaired by the Plan. Each Holder of an Allowed Class 10 Unsecured Claim is entitled to vote to accept or reject the Plan.

(i) <u>Class 11- Equity Interests</u>

Class 11 consists of all Equity Interests in the Debtors. All Equity Interests shall be cancelled on the Effective Date. Because Holders of Equity Interests in Class 11 do not retain any property under the Plan on account of such Equity Interests; under the provisions of Section 1126(g) of the Bankruptcy Code, Class 11 is deemed not to have accepted the Plan.

ARTICLE V
MEANS FOR EXECUTION OF THE PLAN

5.1 Substantive Consolidation

As noted above, entry of the Confirmation Order shall constitute the approval, pursuant to Section 105(a) of the Bankruptcy Code, of the substantive consolidation as of the Effective Date of Nexxlinx; NGI; NNY; CNC; MOI, and NexxPhase, and their Estates for all purposes related to Claims and distribution of assets under the Plan. Substantive consolidation is an equitable remedy that has the effect of creating "one common pool of assets, liabilities and a single body of creditors, while extinguishing the intercorporate liabilities of the consolidated estates." *White v. Creditors Serv. Corp. (In re Credit Serv. Corp.)*, 195 B.R. 680, 689 (Bankr. S.D. Ohio 1996); *In re Bonham,* 229 F.3d 750, 764 (9th Cir. 2000). Its primary purpose is to promote the equitable treatment of all creditors. *Eastgroup Props. v. Southern Motel Assoc., Ltd.*, 935 F.2d 245, 248 (11th Cir. 1991). The Plan Proponents strongly believe that substantive consolidation of the Debtors and their respective bankruptcy estates as proposed under the Plan will reflect the economic reality of the Debtors' true operational and financial structure. Further, substantive consolidation will be fair and equitable for creditors because it avoids the burden and expense of requiring the Debtors to untangle the web of their respective businesses and operations. The applicable legal standard for substantive consolidation has been well defined by the courts.

To establish a *prima facie* case for substantive consolidation, a party must demonstrate that (i) there is a substantial identity between the entities to be consolidated; and (ii) consolidation is necessary to avoid some harm or to realize some benefit. *Eastgroup Props. v. Southern Motel Assocs. Ltd.*, 935 F.2d 245, 249 (11th Cir. 1991). Factors considered by courts to determine whether substantive consolidation is appropriate include:

> (i) presence or absence of consolidated financial statements;
>
> (ii) unity of interests and ownership between the various corporate entities;
>
> (iii) existence of parent and inter-corporate guarantees on loans;
>
> (iv) degree of difficulty in segregating and ascertaining individual assets and liabilities;
>
> (v) existence of transfers of assets without formal observance of corporate formalities;

(vi) commingling of assets and business functions; and

(vii) profitability of consolidation at a single physical location.

Id. See also Holywell Corp. v. Bank of New York, 59 B.R. 340, 347 (S.D. Fla. 1986). Once a *prima facie* case for substantive consolidation is made, a presumption arises that creditors have not relied solely upon the credit of individual debtor entities. The burden then shifts to an objecting creditor to show that: (i) it has relied on the separate credit of one of the entities to be consolidated; and (ii) it will be prejudiced by substantive consolidation. *Eastgroup*, 935 F.2d at 249. Even if the objecting creditor meets this burden, the Court may still order substantive consolidation if the benefits of such relief heavily outweigh the harm. *Id.*

The Plan Proponents believe that substantive consolidation of the Debtors' separate Estates is warranted and appropriate in these cases because the Debtors' operated as a single, integrated entity: (i) the Debtors used consolidated financial statements and systems, including a centralized cash-management system through which all cash flow was deposited and controlled; (ii) the Debtors filed tax returns on a consolidated basis; (iii) there was a strong unity of interest and ownership between these Debtors because they were all controlled by the same group of officers and directors; (iv) the Debtors were co-obligors on the Action and BB&T secured loans, which loans were secured by substantially all of the assets of the Debtors, as well as co-obligors on other obligations; (v) the Debtors' remaining assets were and are commingled and interdependent; (vi) the Debtors' administrative, managerial, and financial records are now and have been centered at one physical location; and (vii) a failure to consolidate the cases might unfairly favor one group of similarly situated creditors over others.

These Debtors all pooled their funds and operated as a single financial entity to a large degree. The reality is that all of the Debtors had a common secured debt to Action[3] and to BB&T. All Debtors operated using the same "Nexxlinx" bank accounts. All deposits were made into the Nexxlinx accounts and bills were paid from these same Nexxlinx accounts. None of the Nexxlinx subsidiaries had separate operating accounts. Moreover, the operational divisions between the Debtors were fairly arbitrary. Perhaps more importantly, prior to the Petition Date millions of dollars of investor funds through purchases of debt and equity securities were invested into Nexxlinx at the parent level and those funds were deposited into the common bank accounts and used to fund all of the Debtor subsidiaries and operating divisions. Additionally, the senior corporate management of each of the Debtors overlapped substantially. In reality, the Debtors were consolidated prior to the Bankruptcy Case in both operation and corporate structure. Funds generated from the operations of each of the subsidiaries and divisions flowed into the common bank accounts and were used to fund operations of other subsidiaries. The task of sorting out these intercompany obligations in order to accurately reflect the separate assets and liabilities between the various Debtors would be virtually impossible at this juncture and prohibitively expensive to the Estate.

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[3] NexxPhase is not an obligor on the Action liabilities.

Based on the foregoing, the Plan Proponents believe that the facts of this case establish a *prima facie* case for substantive consolidation under the *Eastgroup* test. Indeed, the Plan Proponents believe that substantive consolidation is the only way to deal fairly with creditors of these Debtors. For these reasons, substantive consolidation is both desirable and necessary. Substantive consolidation will also facilitate and expedite the administration of the Debtors' Estates by eliminating duplicative or inconsistent efforts on the part of the various estates with respect to claims administration and asset recovery.

5.2 Post-Confirmation Management

Following confirmation of the Plan, the Reorganized Debtor will continue to be managed by the Debtors' current principal officer, Alan Quarterman. Mr. Quarterman may retain such other officers as he deems appropriate.

5.3 Sources of Cash

Allowed Administrative Claims for professional compensation and expenses awarded under 11 U.S.C. §§ 327 or 330 shall be paid first from any retainers provided or reserves established as contemplated under orders entered in the Case and, to the extent any deficiencies remain, from cash on hand and/or future earnings of the Reorganized Debtor. All other Payments to Holders of Allowed Claims or Interests shall be paid from the Postconfirmation Distribution Fund to be funded by future earnings of the Reorganized Debtor and capital contributions from the New Value Equity Participants. Attached hereto as Exhibit A is the Debtors' consolidated pro forma and financial projections for the period of time during which payments are to be made to Holders of Allowed Claims or Interests under the Plan. Except as otherwise provided in the Plan, no Claims shall bear interest from and after the Petition Date.

5.4 Issuance of Stock in Reorganized Debtor

The New Value Equity Participants shall make an infusion of capital in the Reorganized Debtor in the amount of Fifty Thousand Dollars ($50,000.00) and cause the waiver of Claims in the amount of not less than Two Million One Hundred Ninety-Four Thousand Two Hundred and One Dollars and Fourteen Cents ($2,194,201.14) which shall be contributed by the New Value Equity Participants to the Reorganized Debtor on or before the Effective Date, and which may be used as partial funding for the Postconfirmation Distribution Fund. In exchange for this contribution, one hundred percent (100%) of the New Equity Interests in the Reorganized Debtor will be issued to the New Value Equity Participants.

5.5 Post-Confirmation Working Capital. It is contemplated that any required working capital will be provided to the Reorganized Debtor following Confirmation from cash generated

by the Reorganized Debtor's operations and/or equity infusions as set forth in Article V, Section 5.04.

ARTICLE VI
PRESERVATION OF RIGHTS OF ACTION

6.1 Causes of Action

Except as otherwise expressly provided in the Plan, any rights or causes of action accruing to or held by the Debtors or their Estates, including, without limitation, any rights or causes of action under Section 544 through 550, inclusive of the Bankruptcy Code or any other statute or legal theory shall remain assets of, and vest in, the Reorganized Debtor. The Reorganized Debtor may pursue any rights of action that have not been released, as they deem to be appropriate and in the best interest of the Reorganized Debtor. It is uncertain whether the potential preference claims listed in the Debtors' Statement of Financial Affairs will yield any material recovery to the Estate. The Debtors believe that many of the payments listed may qualify for one or more of the recognized preference defenses.

6.2 Preservation of Rights of Action

All Avoidance Actions not expressly released or waived in the Plan or the Confirmation Order shall survive confirmation, and the assertion of Avoidance Actions shall not be barred or limited by any estoppel, whether judicial, equitable or otherwise.

6.3 Procedures for Resolving Disputed Claims

Notwithstanding any other provisions of the Plan, no payment or distribution shall be made on account of a Disputed Claim until such Claim becomes an Allowed Claim. In lieu of distributions under the Plan to holders of Disputed Claims, a Disputed Claims reserve shall be maintained by the Reorganized Debtor for payment of any Disputed Claim that becomes an Allowed Claim. Distributions on account of any Disputed Claim that has become an Allowed Claim shall be made as soon as is reasonably practicable.

Subsequent to the Effective Date, the Reorganized Debtor shall have the authority to settle and resolve any Disputed Claim that was originally asserted in an amount less than One Hundred Thousand Dollars ($100,000.00) upon such terms and conditions as the Reorganized Debtor deems appropriate and in the best interests of the Estates. Any such compromise and settlement shall be deemed final and binding upon all parties in interest in the Case. The Reorganized Debtor shall be released from any obligation to provide notice to or file and serve pleadings upon any such parties in interest, and shall be released from any requirement to obtain Court approval, in connection with compromising these claims.

With respect to any Disputed Claim that was originally asserted in an amount that equals or exceeds One Hundred Thousand Dollars ($100,000.00), the Reorganized Debtor shall have the authority to compromise and settle any such Claim on such terms as the Reorganized Debtor deems appropriate and in the best interests of the Estates, subject to providing Designated Notice of any such proposed compromise and a reasonable opportunity to object thereto. If a party in interest files a written objection with the Court in the Case with respect to any proposed compromise of

any Disputed Claim, and serves a copy of said objection upon the Reorganized Debtor and its counsel within 10 days from the service of Designated Notice of the proposed compromise, then a hearing shall be scheduled with respect to said objection. If no such objection is timely filed and served, the Reorganized Debtor is authorized to compromise and resolve such Disputed Claim without further authorization. The Reorganized Debtor may file motions which seek to compromise more than one Claim.

ARTICLE VII
EXECUTORY CONTRACTS AND UNEXPIRED LEASES

7.1 Customer Contracts

All executory contracts, customer care agreements and statements of work identified on Schedule 11.1 attached to the Plan shall be deemed assumed, and to the extent necessary, assigned to the Reorganized Debtor, upon confirmation of the Plan. No cure costs are required in connection with assumption of any of the executory contracts or unexpired leases identified on Schedule 11.1.

7.2 Focus Services, LLC

That certain Statement of Work, dated July 1, 2013 by and between Focus Services, LLC and Nexxlinx, as subsequently amended and/or modified, shall be deemed assumed, and to the extent necessary, assigned to the Reorganized Debtor, upon confirmation of the Plan. The Reorganized Debtor shall make cure payments in accordance with Schedule 11.2 attached to the Plan.

7.3 Executory Contracts and Unexpired Leases.

The Reorganized Debtor shall be authorized to assume or reject any and all Executory Contracts and Unexpired Leases of the Debtors which (i) have not previously been assumed or rejected, or (ii) are not assumed or rejected under the Plan, through and including January 24, 2017, or longer upon consent of the counterparty to the Executory Contract or Unexpired Lease, notwithstanding entry of a Confirmation Order.

7.4 Rejection Damage Claims

Claims arising from the rejection of any Executory Contracts or Unexpired Leases shall be filed within thirty (30) days following the rejection and shall be treated as Class 9 Claims to the extent Allowed. Any person seeking to assert such a Claim who fails to file a proof of claim within this thirty (30) day period shall be deemed to have waived said Claim, and it shall be forever barred.

ARTICLE VIII
DISTRIBUTION TO HOLDERS OF CLAIMS

8.1 Address for Distributions

All Cash payments required to be made under the Plan will be sent to Holders of Claims at the addresses listed in the Debtors' schedules or stated in any Proof of Claim filed by a Holder of a Claim or to such other address as the Holder of a Claim shall provide in writing to the Reorganized Debtor. The proceeds of any payment properly sent to the Creditor but returned because of unknown or insufficient address, and the proceeds of any check not cashed within ninety (90) days of sending will become property of the Reorganized Debtor and the rights of the original payee shall be extinguished. Return of mail by the United States Post Office as "undeliverable and without forwarding address" shall be conclusive evidence of an attempt to deliver to the address shown.

8.2 Rounding

Whenever any payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding of such fraction down to the nearest whole cent.

8.3 No Interest on Claims

Except as provided in a Final Order entered in this Case, (a) no holder of any Unsecured Claim (except Priority Tax Claims) shall be entitled to interest accruing on or after the Petition Date on such Claim, and (b) interest shall not accrue or be paid upon any Disputed Claim with respect to the period from the Petition Date to the date a final Distribution is made thereon if and after such Disputed Claim, or any part thereof, becomes an Allowed Claim.

ARTICLE IX
CONDITIONS PRECEDENT TO EFFECTIVENESS OF PLAN

Each of the following conditions must occur and be satisfied on or before the Effective Date for the Plan to be effective on the Effective Date, provided that the Debtors may agree to waive any one or more of the following conditions (other than Section 9.5):

9.1 Confirmation Order Must Be Entered

The Confirmation Order must have been signed by the Bankruptcy Court and duly entered on the docket for this Case by the clerk of the Bankruptcy Court, in form and substance acceptable to the Debtors.

9.2 Confirmation Order Must Not Be Stayed, Reversed, Modified or Amended

There must not be any stay in effect with respect to the Confirmation Order, and the Confirmation Order must not have been reversed, modified or amended in any material respects prior to the Effective Date without the written consent of the Debtors.

9.3 Provisions of the Confirmation Order

Among other things, the Confirmation Order must:

(a) Authorize and direct the Reorganized Debtor to take, or cause to be taken, all such actions as are necessary to enable the Reorganized Debtor to implement the provisions of the Plan;

(b) Authorize and direct the Reorganized Debtor to perform its obligations under the Plan, and to take all actions and execute all documents and instruments reasonably necessary to consummate the transactions contemplated by the Plan;

(c) Provide that no holder of a Claim, Lien or Interest will be permitted to execute against or receive Distributions from the Debtors except in accordance with the express provisions of the Plan.

9.4 Confirmation Order Must Be Final

The Confirmation Order shall have become a Final Order.

9.5 New Value Equity Contribution

The New Value Equity Contribution shall have been paid to the Reorganized Debtor.

ARTICLE X
VOTING ON THE PLAN AND THE CONFIRMATION PROCESS

10.1 Classes Entitled to Vote

Only a Holder of an Allowed Claim or Allowed Interest classified in an Impaired Class is entitled to vote on the Plan. Under Section 1124 of the Bankruptcy Code, a Class of Claims or Interests is "impaired" by the Plan if the legal, equitable or contractual rights attaching to the Claims or Interests of that Class are modified. Modification for purposes of determining impairment, however, does not include the curing of defaults and the reinstating of maturity.

In order to have an Allowed Claim, a Claimant must have (1) timely filed a Proof of Claim or (2) been listed in the Schedules as having a Claim that is not contingent, unliquidated or disputed. If such a Claim was scheduled as contingent, unliquidated or disputed, and if Claimant does not file proof of such Claim on or before the Bar Date, or if such Claim is the subject of an objection, Claimant does not have an Allowed Claim, cannot vote, and will not participate in any Distributions under the Plan until such time as the Claim becomes an Allowed Claim.

The Claims and Interests of the Debtors are divided by the Plan into Classes 1 through 11. The Claims in Classes 1 and 2 are unimpaired. Consequently, the Holders of such Claims and are conclusively presumed to have accepted the Plan and will not be entitled to vote on the Plan. The Claims and Interests in each of Classes 3 through 11 are impaired and may vote on the Plan.

10.2 Voting Instructions

Each Holder of an Allowed Claim or Interest in a voting Class may cast its vote electronically pursuant to the Court's electronic filing system or may vote to accept or reject the Plan by completing, dating, signing and returning the Ballot accompanying this Disclosure Statement to:

Clerk, United States Bankruptcy Court
Northern District of Georgia
75 Ted Turner Drive
Suite 1340
Atlanta, GA 30303

With a copy to:

Ashley R. Ray, Esq.
Scroggins & Williamson, P.C.
One Riverside
4401 Northside Parkway
Suite 450
Atlanta, Georgia 30327

Any Ballot received which does not indicate either an acceptance or rejection of the Plan shall be deemed to constitute an acceptance of the Plan. Ballots submitted by facsimile will not be accepted. A Ballot shall not constitute a Proof of Claim or Proof of Interest or an amendment to a Proof of Claim or Proof of Interest.

If a Creditor has a Claim in more than one Class under the Plan, that Creditor should receive a separate Ballot for each such claim. If Claimant needs additional Ballots, or believes it has a Claim that is in Class 3 through 11 and did not receive a Ballot, please contact the Debtors' counsel, Ashley R. Ray, at the address set forth above, sufficiently in advance of the Voting Deadline to obtain the Ballot and return the Ballot before the Voting Deadline.

10.3 Requirements of Confirmation

The Bankruptcy Court will confirm the Plan only if it determines that all of the requirements of the Bankruptcy Code have been met. The Bankruptcy Code requires, among other things, that (i) the Plan be accepted by at least one impaired Class, (ii) the Bankruptcy Court make a determination that the Plan is in the "best interests" of all Holders of Claims and Interests (that is, dissenting Creditors and Interest Holders will receive at least as much under the Plan as they would receive in a liquidation under Chapter 7 of the Bankruptcy Code), (iii) the Bankruptcy Court make a determination that the Plan is feasible, and (iv) the Plan has classified Claims and Interests in a permissible manner. In order to confirm the Plan, the Bankruptcy Court must find that all of these and certain other requirements have been met. Thus, even if the requisite vote is achieved for each impaired Class, the Bankruptcy Court must make independent findings regarding the Plan's conformity with these requirements of the Bankruptcy Code before it may confirm the Plan. Additionally, if the requisite vote will not be achieved for each impaired Class,

the Bankruptcy Court must also make independent findings regarding the Plan's conformity with the requirements of Section 1129(b) of the Bankruptcy Code. The various statutory requirements are discussed below.

10.4 Acceptance by at Least One Impaired Class

In order for the Plan to be confirmed, the Plan must be accepted by at least one impaired Class that is entitled to vote on the Plan. A Class of Impaired Claims will have accepted the Plan if at least two-thirds in amount and more than one-half in number of the Claims actually voting in the Class have accepted it.

10.5 Best Interests Test

The Plan cannot be confirmed unless the Bankruptcy Court determines that the Plan is in the "best interests" of the Debtors' Creditors and Interest Holders. The Plan will be deemed to have satisfied the "best interests" test if the Plan provides to each dissenting or nonvoting member of each impaired Class a recovery that has a value that is at least equal to the distribution that such member would receive if the assets of the Debtors were liquidated on the Effective Date in a hypothetical case under Chapter 7 of the Bankruptcy Code by a Chapter 7 trustee. If all members of an impaired Class of Claims or Equity Interest Holders vote to accept the Plan, the "best interests" test does not apply with respect to that Class.

In applying the "best interests" test, the Bankruptcy Court would ascertain the hypothetical recoveries in a Chapter 7 liquidation to the Debtors' Creditors and Interest Holders. These hypothetical Chapter 7 liquidation recoveries would then be compared with the distributions offered to each impaired Class of Claims or Interests under the Plan in order to determine if the Plan satisfies the "best interests" test.

In applying the "best interests" test, it is likely that Claims and Interests in the Chapter 7 case would not be classified in the same manner that such Claims and Interests are classified under the Plan. In the absence of a contrary determination by the Bankruptcy Court, all pre-bankruptcy Unsecured Claims which have the same rights upon liquidation would be treated as one Class for the purposes of determining the potential distribution of the liquidation proceeds resulting from the Debtors' Chapter 7 cases. The distributions from the liquidation proceeds would be calculated ratably according to the amount of the Claim held by each Creditor. The Debtors believe that the most likely outcome of liquidation proceedings under Chapter 7 would be the application of the rule of absolute priority of distributions. Under that rule, no junior Creditor receives any distribution until the Allowed Claims of all senior Creditors are paid in full, and no Equity Interest Holder receives any distribution until the Allowed Claims of all Creditors are paid in full.

As discussed in more detail in Article XVI of this Disclosure Statement, the Debtors' analysis indicates that confirmation of the Plan will provide each Creditor and Interest Holder holding a Claim or Interest in an impaired Class with a recovery that is at least equal to the recovery that such Creditor or Interest Holder would receive pursuant to a liquidation and distribution of the Assets under Chapter 7 of the Bankruptcy Code.

10.6 Feasibility of the Plan

In order for the Plan to be confirmed, the Bankruptcy Court must determine that the Plan is feasible; that is, as a practical matter, that the Debtors will be able to meet their obligations under the Plan on a timely basis and according to its terms. The Debtors believe that the Plan is feasible.

10.7 Classification of Claims

The Debtors believe that the Plan meets the classification requirements of the Bankruptcy Code, which require that a Plan of Reorganization place each Claim or Interest in a Class with other Claims or Interests that are "substantially similar."

10.8 Additional Requirements of Section 1129(b) of the Bankruptcy Code

In the event the Plan does not satisfy the requirements of Section 1129(a) of the Bankruptcy Code, the Debtors will seek confirmation of the Plan pursuant to the so-called "cramdown" provisions of Section 1129(b) of the Bankruptcy Code. Pursuant to Section 1129(b), the Bankruptcy Court must determine whether the Plan is fair and equitable and does not discriminate unfairly against each impaired Class of Claims or Interests that has not accepted the Plan. The Plan will not discriminate unfairly if no Class receives more than it is legally entitled to receive for its Claims. "Fair and equitable" has different meanings for Secured Claims, Unsecured Claims and Equity Interests.

With respect to a Secured Claim, "fair and equitable" means either (i) the impaired Secured Creditor retains its liens to the extent of its Allowed Secured Claim and receives deferred Cash payments at least equal to the allowed amount of its Claim with a present value as of the Effective Date of the Plan at least equal to the value of its interest in the property securing its liens, (ii) if property subject to the lien of the impaired Secured Creditor is sold free and clear of its lien, the impaired Secured Creditor receives a lien attaching to the proceeds of the sale, or (iii) the impaired Secured Creditor realizes the "indubitable equivalent" of its Claim under the Plan. Under certain circumstances, a Secured Creditor is entitled under Section 1111(b) of the Bankruptcy Code to elect to have its entire Claim, including any deficiency, treated as a Secured Claim.

With respect to an Unsecured Claim, "fair and equitable" means either (i) the impaired Unsecured Creditor receives property of a value equal to the amount of its Allowed Claim, or (ii) the Holders of Claims or Interests that are junior to the Claims of the dissenting Class will not receive any property under the Plan.

With respect to a Class of Equity Interests, "fair and equitable" means either (i) each Holder of an Interest of such Class receives or retains on account of such Interest property with a value equal to the greater of the allowed amount of any fixed liquidation preference to which such Holder is entitled, any fixed redemption price to which such Holder is entitled or the value of such Interest, or (ii) the Holder of any Interest that is junior to the Interests of such Class will not receive or retain any property on account of such junior Interest.

The Debtors believe the Plan meets the fair and equitable test with respect to each Holder of an impaired Claim or Interest.

10.9 Objections to Confirmation

As will be set forth in the Order Conditionally Approving Disclosure Statement and Notice of Confirmation Hearing, any objections to confirmation of the Plan must be in writing, must set forth the objector's standing to assert any such objection, and must be filed with the Bankruptcy Court and served on counsel for the Debtors. The Order Approving Disclosure Statement and Notice of Confirmation of Hearing will contain all relevant procedures relating to the submission of objections to confirmation and should be reviewed in its entirety by any party who has an objection to confirmation.

10.10 Confirmation of Plan Without Acceptance of All Impaired Classes

Even if one or more impaired Classes do not vote to accept the Plan, the Bankruptcy Court may, pursuant to Section 1129(b) of the Bankruptcy Code, confirm the Plan without the acceptance of all impaired Classes. Confirmation under Section 1129(b) requires that the Plan be fair and equitable with respect to each impaired Class of Claims that has not accepted the Plan. The Plan proponents reserve their right to seek Confirmation of the Plan under Section 1129(b) if one or more Classes of Impaired Claims does not accept or is deemed not to have accepted the Plan.

10.11 Hearing on Confirmation of the Plan

Section 1128 of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of the Plan. At that time, the Debtors will present the results of the vote by each impaired Class of Creditors entitled to vote in favor of or in opposition to the Plan. The Bankruptcy Court will consider whether the requirements for confirmation of the Plan under the Bankruptcy Code have been satisfied, as well as any objections to the Plan that are timely filed. Any Creditor may object to the confirmation of the Plan, regardless of whether it is entitled to vote on the Plan.

ARTICLE XI
MODIFICATIONS AND AMENDMENTS

The Debtors reserve the right to alter, amend or modify the Plan as contemplated by Section 1127 of the Bankruptcy Code. The Plan may be modified, before or after Confirmation, without notice or hearing, or on such notice and hearing as the Court deems appropriate, if the Court finds that the proposed modification does not materially and adversely affect the rights of any parties in interest that have not had notice and an opportunity to be heard with regard to the proposed modification. Without limiting the foregoing, the Plan otherwise may be modified after notice and hearing. In the event of any modification at or before Confirmation, any votes in favor of the Plan shall be deemed to be votes in favor of the Plan as modified, unless the Court finds that the proposed modification materially and adversely affects the rights of the parties in interest that cast said votes.

ARTICLE XII
TAX CONSEQUENCES

Tax consequences resulting from confirmation of the Plan can vary greatly among the various Classes of Creditors and Holders of Interests, or within each Class. Significant tax

consequences may occur as a result of confirmation of the Plan under the United States Internal Revenue Code and pursuant to state, local, and foreign tax statutes. Because of the various tax issues involved, the differences in the nature of the Claims of various Creditors, the taxpayer status and methods of accounting and prior actions taken by Creditors with respect to their Claims, as well as the possibility that events subsequent to the date hereof could change the tax consequences, this discussion is intended to be general in nature only. No specific tax consequences to any Creditor or Holder of an Interest are represented, implied or warranted. Each Holder of a Claim or Interest should seek professional tax advice, including the evaluation of recently enacted or pending legislation, because recent changes in taxation may be complex and lack authoritative interpretation.

THE PROPONENTS ASSUME NO RESPONSIBILITY FOR THE TAX EFFECT THAT CONSUMMATION OF THE PLAN WILL HAVE ON ANY GIVEN HOLDER OF A CLAIM OR INTEREST. HOLDERS OF CLAIMS OR INTERESTS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN TO THEIR INDIVIDUAL SITUATION.

The receipt by a Creditor or Interest Holder of cash or property in full or partial payment of its Claim or Interest may be a taxable event. To the extent that a portion of the cash or the fair market value of any property received is attributable to accrued and unpaid interest on a Claim being paid, a Creditor may recognize interest income. A Creditor or Interest Holder may also recognize gain or loss equal to the difference between the sum of the amount of cash received and the adjusted basis in the Claim or Interest for which the Holder receives amounts under the Plan. Such gain or loss may be treated as ordinary or capital depending upon whether the Claim or Interest is a capital asset.

ARTICLE XIII
RETENTION OF JURISDICTION

The Bankruptcy Court shall retain jurisdiction, notwithstanding entry of the Confirmation Order and notwithstanding the occurrence of the Effective Date of the Plan, for the following purposes:

(a) to enforce all causes of action which exist on behalf of the Debtors pursuant to the provisions of this Plan or applicable law;

(b) to enter orders and injunctions and restraints to enforce the provisions of the Plan;

(c) to determine claims asserted under Section 507(a)(2) of the Bankruptcy Code, including claims for compensation and reimbursement of expenses accruing prior to the Confirmation Date;

(d) to determine any Disputed Claims or disputes concerning the validity of or the market value of any collateral underlying any Secured Claim;

(e) to enter orders regarding interpretation of the Plan, or any document created in connection with the Plan, or any disputes with respect thereto;

(f) to conduct hearings and to enter orders modifying the Plan as provided herein or in the Bankruptcy Code;

(g) to determine any and all applications, claims, adversary proceedings, and contested or litigated matters pending on the Confirmation Date;

(h) to determine any applications for rejection or assumption of executory contracts or leases, and to determine Claims resulting from rejection of executory contracts and leases;

(i) to allow or disallow, and estimate, liquidate, or determine any Claims against the Debtors arising on or before the Effective Date, including tax claims, but excluding any Claims deemed Allowed by this Plan, and to enter or enforce any order requiring the filing of any such Claim before a particular date; and

(j) to enter orders required for the administration of the Plan, including, but not limited to:

(i) resolution of disputes pertaining to the amounts of payments under the Plan to Claimants;

(ii) conducting post-confirmation valuation hearings as required by the Plan or authorized by the Bankruptcy Code; and

(iii) exercising jurisdiction over any other matter provided for or consistent with the provisions of Chapter 11 of the Bankruptcy Code.

ARTICLE XIV
INJUNCTION

Pursuant to sections 105, 1123, 1129 and 1141 of the Bankruptcy Code, in order to preserve and implement the various transactions contemplated by and provided for in the Plan, as of the Effective Date, except as otherwise expressly provided in the Plan or in the Confirmation Order, all Persons or Entities that have held, currently hold or may hold a Claim, Debt, or Liability that is discharged or terminated pursuant to the terms of the Plan are and shall be permanently enjoined and forever barred to the fullest extent permitted by law from taking any of the following actions on account of any such discharged or terminated Claims, Debts, or Liabilities, other than actions brought to enforce any rights or obligations under the Plan or the Plan Documents: (a) commencing or continuing in any manner any action or other proceeding against the Debtors, the Estates, the Reorganized Debtor, or their respective Property; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtors, the Estates, the Reorganized Debtor or their respective Property; (c) creating, perfecting or enforcing any Lien or encumbrance against the Debtors, the Estates, the Reorganized Debtor, or their respective Property; (d) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtors, the Estates, or the Reorganized Debtor; (e) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order; or (f) interfering with or in any manner whatsoever disturbing the rights and remedies of the Debtors, the Estates or the Reorganized Debtor under the Plan and the Plan Documents and the other documents executed in connection

therewith. The Debtors and the Reorganized Debtor shall have the right to independently seek enforcement of this general injunction provision. This general injunction provision is an integral part of the Plan and is essential to its implementation. Notwithstanding anything to the contrary contained herein, the provisions of Article VII, Section 7.02 of the Plan shall not release, or be deemed a release of, any of the Causes of Action.

ARTICLE XV
LIMITATION OF LIABILITY

15.1 Exculpation from Liability.

The Debtors, and their current officers, the Professionals for the Debtors (acting in such capacity), the Creditors Committee, and its members, and the Professionals for the Creditors Committee (acting in such capacity), the Reorganized Debtor, and its respective officers, directors and employees, the Professionals for the Reorganized Debtor (acting in such capacity), and the New Value Equity Participants (collectively, the "Exculpated Parties") shall neither have nor incur any liability whatsoever to any Person or Entity for any act taken or omitted to be taken in good faith in connection with or related to the formulation, preparation, dissemination, or confirmation of the Plan, the Disclosure Statement, any Plan Document, or any contract, instrument, release, or other agreement or document created or entered into, or any other act taken or omitted to be taken, in connection with the Plan or the Reorganization Case, in each case for the period on and after the Petition Date and through the Effective Date; provided, however, that this exculpation from liability provision shall not be applicable to any liability found by a court of competent jurisdiction to have resulted from fraud or the willful misconduct or gross negligence of any such party. The rights granted under Article VII, Section 7.03 of the Plan are cumulative with (and not restrictive of) any and all rights, remedies, and benefits that the Exculpated Parties have or obtain pursuant to any provision of the Bankruptcy Code or other applicable law. In furtherance of the foregoing, the Exculpated Parties shall have the fullest protection afforded under Section 1125(e) of the Bankruptcy Code and all applicable law from liability for violation of any applicable law, rule or regulation governing the solicitation of acceptance or rejection of a plan or the offer, issuance, sale or purchase of securities. This exculpation from liability provision is an integral part of the Plan and is essential to its implementation. Notwithstanding anything to the contrary contained herein, the provisions of Article VII, Section 7.03 of the Plan shall not release, or be deemed a release of, any of the Causes of Action.

15.2 Release.

On the Effective Date, the Exculpated Parties shall be unconditionally and are hereby deemed to be unconditionally released from any and all claims, obligations, suits, judgments, damages, losses, rights, remedies, causes of action, charges, costs, debts, indebtedness, or liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission, transaction, event or other occurrence taking place between the Petition Date and the Effective Date, which is in any way relating to the Debtors, the Reorganization Case, any Property of the Debtors, the business or operations of the Debtors, any Plan Documents, the Plan, or any of the transactions contemplated thereby; provided, however, that this release provision shall not be

applicable to any liability found by a court of competent jurisdiction to have resulted from fraud or the willful misconduct or gross negligence of any such party. The Confirmation Order shall enjoin the prosecution by any Person or Entity, whether directly, derivatively or otherwise, of any such claim, obligation, suit, judgment, damage, loss, right, remedy, cause of action, charge, cost, debt, indebtedness, or liability which arose or accrued during such period or was or could have been asserted against any of the Exculpated Parties, except as otherwise provided in the Plan or in the Confirmation Order. Each of the Exculpated Parties shall have the right to independently seek enforcement of this release provision. This release provision is an integral part of the Plan and is essential to its implementation. Notwithstanding anything to the contrary contained herein, the provisions of Article VII, Section 7.04 of the Plan shall not release, or be deemed a release of, any of the Causes of Action.

15.3 Barton Doctrine.

The "Barton Doctrine", *e.g. Barton v. Barbour*, 104 U.S. 126, 26 L.Ed. 672 (1881) (Supreme Court held that a trustee cannot be sued without leave of the bankruptcy court), which prohibits a party from suing either a trustee, the officers of a debtor in possession, or their attorneys, in a non-appointing court for acts done in their official capacity, shall pertain to the provisions of Article VII of the Plan, and shall stand as one of the bases for enforcement of the provisions herein. *See, e.g., Carter v. Rodgers*, 220 F.3d 1249, 1252 (11th Cir. 2000)(" [j]oining the other circuits that have considered this issue, we hold that a debtor must obtain leave of the bankruptcy court before initiating an action in district court when that action is against the trustee or other bankruptcy-court-appointed officer, for acts done in the actor's official capacity"); *Patco Energy Express v. Lambros*, 2009 U.S. App. LEXIS 25771 (11th Cir. 2009) ("[w]here a plaintiff neglects to obtain leave from the appointing court, a suit filed [against a bankruptcy trustee] in another court must be dismissed for lack of subject matter jurisdiction"); *In the Matter of Linton*, 136 F.3d 544, 545 (7th Cir. 1998); *In re DeLorean Motor Co.*, 991 F.2d 1236, 1240-41 (6th Cir. 1993) ("[i]t is well settled that leave of the appointing forum must be obtained by any party wishing to institute an action in a nonappointing forum against a trustee, for acts done in the trustee's official capacity and within the trustee's authority as an officer of the court .... counsel for trustee, court appointed officers who represent the estate, are the functional equivalent of a trustee"); *In re Balboa Improvements, Ltd.*, 99 B.R. 966, 970 (9th Cir. BAP 1989) (holding that permission to sue debtor's attorney for alleged misconduct in the administration of an estate must be obtained from the bankruptcy court.

15.4 Continuation of Automatic Stay.

The automatic stay arising out of Section 362(a) of the Bankruptcy Code shall continue in full force and effect until the Consummation Date, and the Debtors, the Estates, and the Reorganized Debtor shall be entitled to all of the protections afforded thereby. The Court shall have the power to grant such additional and supplemental stays as may be necessary or appropriate to protect and preserve the Assets of the Debtors, the Estates and/or the Reorganized Debtor or to permit the just and orderly administration of the Estates.

15.5 Release of New Value Equity Participants by Debtors.

Effective as of the Effective Date, and except as otherwise provided in the Plan or the Confirmation Order, for good and valuable consideration, the adequacy of which is hereby

confirmed, the Debtors, each in its individual capacity and as Debtors in possession, will be deemed to have forever released, and waived the New Value Equity Participants from any and all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities (other than the rights of the Debtors or the Reorganized Debtor to enforce the Plan and the contracts, instruments, releases, and other agreements or documents delivered thereunder), whether for tort, contract, violations of federal or state securities laws, or otherwise, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence, including actions in connection with indebtedness for money borrowed by the Debtors, taking place on or prior to the Effective Date in any way relating to the Debtors, the Chapter 11 Cases, or the Plan; provided, however, that (a) no New Value Equity Participant will be released from any Claims, obligations, suits, judgments, debts or Causes of Action arising out of or in connection with indebtedness for money borrowed by any such person from the Debtors; and (b) no Cause of Action against any insurer arising out of or relating to matters for which the Debtors would otherwise be liable or suffer an insurable loss will be released, including without limitation, any Cause of Action against the Debtors' directors and officers liability insurance carrier(s).

15.6 Release of New Value Equity Participants by Holders of Claims and Interests.

Effective as of the Effective Date, and except as otherwise provided in the Plan or the Confirmation Order, to the fullest extent permitted under applicable law, in consideration for the obligations of the Persons set forth below under the Plan and, if applicable, the Cash, securities, contracts, releases and other agreements or documents to be delivered in connection with the Plan, each Holder of a Claim or Interest who votes in favor of the Plan or is presumed to have voted in favor of the Plan pursuant to Section 1126(f) of the Bankruptcy Code will be deemed to have forever waived and released (i) the Debtors, (ii) the Reorganized Debtor and (iii) the New Value Equity Participants from any and all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities (other than the rights of such Holders of Allowed Claims under the Plan to enforce the Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder), whether for tort, contract, violations of federal or state securities laws, or otherwise, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence, including actions in connection with indebtedness for money borrowed by the Debtors, taking place on or prior to the Effective Date in any way relating to the Debtors, the Case, or the Plan; provided, however, that Article VII, Section 7.11 of the Plan will not release any New Value Equity Participant from any Causes of Action held by a Governmental Unit existing as of the Effective Date based on

an alleged violation of (i) any criminal laws of the United States or any domestic state, city or municipality or (ii) Sections 1104-1109 and 1342(d) of ERISA.

ARTICLE XVI
LIQUIDATION ALTERNATIVE

The Debtors have analyzed whether a liquidation of their remaining assets through (i) a Chapter 11 Plan; or (ii) by a Chapter 7 Trustee who is unfamiliar with the Debtors and their business would result in a higher return to the creditors of the Estates than the reorganization that the Debtors have proposed in the Plan. The Debtors have concluded that with either liquidation the prospect of any payment to unsecured creditors is unlikely and both scenarios would result in a net return to creditors that is considerably lower than the net return to creditors that can realistically be realized through the Plan.

A. The Debtors' Tangible and Intangible Assets

The Debtors operate a small, relationship driven business where the real value is intangible, and derived from the relationships and strong professional reputation in the industry. The Debtors do not have long-term contracts with their customers, but rather have contracts that are typically terminable at will on thirty (30) days' notice, and are not subject to mandatory purchase requirements. The value of these Debtors reside in the goodwill created over time by consistently providing excellent service to its customers. The Debtors' other assets consist primarily of cash on hand, accounts receivable and used office furniture and computer equipment. The Debtors do not own any real property and do not believe that there is any value in their current office leases. As of June 28, 2016, the Debtors' had cash on hand in the approximate amount of $476,000.00, with accounts receivable of $2,730,000.00. The Debtors estimate that they could liquidate their furniture, fixtures and owned computers for approximately $200,000.00.

B. Theoretical Liquidation Under Chapter 11

There is a theoretical scenario under which the Debtors could be sold through a Section 363 sale to an interested investor, which would likely be an industry strategic buyer. A qualified investment banker could be tasked with marketing the company and bringing it to sale at some price based on a multiple of EBITDA. It is unlikely that such an auction would be productive, however, because such a significant portion of the Debtors' business, approximately 70%, is concentrated in one customer relationship. The Debtors marketed the business for sale pre-petition, and in fact, entered into one or more letters of intent for the sale of the business; however, no buyer was willing to consummate the sale due primarily to the high concentration of business with one customer. The Debtors faced the same challenges in obtaining financing and unless a buyer was fully self-funding the purchase price, the customer concentration issues will likely be an insurmountable hurdle for a buyer to obtain financing. Consequently, the Debtors' will not be a viable sale candidate.

C. Liquidation Under Chapter 7

If these cases are converted to cases under Chapter 7, a trustee ("**Chapter 7 Trustee**") would be appointed or elected to liquidate the remaining assets of the Debtors for distribution to creditors pursuant to Chapter 7. The Debtors believe that Chapter 7 would result in substantial

diminution in the value to be realized by holders of Claims, if any return is realized, because the Secured Claims of Action and BB&T would likely exceed the total liquidation value of the Debtors' Estates. Additionally, a Chapter 7 Trustee would likely retain new attorneys, accountants and other professionals, who are unfamiliar with the cases and who will also have to learn about the Debtors and their business. The Chapter 7 Trustee and its professionals would incur substantial fees and expenses which would be entitled to a priority over unsecured creditors. Not only are Creditors holding Allowed Claims likely to receive lesser distributions on account of their Allowed Claims, they are also likely to wait a longer period of time to receive such distributions than they would under the Plan, primarily as a result of the more restrictive distribution procedures under Chapter 7. Attached hereto as Exhibit B is a liquidation analysis comparing the treatment of unsecured creditors under this Plan to a Chapter 7 liquidation alternative.

In sum, the Debtors believe that the Plan provides for a greater return to creditors than a liquidation under Chapter 11 or 7 of the Bankruptcy Code.

ARTICLE XVII
CONCLUSION

The Debtors urge all Holders of Claims to accept the Plan because the Debtors believe the Plan will provide each such Holder more than it would receive pursuant to any alternative plan of liquidation or under Chapter 7 of the Bankruptcy Code. Accordingly, Debtors urge all eligible members of Voting Classes to submit Ballots in favor of the Plan in accordance with the balloting procedures described herein.

This 4th day of October, 2016.

NEXXLINX CORPORATION, et al.,

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EXHIBIT A

Debtors' consolidated pro forma and financial projections

Summary for Plan and Disclosure Statement
NexxLinx Corporation (consolidated)

		actual	*forecast*	*forecast years ending December 31*				
		7 Mos 2016	5 Mos 2016	2016	2017	2018	2019	2020
Total Revenue		$ 21,194,858	$ 12,467,530	$ 33,662,388	$ 35,682,132	$ 37,167,417	$ 37,851,605	$ 37,851,605
Total COGS		$ 16,301,516	$ 9,209,174	$ 25,510,691	$ 26,478,339	$ 27,582,388	$ 28,063,815	$ 28,063,815
Gross Profit		$ 4,893,342	$ 3,258,356	$ 8,151,697	$ 9,203,792	$ 9,585,029	$ 9,787,791	$ 9,787,791
GM%		23.09%	26.13%	24.22%	25.79%	25.79%	25.86%	25.86%
Indirect Expenses								
Indirect staffing (plus taxes, benefits, etc.		$ 3,459,150	$ 2,423,475	$ 5,882,624	$ 5,912,037	$ 6,030,278	$ 6,090,581	$ 6,090,581
Business Insurance		$ 81,472	$ 122,475	$ 203,947	$ 210,066	$ 222,670	$ 236,030	$ 236,030
Professional		$ 374,739	$ 250,000	$ 624,739	$ 281,133	$ 289,567	$ 301,149	$ 301,149
Licenses and Related G&A Expenses		$ 919,473	$ 345,129	$ 1,264,602	$ 758,761	$ 811,874	$ 852,468	$ 852,468
Travel		$ 200,848	$ 128,626	$ 329,474	$ 263,579	$ 264,897	$ 266,222	$ 266,222
Depreciation		$ 319,977	$ 228,534	$ 548,511	$ 548,511	$ 548,511	$ 548,511	$ 548,511
Amortization		$ -	$ -	$ -	$ -	$ -	$ -	$ -
Debt Service Interest		$ 289,657	$ 174,545	$ 464,202	$ 529,567	$ 551,648	$ 561,276	$ 561,276
Other (Income) Expense		$ 11,755,592	$ 50,000	$ 11,805,592	$ (35,417)	$ -	$ -	$ -
Total Indirect Expenses		$ 17,400,907	$ 3,722,784	$ 21,123,691	$ 8,468,237	$ 8,719,444	$ 8,856,237	$ 8,856,237
NET PROFIT(LOSS)		$ (12,507,565)	$ (464,429)	$ (12,971,994)	$ 735,556	$ 865,584	$ 931,554	$ 931,554
		-59.01%	-3.73%	-38.54%	2.06%	2.33%	2.46%	2.46%
Adjustments								
Depreciation		$ 319,977	$ 228,534	$ 548,511	$ 548,511	$ 548,511	$ 548,511	$ 548,511
Amortization / Write downs		$ 11,729,357	$ -	$ 11,729,357	$ -	$ -	$ -	$ -
CapX --- FF&E		$ -	$ -	$ -	$ (250,000)	$ (250,000)	$ (250,000)	$ (250,000)
Cash Available		$ -	$ -	$ -	$ 1,034,066	$ 1,164,095	$ 1,230,064	$ 1,230,064
Capital Contribution		$ -	$ -	$ -	$ 50,000	$ -	$ -	$ -
Refinance Action Capital		$ -	$ -	$ -	$ -	$ -	$ 3,700,000	$ -
Cure Payments - Focus		$ -	$ -	$ -	$ (240,000)	$ (240,000)	$ (240,000)	$ -
Contingency	25%	$ -	$ -	$ -	$ (218,017)	$ (238,024)	$ (307,516)	$ (307,516)
Cash Available for Plan Pmts		$ -	$ -	$ -	$ 626,050	$ 686,071	$ 4,382,548	$ 922,548
Plan Payments								
Allowed Priority Taxes				$ -	$ 23,400	$ 23,400	$ 70,201	$ -
Class 3 - Secured (Action)				$ -	$ -	$ -	$ 3,700,000	$ -
Class 4 - Secured (BB&T)				$ -	$ 268,000	$ 268,000	$ -	$ -
Class 5 - Secured (Susquehanna)				$ -	$ 39,617	$ 29,712	$ -	$ -
Class 6 - Secured (Ascentium)				$ -	$ 7,380	$ 6,766	$ -	$ -
Class 7 - Secured (SHI International)				$ -	$ 13,331	$ 1,111	$ -	$ -
Class 8 - Other Secured				$ -	$ -	$ -	$ -	$ -
Class 9 - Unsecured (General)				$ -	$ 200,000	$ 250,000	$ 400,000	$ 550,000
Class 10 - Unsecured (Convenience)				$ -	$ 28,000	$ -	$ -	$ -
Class 11 - Equity Interests				$ -	$ -	$ -	$ -	$ -
Total Plan Payments				$ -	$ 579,728	$ 578,989	$ 4,170,201	$ 550,000
Cash Remaining					$ 46,322	$ 107,082	$ 212,347	$ 372,548

EXHIBIT B

Liquidation Analysis

NexxLinx Liquidation Analysis

Liquidation Analysis

	Estimated Book Value at 12/31/16	Potential Recovery Under Chapter 7 Conversion				Chapter 11 Proposed Plan	
		Lower		Higher			
		($)	(%)	($)	(%)	($)	(%)
Current Assets							
Cash	$ 100,000	$ 100,000	100%	$ 100,000	100%		
Accounts Receivables, net	$ 3,500,000	$ 2,450,000	70%	$ 2,800,000	80%		
Other Receivable	$ 693,077	$ 346,538	50%	$ 485,154	70%		
ST JV Receivables	$ -	$ -	50%	$ -	70%		
Prepaids and Other Current Assets	$ 601,512	$ -	0%	$ 60,151	10%		
Leases Fixed Asset, net	$ -	$ -		$ -			
Non-Leased Fixed Assets	$ -	$ -		$ -			
Goodwill	$ -	$ -	0%	$ -	0%		
JV Receivables	$ -	$ -	0%	$ -	0%		
Interest Receivable - Related Party	$ -	$ -	0%	$ -	0%		
Investment in JV's	$ 28,914	$ -	0%	$ 28,914	100%		
Total Assets	$ 4,923,503	$ 2,896,538	59%	$ 3,474,219	71%		
Net Estimated liquidation Proceeds		$ 2,896,538		$ 3,474,219			
Secured Claims							
Class 3, Allowed Secured Claims - Action Capital (4)	$ 3,700,000	$ 2,896,538	78%	$ 3,474,219	94%	$ 3,500,000	100%
Class 4, Allowed Secured Claims - BB&T	$ 536,000	$ -	0%	$ -	0%	$ 536,000	100%
Class 5, Other Allowed Secured Claims - Capital Leases	$ 590,000	$ -	0%	$ -	0%	$ 206,674	35%
Total Secured Claims	$ 4,826,000	2,896,538	53%	$ 3,474,219	75%	$ 4,242,674	92%
Administrative, Priority and Other Claims							
Chapter 7 Professional Fees	$ 100,000	$ -	0%	$ -	0%	$ -	0%
Chapter 7 Trustee Fees	$ 75,000	$ -	0%	$ -	0%	$ -	0%
Class 1, Allowed Priority Claims	$ -	$ -	0%	$ -	0%	$ -	0%
Allowed Priority Taxes	$ 117,000	$ -	0%	$ -	0%	$ 117,000	100%
Class 2, Allowed Post Petition Trade Claims	$ 500,000	$ -	0%	$ -	0	$ -	0
Total Administrative, Priority and Other Claims	$ 792,000	$ -		$ -		$ 117,000	
Unsecured Claims							
Class 9, Allowed Unsecured Claims - Non-insider 3	6,000,000.00	$ -	0%	$ -	0%	$ 1,400,000	23%
Class 9, Allowed Unsecured Claims - Insider	2,175,000.00	$ -	0%	$ -	0%		
Class 10, Allowed Convenience Claims	140,000.00	$ -	0%	$ -	0%	$ 28,000	20%
Total Unsecured Claims	8,315,000.00	$ -	0%	$ -		$ 1,428,000	
Total Claims	$ 13,933,000						
Total Distribution to Creditors		$ 2,896,538		$ 3,474,219		$ 5,787,674	

1 - Liquidation date is assumed to be the Plan Confirmation

2 - The information in this table is preliminary and the Debtor reserves all rights with respect to any asserted claim

3 - The scheduled claims exceed the amount listed; however, the Debtors believe that the allowed claims after resolution of objections and disputed claims will total approximately $6,000,000.00 exclusive of insider claims which are being waived under the Plan.

4 - This is advances on accounts receivable and other receivables

CERTIFICATE OF SERVICE

This is to certify that I have this day served a true and correct copy of the attached **Disclosure Statement To Accompany Debtors' Plan of Reorganization** by causing it to be deposited in the United States Mail in a properly addressed envelope with adequate postage affixed thereon to the following:

Lindsay P.S. Kolba
OFFICE OF THE UNITED STATES TRUSTEE
Suite 362, Richard B. Russell Building
75 Ted Turner Drive, SW
Atlanta, GA 30303

This 4th day of October, 2016.

Respectfully submitted,

SCROGGINS & WILLIAMSON, P.C.

/s/ Ashley R. Ray
J. ROBERT WILLIAMSON
Georgia Bar No. 765214
ASHLEY REYNOLDS RAY
Georgia Bar No. 601559

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