UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF INDIANA
HAMMOND DIVISION

In re:	)	
	)	
ILIANA NEUROSPINE INSTITUTE, LLC,	)	Case No. 16-23444-reg
	)	
Debtor.	)	Chapter 11

DISCLOSURE STATEMENT TO DEBTOR ILIANA NEUROSPINE INSTITUTE, LLC'S CHAPTER 11 PLAN OF REORGANIZATION

THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING INFORMATION OF A KIND AND IN SUFFICIENT DETAIL, ADEQUATE TO ENABLE A HYPOTHETICAL INVESTOR TO MAKE AN INFORMED JUDGMENT ABOUT THE CHAPTER 11 PLAN OF REORGANIZATION OF DEBTOR ILIANA NEUROSPINE INSTITUTE, LLC. AS MORE FULLY DESCRIBED IN SECTION V, BALLOTS ON THE PLAN MUST BE RECEIVED BY THE CLERK OF THE BANKRUPTCY COURT NO LATER THAN _____, _____, WITH THE CONFIRMATION HEARING ON THE PLAN COMMENCING ON _____, **2018** AT _____ __.**M**.

October 31, 2017

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DISCLAIMER

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED FOR THE PURPOSE OF SOLICITING ACCEPTANCES OF DEBTOR ILIANA NEUROSPINE INSTITUTE, LLC'S CHAPTER 11 PLAN OF REORGANIZATION (THE **"PLAN"**),[1] A COPY OF WHICH IS ATTACHED HERETO AS EXHIBIT A, AND THE INFORMATION CONTAINED HEREIN MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

ALL CLAIM AND INTEREST HOLDERS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF TITLE 11 OF THE UNITED STATES CODE AND RULE 3016(b) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE, AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NONBANKRUPTCY LAW.

[1] Except as otherwise provided herein, capitalized terms used herein have the meanings ascribed to them in the Plan.

I. INTRODUCTION

On December 8, 2016 (the **"Petition Date"**), Iliana Neurospine Institute, LLC (the **"Debtor"**) filed a petition for relief under title 11 of the United States Code (the **"Bankruptcy Code"**) before the United States Bankruptcy Court for the Northern District of Indiana, Hammond Division (the **"Bankruptcy Court"**), commencing Case Number 16-23444 (the **"Case"**).

The Debtor hereby submits this disclosure statement (this **"Disclosure Statement"**) pursuant to section 1125 of the Bankruptcy Code. This Disclosure Statement is prepared for use in the solicitation of votes on the Plan proposed by the Debtor and filed with the Bankruptcy Court on October 31, 2017.

This Disclosure Statement sets forth certain relevant information regarding the Debtor's prepetition operating and financial history, the need to seek chapter 11 protection, significant events that have occurred during the Debtor's Case, and the anticipated means and procedures for effectuating the Debtor's reorganization through the Plan. This Disclosure Statement also describes terms and provisions of the Plan, including certain alternatives to the Plan, certain effects of confirmation of the Plan, certain risk factors associated with the Plan, and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that Holders of Claims must follow for their votes to be counted.

FOR A DESCRIPTION OF THE PLAN AND VARIOUS RISK AND OTHER FACTORS PERTAINING TO THE PLAN AS IT RELATES TO CLAIMS AGAINST AND INTERESTS IN THE DEBTOR, PLEASE SEE SECTION III OF THIS DISCLOSURE STATEMENT, ENTITLED "SUMMARY OF PRINCIPAL PROVISIONS OF THE PLAN," AND SECTION VII, ENTITLED "RISK FACTORS AFFECTING PLAN."

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, STATUTORY PROVISIONS, DOCUMENTS RELATED TO THE PLAN, EVENTS IN THE CASE, AND FINANCIAL INFORMATION. ALTHOUGH THE DEBTOR BELIEVES 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. THE DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

II. HISTORY OF THE DEBTOR AND ITS CHAPTER 11 CASE

A. The Debtor's Business and Events Leading to Bankruptcy Filing

The Debtor is an Indiana limited liability company that was formed on November 16, 2012. The Debtor's business purpose is to provide healthcare services primarily to patients with personal injury and workers' compensation claims. The Debtor's sole member and sole medical professional, Dr. Ronald Michael, is a board certified specialist in neurological surgery. Dr. Michael earned an A.B. and an S.M. from the University of Chicago in Biological Sciences and Biochemistry in 1981 and 1984, respectively. Dr. Michael graduated from the University of

Illinois, Chicago College of Medicine in 1986, and he completed a residency in neurological surgery at Northwestern University in 1993. Dr. Michael has been practicing medicine for approximately thirty (30) years, including seven years of residency training.

The bulk of the Debtor's medical services relate to spinal surgery. The Debtor's medical practice treats patients suffering from a variety of debilitating ailments, including degenerative and traumatic disc disease. The focus of patient care involves pain management and improvement of the patient's overall well-being. Dr. Michael is on staff at several surgical centers in the greater Chicago area, as well as two hospitals in Illinois. In June 2011, Dr. Michael moved his personal residence to Porter County, Indiana. The principal location of the Debtor's medical practice was moved to Indiana in 2013. The Debtor currently maintains two offices: a primary office in Hammond, Indiana and a secondary office in Chicago, Illinois. Dr. Michael is the sole surgeon employed by Debtor, and he provides all of the medical services offered to patients by the Debtor. In addition to Dr. Michael, the Debtor employs three (3) full-time employees, who provide administrative and clerical services to support the Debtor's business.

The Debtor's revenue is generated from a variety of healthcare services including diagnosis, treatment and, in some instances, testimony by the treating surgeon on behalf of patients who have personal injury and workers' compensation claims. The Debtor does not accept governmental or third party insurance. Indeed, many of the Debtor's patients are indigent and do not have insurance. Accordingly, the Debtor's revenue is primarily based on collection of patient charges from litigation recoveries. To support the Debtor's efforts to collect its bills, the Debtor requires its employees (principally Dr. Michael) to assert and sometimes enforce statutory lien rights in accordance with applicable state law; dictate notes and prepare complex narrative reports; participate in depositions; testify at trial; communicate extensively with patients and their legal counsel; and defend the nature and scope of patient treatment and related charges. Absent Dr. Michael's active participation in the litigation and collection process as an employee of the Debtor, the bills and medical records can be barred at trial and the Debtor's ability to collect can be compromised. Although the Debtor relies primarily on payment from patient litigation recoveries, either through settlement, mediation, arbitration or trial, the fees charged by the Debtor for medical services rendered are not contingent upon the successful outcome of litigation and patients are financially responsible for all charges regardless of the litigation outcome. Occasionally, the Debtor files lawsuits against former patients to collect unpaid bills where, in the exercise of the Debtor's reasonable business judgment taking into consideration the time and costs associated with such collection efforts, a meaningful recovery is likely to occur.

From 2001 to 2013, Dr. Michael's medical practice was located in Illinois and he did business through Illinois Neurospine Institute, P.C. (**"INI IL"**), where Dr. Michael was also the sole owner. In July 2014, INI IL merged into Zenith Neurospine Institute, LLC, which was renamed Illinois Neurospine Institute, LLC. Illinois Neurospine Institute, LLC then merged with the Debtor, which assumed all of the assets and liabilities of INI IL. Since 2010, INI IL and the Debtor have been profitable, generating annual revenue ranging from $1.2 million to nearly $2.7 million. The Debtor projects revenue in excess of $2 million per year going forward.

On or about April 21, 2006, Dr. Michael and INI IL, as co-borrowers, promised to pay First United Bank (**"Bank"**) the original principal amount of $4,251,000.00, pursuant to a Promissory Note and related loan documents (**"Loan"**). The Loan was not related to INI IL's

healthcare business, but arose out of a separate business venture of Dr. Michael. The Loan matured on April 21, 2011. Effective as of May 12, 2011, Dr. Michael entered into a Forbearance Agreement with the Bank, whereby the Bank agreed to forbear from enforcing any of its remedies against Dr. Michael until April 24, 2013. In connection with the Forbearance Agreement, on or about June 22, 2011, Dr. Michael and the Bank entered into a Change in Terms Agreement (the **"Change Agreement"**) which, inter alia, acknowledged that INI IL was released and discharged from any and all liability in connection with the Loan, and reduced the principal amount of the Loan, for which only Dr. Michael remained liable, to $3,432,140.68.

Upon information and belief, the Bank was closed sometime after execution of the Change Agreement, and the FDIC was appointed as receiver of the Bank's assets. On January 6, 2014, the FDIC, as receiver for the Bank, filed a lawsuit against Dr. Michael and INI IL in the matter of *Federal Deposit Insurance Corporation v. Illinois Neurospine Institute, P.C., et al*, in the United States District Court Northern District of Illinois (the **"Illinois District Court"**), under Case Number 1:14-cv-00064 (the **"Illinois District Court Action"**). In the Illinois District Court Action, FDIC sought declaratory relief against INI IL that the Change Agreement executed by the Bank was void for lack of consideration and that INI IL therefore remained liable to repay the Loan, and asserted a breach of contract claim against Dr. Michael. On June 24, 2014, the Illinois District Court entered an Order of Default Judgment (the **"Default Judgment"**) against INI IL and Dr. Michael, determining that the Change Agreement was void, and entering judgment in favor of the FDIC and against Dr. Michael and INI IL in the amount of $3,704,572.65, plus $16,636.20 in fees and unspecified court costs. The Illinois District Court denied a motion to vacate the Default Judgment in a Memorandum Opinion and Order dated June 18, 2015. On August 13, 2015, Dr. Michael and INI IL filed a timely notice of appeal, seeking reversal of the Illinois District Court's order denying their motion to vacate the Default Judgment (the **"Seventh Circuit Appeal"**). The Seventh Circuit Appeal is still pending.

Notwithstanding the Seventh Circuit Appeal, the Illinois District Court refused to grant a stay pending appeal and the FDIC initiated supplementary proceedings against Dr. Michael and INI IL. On June 6, 2015, the FDIC caused a citation to discover assets (the **"Citation"**) to be issued by the Clerk of the Illinois District Court on INI IL. The FDIC attempted to serve the Citation on INI IL, notwithstanding the prior merger of INI IL into the Debtor, which was a matter of public record at that time. The Debtor disputes that the Citation was properly served and further disputes that FDIC's purported service of the Citation in the Illinois District Court Action gave rise to a judicial lien on the Debtor's assets, all of which were located in Indiana at that time and through the Debtor's bankruptcy filing, as set forth in pleadings filed in Adversary Proceeding No. 17-02057 (the **"FDIC Adversary Proceeding"**). In light of the FDIC's continued efforts to enforce the Default Judgment throughout 2016, to preserve the value of the Debtor's business pending the outcome of the Seventh Circuit Appeal and to otherwise facilitate a reorganization of the business, Dr. Michael directed the Debtor to file a voluntary petition for relief under chapter 11 of the Bankruptcy Code on December 8, 2016.

B. The Debtor's Bankruptcy Case

Since the Petition Date, the Debtor has remained in possession of its assets, and it has continued to operate its business and administer its estate as a debtor in possession pursuant to §§1107 and 1108 of the Bankruptcy Code. The Debtor has all of the rights and powers of a trustee in bankruptcy pursuant to § 1107(a) of the Bankruptcy Code.

As of the Petition Date, the Debtor's assets consisted principally of accounts receivable from its healthcare business in the face amount of approximately $23 million. Based on the nature of the Debtor's business being tied to patient litigation recoveries, given the extended duration of personal injury and workers' compensation proceedings, some of the Debtor's accounts receivable date back seven (7) or more years. In addition to accounts receivable, as of the Petition Date, the Debtor's assets included cash of approximately $24,000, office furniture and equipment (i.e., computers) of negligible value, and medical equipment with estimated value of $51,000. The Debtor leases its primary office in Hammond, Indiana from NW Indiana Holdings, which is an entity owned by Dr. Michael.

Shortly after the Petition Date, the Debtor filed a motion for authority to use cash collateral based on the FDIC's alleged secured claim and asserted interest in cash collateral. On April 20, 2017, the Bankruptcy Court entered an Order Concerning Further Proceedings [Doc. 99] determining that Stipulated Second Interim Order Authorizing Debtor-In-Possession to Use Cash Collateral, Granting Adequate Protection, and Affording Other Related Relief [Doc. 62] (the **"Cash Collateral Order"**) would remain in effect pending further order of the Bankruptcy Court or further agreement between the Debtor and FDIC. The Debtor has been operating under the Cash Collateral Order and related budget since that time. Under the Cash Collateral Order, the Debtor granted FDIC replacement liens on the same types of property covered by FDIC's alleged prepetition liens to the extent of any diminution of value in FDIC's alleged interests, while preserving its objection to FDIC's secured status. Pursuant to the Cash Collateral Order, since approximately February 2017, the Debtor has made provisional monthly adequate protection payments of $28,000 to FDIC, while reserving its right to determine the application of such payments to principal, interest or attorneys' fees.

On January 5, 2017, the Debtor filed it schedules of assets and liabilities, along with its statement of financial affairs [Doc. 39].

On January 6, 2017, the Bankruptcy Court granted the United States Trustee's motion to excuse the appointment of a patient care ombudsman [Doc. 44].

In addition, the Bankruptcy Court granted the Debtor's applications to employ certain professionals, including Gouveia & Associates, LLC [Doc. 55], which was substituted with Shaw Fishman Glantz & Towbin LLC as the Debtor's general bankruptcy counsel by order dated August 28, 2017 [Doc. 198]; Carol Colletti of Southwest Financial Services as accountant [Doc. 85]; the Law Firm of Rieck and Crotty, P.C. as special counsel for collection matters [Doc. 103]; and Newpoint Advisors Corporation as financial advisor [Doc. 199].

On May 22, 2017, the FDIC filed a motion to convert or dismiss the Debtor's bankruptcy case (**"Motion to Dismiss"**) [Doc. 126]. The Motion to Dismiss has been continued from time to time, and is expected to be heard in conjunction with the Plan confirmation hearing.

The Debtor has filed monthly operating reports since the commencement of the Case. [Docs. 95, 121, 122, 123, 124, 176, 183, 197, 209, 224]. The monthly operating reports reflect that the Debtor's gross revenue for the first three quarters of 2017 is in excess of $1.7 million, and the Debtor's cash position has increased by approximately $660,000 since the Petition Date,

while the Debtor has paid all of its ordinary operating expenses, substantial adequate protection payments to the FDIC, and bankruptcy professional fees.

III. SUMMARY OF PRINCIPAL PROVISIONS OF THE PLAN

THE FOLLOWING IS A SUMMARY OF CERTAIN INFORMATION CONTAINED IN THE PLAN. THE DEBTOR URGES ALL CREDITORS, INTEREST HOLDERS AND OTHER PARTIES-IN-INTEREST TO REVIEW THE PLAN IN ITS ENTIRETY BEFORE VOTING ON THE PLAN OR TAKING ANY OTHER ACTION WITH RESPECT THERETO.

A. Overview of the Plan.

The Debtor has concluded, after a careful review of its current business operations, its prospects as an ongoing business enterprise, and the limited proceeds that a liquidation of its assets will generate, that the Debtor's continued operation as a going concern will maximize the recovery of Holders of Allowed Claims. The Debtor believes that its business has significant value that would be lost in a liquidation scenario. Moreover, as reflected in the liquidation analysis and the financial projections accompanying this Disclosure Statement, the value that the Debtor can generate for Holders of Allowed Claims is greater as a going concern than if the Debtor's assets were liquidated.

Consequently, the Plan provides for the reorganization of the Debtor's business (as opposed to a liquidation of the Debtor's assets) and the resolution of all outstanding Claims against and Interests in the Debtor. With the exception of certain priority tax claims and convenience class claims of $1,500 or less, which are to be paid in full shortly after confirmation of the Plan, the Plan contemplates payment of Allowed Claims in full, with interest over a period of five (5) years, subject to the ability of Holders of Allowed Claims to elect discounted lump sum settlements to be paid within sixty (60) days of the Effective Date. The Plan further contemplates that Dr. Michael, the Debtor's sole member, will retain his ownership interest in the Debtor in exchange for his continued services and commitment to operate the Debtor's business, collect receivables, and facilitate creditor payments under the Plan. Under the Plan, Dr. Michael will receive a salary of $30,000 per month, which is commensurate with the salary that Dr. Michael earned during the pendency of the Case. Because the Debtor is a pass-through entity for tax purposes, Dr. Michael as sole member bears personal liability for income taxes. Accordingly, the Plan contemplates modest additional distributions to Dr. Michael sufficient to cover his tax obligations based on net income generated by the Reorganized Debtor's business operations.

The Plan is intended to fully repay holders of Allowed Claims, and it is therefore designed to allow Holders of Allowed Claims to receive distributions far in excess of those which would be available if the Debtor's assets were liquidated under chapter 7 of the Bankruptcy Code. The approval and consummation of the Plan and other related agreements will enable the Debtor to effectuate its reorganization, continue its business operations, and make distributions to Holders of Allowed Claims pursuant to the Plan.

B. Summary of Plan, Classification of Claims and Interests and their Treatment[1]

Under the Plan, Claims against and Interests in the Debtor are divided into Classes which group together substantially similar Claims and Interests. The following summarizes the classification and treatment of Claims and Interests by the Debtor under the Plan.

Class	***Claims in Class***	***Plan Treatment***	***Status***	***Voting Rights***
Class 1 (Priority Non-Tax Claims)	None.	Any Allowed Priority Non-Tax Claims will be paid **in full** on the Effective Date. **No anticipated distribution.**	Unimpaired	Deemed to Accept
Class 2 (Disputed FDIC Secured Claim)	FDIC ($1,775,117.00 subject to entry of Final Order allowing FDIC Secured Claim)	Unless FDIC elects to receive a discounted lump sum settlement in the amount of $1,500,000, any Allowed FDIC Secured Claim will be paid in full over 5 years with interest at 5.25% per annum. **Distribution estimated at 100%.**	Impaired	Entitled to Vote
Class 3 (Other Secured Claims)	IL Dept. Rev. ($1,547.20)	Holders of Allowed Other Secured Claims shall be Rendered Unimpaired. **Distribution estimated at 100%.**	Unimpaired	Deemed to Accept
Class 4 (Unsecured Claims of $1,500 or Less)	5/3 Bank ($329) Bank of America ($922) Chase Bank ($743)	Holders of Allowed Unsecured Claims of $1,500 or Less shall receive a Cash payment equal to 75% of their respective Allowed Class 4 Claim on the later of (i) 30 days after the Effective Date or (ii) 30 days after such Holder's Claim becomes an Allowed Claim. **Distribution estimated at 75%.**	Impaired	Entitled to Vote

[1] The following summary of the Plan is qualified in its entirety by, and should be read in conjunction with, the Plan.

Class	***Claims in Class***	***Plan Treatment***	***Status***	***Voting Rights***
Class 5 (Disputed FDIC Unsecured Claim)	FDIC ($3,200,000, assuming no Allowed FDIC Secured Claim)	Any Allowed FDIC Unsecured Claim will be paid in full over 5 years with interest at the Federal Judgment Rate. **Distribution estimated at 100%.**	Impaired	Entitled to Vote
Class 6 (Co-Debtor General Unsecured Claims)	Barnes & Thornburg ($2,000.00); Citi ($46,211.23)	Holders of Allowed Co-Debtor General Unsecured Claims may elect 50% lump sum payment within sixty (60) days of the Effective Date, or Holders of Allowed Co-Debtor General Unsecured Claims will receive 90% of claim amount payable over 5 years with interest at the Federal Judgment Rate, with remaining 10% of claim payable by Co-Debtor, Ronald Michael, on similar terms. **Distribution estimated at 100%.**	Impaired	Entitled to Vote
Class 7 (Other General Unsecured Claims)	Select Surgical Solutions ($81,633.84)	Holders of Allowed Other General Unsecured Claims may elect 50% lump sum payment within sixty (60) days of the Effective Date, or Holders of Other General Unsecured Claims will receive payment in full over 5 years with interest at the Federal Judgment Rate. **Distribution estimated at 100%.**	Impaired	Entitled to Vote

Class	***Claims in Class***	***Plan Treatment***	***Status***	***Voting Rights***
Class 8 (Disputed Medical Malpractice Claims)	Herlinda Gonzalez & Armando Garcia ($5,000,000)	Holder of any Allowed Medical Malpractice Unsecured Claim that exceeds Debtor's insurance policy limits and is not otherwise payable by the Debtor's insurance carrier shall receive payment over 5 years with interest at the Federal Judgment Rate. **No anticipated distribution.**	Impaired	Entitled to Vote
Class 9 (Interests)	Ronald Michael	Equity Holder shall retain Interests.	Unimpaired	Deemed to Accept

C. Additional Information Regarding Classification and Treatment of Claims and Interests.

The following is a more detailed summary of the classifications and treatment of Claims and Interests under the Plan.

Unclassified Administrative Claims and Priority Tax Claims: Administrative Claims and Priority Tax Claims are not classified because the Bankruptcy Code requires, and Holders of Allowed Administrative and Priority Tax Claims shall receive, **payment in full** in Cash either on the Effective Date, or at such time as may be agreed to between the Debtor and such Holders; provided, however, that if such Holder's Administrative Claim is disputed or subject to setoff by reason of an action that is or may be brought by the Debtor, or otherwise, then such Administrative Claim shall be payable only to the extent allowed by Final Order of the Bankruptcy Court. Allowed Administrative Claims arising from liabilities incurred in the ordinary course of the Debtor's business during the Case shall be paid or satisfied according to the terms and conditions of any applicable agreements, course of dealing, or industry practice relating thereto. Administrative Claims include (i) Claims of Professionals retained in the Case and statutory fees associated with the maintenance of the Debtor's Case (collectively, **"Professional Fee Claims"**), (ii) Claims for goods provided to the Debtor within 20 days before the Petition Date in the ordinary course of the Debtor's business, if any (**"§ 503(b)(9) Claims"**), and (iii) Claims for goods and services provided to the Debtor after the Petition Date in the ordinary course of the Debtor's business.

Except for Professional Fee Claims, the Debtor has been paying administrative creditors in the ordinary course of business on a postpetition basis. Therefore, at present, the Debtor estimates that Administrative Claims (net of Professional Fee Claims) will aggregate a *de minimis* amount on the Effective Date. The Debtor estimates that Professional Fee Claims will total approximately $100,000.00 (net of existing retainers) on the Effective Date. No § 503(b)(9) Claims were filed prior to the Claims Bar Date.

With respect to Priority Tax Claims, the Debtor scheduled no such Claims on the bankruptcy schedules that it filed at the inception of the Case. As of October 27, 2017, the claims register maintained by the Bankruptcy Court for the Debtor reflects Priority Tax Claims in the approximate amount of $10,000, but the Debtor disputes and intends to object to such Claims.

Class 1 – Priority Non-Tax Claims. Class 1 Claims consist of all Allowed Claims, other than Administrative Claims or Priority Tax Claims, that are entitled to priority in payment pursuant to sections 507(a)(1) – (9) of the Bankruptcy Code. These Claims are Unimpaired under the Plan, which means that their Holders are presumed to accept the Plan and are therefore not entitled to vote on the Plan. Under the Plan, each Holder of an Allowed Non-Tax Priority Claim shall be **paid in full**, without interest, either on the Effective Date, on such other terms as may be agreed upon by such Holder and the Debtor, or according to the terms and conditions of any applicable agreements, course of dealing, or Debtor policies relating thereto. The Debtor's schedules reflect $0 in unpaid Priority Non-Tax Claims. Therefore, the Debtor does not anticipate any payment of Allowed Priority Non-Tax Claims on the Effective Date. As of October 27, 2017, the claims register maintained by the Bankruptcy Court for the Debtor reflects $0 in Priority Non-Tax Claims.

Class 2 – Disputed FDIC Secured Claim. The Debtor disputes any FDIC Secured Claim based on the Seventh Circuit Appeal and the FDIC Adversary Proceeding. Under the Plan, any Allowed FDIC Secured Claim (based on the outcome of the Seventh Circuit Appeal and/or the FDIC Adversary Proceeding), the Holder of any Allowed FDIC Secured Claim shall elect to be treated in one of the following ways:

i. On or before the deadline for voting to accept or reject the Plan as established by the Bankruptcy Court, FDIC may elect to receive a lump sum payment in the amount of one million five hundred thousand and 00/100 dollars ($1,500,000.00) (the **"Stipulated Allowed FDIC Claim"**) in full satisfaction of the FDIC Claim (including any obligation of the Co-Debtor with respect to the FDIC Claim), payable within sixty (60) days of the Effective Date, subject to the Reorganized Debtor's ability to obtain financing necessary to pay such Stipulated Allowed FDIC Claim within that time. Should the Reorganized Debtor be unable to pay the Stipulated Allowed FDIC Claim as set forth herein, any Allowed FDIC Secured Claim shall be treated in the manner described below.

ii. In the absence of the FDIC electing the Stipulated Allowed FDIC Claim (and subject to the Reorganized Debtor's ability to pay such stipulated claim), in full satisfaction of the Allowed FDIC Secured Claim, the Allowed FDIC Secured Claim shall be reduced by the total amount of the adequate protection payments made by the Debtor to the FDIC since the commencement of the Case (the **"Adequate Protection Payment Reduction"**), and the Reorganized Debtor shall pay to the Holder of the balance of the Allowed FDIC Secured Claim (less the Adequate Protection Payment Reduction) equal monthly principal and interest payments amortized over a period of five (5) years (**"Monthly Payments"**) on the unpaid balance of the Allowed FDIC Secured Claim, with interest calculated at 5.25% per annum, which Monthly Payments shall commence to accrue on the Effective Date, become payable on the first Monthly Payment Date following the date on which the Disputed FDIC Secured

Claim is determined by a Final Order to be an Allowed Claim, and which Monthly Payments shall continue to be paid on each Monthly Payment Date thereafter until the earlier of the date the Allowed FDIC Secured Claim is paid in full or the Maturity Date[2]; provided, however, that, the Reorganized Debtor may, in its sole discretion, elect to make early and/or additional payments to the FDIC towards satisfaction of any Allowed FDIC Secured Claim prior to the Maturity Date without any prepayment penalty.

Should the Disputed FDIC Secured Claim not be deemed an Allowed Claim as of the Effective Date, the Reorganized Debtor shall commence payments with respect to the Allowed FDIC Unsecured Claim and maintain sufficient funds in escrow necessary to pay the difference between the Allowed FDIC Unsecured Claim and any Allowed FDIC Secured Claim upon entry of a Final Order allowing such Claim retroactive to the Effective Date. The Holder of any Allowed FDIC Secured Claim shall retain its Judicial Lien and Adequate Protection Lien on the Collateral to secure the Allowed FDIC Secured Claim until such claim is indefeasibly paid in full in accordance with this Section 2.2.2. Upon payment in full of the Allowed FDIC Secured Claim in accordance with the provisions of this Section 2.2.2, the FDIC's Judicial Lien and the Adequate Protection Lien and any other lien or security interests asserted by FDIC shall be deemed released.

The Debtor estimates a **100% distribution** to the Holder of any Allowed FDIC Secured Claim. The Class 2 Disputed FDIC Secured Claim is impaired and the Holder of the Class 2 Disputed FDIC Secured Claim is entitled to vote to accept or reject the Plan.

Class 3 – Other Secured Claims. Class 3 Claims consist of secured claims other than the Disputed FDIC Secured Claim and that are secured by a lien or encumbrance on property of the Debtor to the extent of the value of that lien or encumbrance in accordance with section 506(a) of the Bankruptcy Code. Allowed Other Secured Claims will be Rendered Unimpaired under the Plan. Specifically, the Holder of any Other Secured Claim shall, at the Reorganized Debtor's option after the Effective Date, (i) have its legal, equitable, and contractual rights left unaltered, or (ii) have any existing default by the Debtor cured and compensated in accordance with § 1124(2) of the Bankruptcy Code. The Indiana Department of Revenue has asserted a secured claim in the amount of $1,547.20, which the Debtor disputes. In any event, the Debtor estimates a **100% distribution** to Holders of Allowed Other Secured Claims.

Class 4 – Unsecured Claims of $1,500 or Less. Class 4 Claims consist of all Unsecured Claims in either (i) the amount of Fifteen Hundred Dollars ($1,500) or less or (ii) which the Holder thereof voluntarily reduces to $1,500. Class 4 Claims are impaired under the Plan, and thus each Holder of an Allowed Class 4 Claim is entitled to vote to accept or reject the Plan. Each Holder of an Allowed Class 4 Claim shall receive a **Cash payment equal to 75%** of their respective Allowed Class 4 Claim, in complete and total satisfaction of such Allowed Class 4 Claim, as soon as is practicable on the later of (i) thirty (30) days after the Effective Date, or (ii)

[2] The Plan defines the **"Maturity Date"** as that means that date that is five (5) years after the first Monthly Payment Date or the first Quarterly Payment Date, as applicable, on which date the final scheduled payments are due to be paid to certain Holders of Allowed Claims. Any failure to make payments required by the Plan on or before the Maturity Date shall constitute a Default under the Plan.

thirty (30) days after such Holders' Claims become Allowed Claims. Class 4 Claims are impaired under the Plan, and thus each Holder of an Allowed Class 4 Claim is entitled to vote to accept or reject the Plan.

Class 5 – Disputed FDIC Unsecured Claim. Class 5 is comprised of the Disputed FDIC Unsecured Claim. Subject to the Bankruptcy Court's determination that the FDIC has an Allowed Secured Claim, the entire FDIC Claim shall be deemed an Allowed FDIC Unsecured Claim. In full satisfaction of any Allowed FDIC Unsecured Claim, the Allowed FDIC Unsecured Claim shall be reduced by the Adequate Protection Payment Reduction, and the Reorganized Debtor shall pay to the Holder of the balance of the Allowed FDIC Unsecured Claim (less the Adequate Protection Payment Reduction) equal monthly principal and interest payments (**"Monthly Payments"**) on the unpaid balance of the Allowed FDIC Unsecured Claim, with interest calculated at the Federal Judgment Rate,[3] which Monthly Payments shall commence to accrue on the Effective Date, become payable on the first Monthly Payment Date, and continue to be paid on each Monthly Payment Date thereafter until the earlier of the date the Allowed FDIC Unsecured Claim is paid in full or the Maturity Date.

The Debtor estimates a **100% distribution** to the Holder of the Class 5 Disputed FDIC Unsecured Claim. The Class 5 Disputed FDIC Unsecured Claim is impaired and the Holder of the Class 5 Claim is entitled to vote to accept or reject the Plan.

Class 6 – Co-Debtor General Unsecured Claims. Class 6 Claims consist of Co-Debtor General Unsecured Claims, including the $2,000.00 scheduled claim of Barnes & Thornburg and the $46,211.23 scheduled claim of Citi; provided, however, that if Barnes & Thornburg elects to be treated as a Class 4 Claim, the payment of such Class 4 Claim shall fully satisfy any Claim of Barnes & Thornburg against the Co-Debtor. Allowed Class 6 Co-Debtor General Unsecured Claims shall be treated in one of the following ways:

i. On or before the deadline for voting to accept or reject the Plan as established by the Bankruptcy Court, provided that the Holder of any Allowed Co-Debtor General Unsecured Claim votes to accept the Plan, the Holder of any such Allowed Co-Debtor General Unsecured Claim may elect to receive a lump sum payment in an amount equal to 50% of such Allowed Co-Debtor General Unsecured Claim in full satisfaction of such Claim (including any obligation of the Co-Debtor), which amount shall be payable by the Reorganized Debtor within sixty (60) days of the Effective Date.

ii. Should the Holder of any Allowed Co-Debtor General Unsecured Claim not elect to receive the discounted lump sum payment as set forth in the immediately preceding paragraph, the Reorganized Debtor shall pay to the Holder of such Allowed Co-Debtor General Unsecured Claim equal quarterly principal and interest payments on 90% of such claim (with Co-Debtor Ronald Michael to pay the remaining 10% of such claim on similar terms) amortized over a period of five

[3] The Plan defines **"Federal Judgment Rate"** as the applicable post-judgment interest rate pursuant to 28 U.S.C. § 1961 as of the Effective Date. As of the date of this Disclosure Statement, the Federal Judgment rate is 1.43% per annum.

(5) years with interest calculated at the Federal Judgment Rate (**"Quarterly Payments"**), which Quarterly Payments shall commence to accrue on the Effective Date, become payable on the first Quarterly Payment Date, and continue to be paid on each Quarterly Payment Date thereafter until the earlier of the date the such Allowed Co-Debtor General Unsecured Claims are paid in full or the Maturity Date.

The Debtor estimates a **100% distribution** to Holders of Allowed Co-Debtor General Unsecured Claims. Class 6 Claims are impaired under the Plan, and the Holders of Class 6 Co-Debtor General Unsecured Claims are entitled to vote to accept or reject the Plan.

Class 7 – Other General Unsecured Claims. Class 7 Claims consist of Other General Unsecured Claims, including the $81,633.84 filed claim of Select Surgical Solutions. Allowed Other General Unsecured Claims shall be treated in one of the following ways:

i. On or before the deadline for voting to accept or reject the Plan as established by the Bankruptcy Court, provided that the Holder of any Allowed Other General Unsecured Claim votes to accept the Plan, the Holder of any such Allowed Other General Unsecured Claim may elect to receive a lump sum payment in an amount equal to 50% of such Allowed Other General Unsecured Claim, which amount shall be payable by the Reorganized Debtor within sixty (60) days of the Effective Date.

ii. Should the Holder of any Allowed Other General Unsecured Claim not elect to receive the discounted lump sum payment as set forth in the immediately preceding paragraph, the Reorganized Debtor shall pay to the Holder of such any Allowed Other General Unsecured Claim equal quarterly principal and interest payments amortized over a period of five (5) years with interest calculated at the Federal Judgment Rate (**"Quarterly Payments"**), which Quarterly Payments shall commence to accrue on the Effective Date, become payable on the first Quarterly Payment Date, and continue to be paid on each Quarterly Payment Date thereafter until the earlier of the date the such Allowed Other General Unsecured Claim is paid in full or the Maturity Date.

The Debtor estimates a **100% distribution** to Holders of Allowed Other General Unsecured Claims. Class 7 Claims are impaired under the Plan, and the Holders of Class 7 Other General Unsecured Claims are entitled to vote to accept or reject the Plan.

Class 8 – Disputed Medical Malpractice Claims. Class 8 Claims consist of Disputed Medical Malpractice Claims, including the related claims of Herlinda Gonzalez and Armando Garcia asserting nonpriority unsecured claims in the amount of $5,000,000. The Debtor disputes liability with regard to these claims, which are being defended by the Debtor's insurance carrier. The Debtor further disputes these claims as they were filed after the Claims Bar Date. The Holder of any Allowed Medical Malpractice Unsecured Claim that exceeds the Debtor's insurance policy limits and is not otherwise payable by the Debtor's insurance carrier, shall receive equal quarterly principal and interest payments amortized over a period of five (5) years with interest calculated at the Federal Judgment Rate (**"Quarterly Payments"**), which Quarterly Payments shall commence to accrue on the Effective Date, become payable on the first Quarterly

Payment Date following the entry of a Final Order determining such Allowed Medical Malpractice Unsecured Claims, and continue to be paid on each Quarterly Payment Date thereafter until the earlier of the date such Allowed Medical Malpractice Unsecured Claims are paid in full or the Maturity Date.

The Debtor does not anticipate any distribution to Holders of Class 8 Disputed Medical Malpractice Claims. Class 8 Claims are impaired under the Plan, and the Holders of Class 8 Disputed Medical Malpractice Claims are entitled to vote to accept or reject the Plan

Class 9 - Interests: Class 9 Interests, which consist of the rights conferred upon the Debtor's sole member, Ronald Michael, will be retained under the Plan. Accordingly, Class 9 Interests are unimpaired and the Equity Holder is deemed to have accepted the Plan.

D. Summary of Implementation of the Plan.

The Plan contemplates the Debtor's ongoing business operation as the Reorganized Debtor. To the extent applicable under the Plan and to the extent necessary or required under applicable law, the articles of organization and the operating agreement of the Reorganized Debtor will be amended to provide for the implementation of the Plan and the prohibition of the issuance of nonvoting equity securities as required by 11 U.S.C. § 1123(a) as of the Effective Date. The Reorganized Debtor may thereafter amend and restate its articles of organization or operating agreement as permitted under applicable law, subject only to the terms and conditions of the Plan.

As of the Effective Date, one hundred percent (100%) of the Interests in the Reorganized Debtor shall vest in the Equity Holder, Dr. Michael.

This Plan shall be funded from (i) the Reorganized Debtor's available Cash, (ii) any financing obtained by the Reorganized Debtor to fund the Stipulated Allowed FDIC Claim; and (iii) the Reorganized Debtor's business operations.

The Reorganized Debtor shall make all of the distributions contemplated under the Plan as the **"Distribution Agent."** To fund the distributions that the Plan requires, the Distribution Agent shall be revested with title to all assets of the Debtor's Estate, including, without limitation, all cash and cash equivalents, accounts receivable, and Litigation Claims retained under the Plan, free and clear of all liens, claims and interests and subject only to the treatment of Claims and Interests as set forth in the Plan. The holders of Claims against the Debtor shall be the sole and exclusive beneficiaries of the Plan and the distributions made thereunder, it being the intent of the Debtor that there be no unintended or incidental beneficiary under the Plan or of the distributions made thereunder. On the Effective Date, any executory contracts that (i) the Debtor entered into prior to the Petition Date, (ii) are executory as of the Effective Date, and (iii) have not been assumed or rejected pursuant to section 365 of the Bankruptcy Code before the Effective Date, shall be assumed.

E. Summary of Recovery Analysis.

The Plan, which provides for the Debtor's reorganization and continuing business operations, is the only realistic alternative to a liquidation of the Debtor's assets under chapter 7 of the Bankruptcy Code. Furthermore, as more fully described below in Section VIII(B), the

Debtor believes that the Plan will generate a larger and quicker recovery for the Holders of Allowed Claims than would be achieved through a chapter 7 liquidation and its attendant delays. In addition to eliminating the Debtor as a customer for those creditors currently doing business with the Debtor, a conversion of the Debtor's Case to a chapter 7 liquidation would generate additional claims and expenses that would diminish the assets available for distribution to Holders of Allowed Claims. Moreover, a chapter 7 liquidation would not have the benefit of Dr. Michael's significant contributions to the collection of accounts receivable, not to mention the generation of additional accounts receivable from future services. The Plan contemplates the use of these funding sources, together with the Reorganized Debtor's available cash, to begin making distributions to Holders of all Allowed Claims within sixty (60) days of the Effective Date. **Accordingly, the Debtor believes that the Plan provides the best recoveries possible for the Holders of Claims against the Debtor, and therefore, the Debtor strongly recommends that you vote to accept the Plan.**

F. Timing of Distributions Under the Plan.

The Plan generally provides for the Reorganized Debtor to make distributions on account of Allowed Administrative Claims, Priority Tax Claims, Allowed Other Secured Claims, and Allowed Unsecured Claims of $1,500 or Less as soon as is practicable on the later of (a) within thirty (30) days the Effective Date, or (b) within thirty (30) days of when a Claim becomes an Allowed Claim. The Plan provides for the Reorganized Debtor to make distributions on account of any Allowed FDIC Secured Claim and/or the Allowed FDIC Unsecured Claim beginning on the third business day of the first full month after the Effective Date, and to the Holders of Allowed Co-Debtor General Unsecured Claims and Allowed Other General Unsecured Claims on the third business day after the beginning of calendar quarter (i.e., January 1, April 1, July 1 and September 1) after the Effective Date, and on a regular monthly or quarterly thereafter, as applicable, for a period of five (5) years until such Claims are paid in full.

IV. GENERAL INFORMATION REGARDING DISCLOSURE STATEMENT

A. Purpose of Disclosure Statement.

Pursuant to section 1125 of the Bankruptcy Code, the Debtor has disseminated this Disclosure Statement to all known Holders of Claims against and Interests in the Debtor. The Disclosure Statement serves the following two purposes: (i) solicitation of acceptances from those entitled to vote on the Plan; and (ii) notification of the hearing in the Bankruptcy Court on confirmation of the Plan, which is scheduled to commence on **_____ at _____ __.m. ( ).**

This Disclosure Statement is filed with respect to the Plan to describe, among other things, the treatment of the various Classes of Claims against and Interests in the Debtor under the Plan and the means for execution of the Plan. The rules of construction and definitions contained in the Bankruptcy Code and Bankruptcy Rules are applicable to this Disclosure Statement. Unless otherwise indicated, all statutory references in this Disclosure Statement shall refer to the Bankruptcy Code and Bankruptcy Rules, as applicable.

B. Approval of Disclosure Statement.

On _____ ___, 2017, the Bankruptcy Court approved this Disclosure Statement, subject to minor modifications incorporated herein, as containing information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the Debtor and the condition of the Debtor's books and records, that would enable a hypothetical investor to make an informed judgment about the Plan. In determining whether this Disclosure Statement provides adequate information, the Bankruptcy Court considered the complexity of this case, the benefit of additional information to creditors and other parties in interest, and the cost of providing additional information. Approval of this Disclosure Statement, however, did not constitute a determination by the Bankruptcy Court as to the fairness or merits of the Plan. Furthermore, this Disclosure Statement is not intended to be an offering memorandum or securities prospectus and is exempt from all applicable federal and state securities laws pursuant to section 1125(e) of the Bankruptcy Code.

C. Dissemination of Disclosure Statement.

This Disclosure Statement has been provided to each party in interest whose Claim or Interest has been scheduled or who has filed a proof of Claim or Interest in this Case. It is intended to assist such parties in evaluating the Plan and in determining whether to accept or reject the Plan. Under the Bankruptcy Code, your vote for acceptance or rejection of the Plan may not be solicited unless you have received a copy of this Disclosure Statement prior to or concurrently with such solicitation. Each Holder of a Claim or Interest should carefully read this Disclosure Statement and the Plan in their entirety before voting on the Plan.

D. Sources of Information and Disclaimer.

This Disclosure Statement may not be relied upon for any purpose other than to determine whether to accept or reject the Plan. Nothing contained in this Disclosure Statement shall constitute an admission by the Debtor or any other party regarding the subject matter of the Disclosure Statement, be admissible in any proceeding (for evidentiary purposes or otherwise) involving the Debtor or any other party, or be deemed advice on the tax or other legal effects of the Plan on Claim or Interest Holders. In the event of any inconsistency between this Disclosure Statement and the Plan, the terms of the Plan shall control.

Except as otherwise expressly indicated herein, the information contained in this Disclosure Statement has been obtained from the Debtor's books and records and certain pleadings, papers and other documents filed with the Bankruptcy Court. There has been no independent audit of the financial information contained in this Disclosure Statement.

V. CONFIRMATION PROCEDURES

A. Restrictions on Solicitation of Votes.

No information concerning the Plan or any assets or liabilities of the Debtor has been authorized by the Bankruptcy Court to be disseminated in connection with the solicitation of acceptances or rejections of the Plan other than as set forth in this Disclosure Statement. No party has been authorized to solicit acceptances or rejections of the Plan other than the Debtor as the proponent of the Plan. Any inducements to secure your acceptance or rejection of the Plan

other than as contained in this Disclosure Statement should not be relied upon by Holders of Claims or Interests in voting on the Plan. Any such information or inducement should be reported immediately to the Debtor for further action as may be appropriate before the Bankruptcy Court.

B. Classes Entitled to Vote.

There are nine (9) different classes of Claims and Interests under the Plan. Classes 1 and 3 are unimpaired and are presumed to have accepted the Plan pursuant to section 1126 of the Bankruptcy Code. Holders of Claims in Classes 2, 4, 5, 6, 7 and 8 are impaired under the Plan and are entitled to vote on the Plan. The Equity Holder of Class 9 Interests will retain his Interests upon Confirmation of the Plan and is deemed to accept the Plan.

Pursuant to section 1123(a) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims are not subject to classification. As such, the Holders thereof are not entitled to vote on the Plan. The treatment of Administrative Claims and Priority Tax Claims is set forth in Article II of the Plan.

C. Voting on the Plan.

In order to vote on the Plan, Holders of Claims and Interests in Classes eligible to vote should complete the enclosed ballot and return it to the following address so that it is received on or before _____, 2018 by counsel for the Debtor at the following address:

Gouveia E. Gouveia II
Shaw Fishman Glantz & Towbin LLC
321 N. Clark Street, Suite 800
Chicago, Illinois 60654

ONLY THOSE BALLOTS RETURNED IN A TIMELY MANNER WILL BE COUNTED IN DETERMINING WHETHER A PARTICULAR CLASS OF CLAIM OR INTEREST HOLDERS HAS ACCEPTED OR REJECTED THE PLAN.

D. Confirmation Hearing.

Pursuant to section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a hearing to consider the confirmation of the Plan (the **"Confirmation Hearing"**) on _____, 2018 at _____ __.m. (_____), and it has directed that notice thereof be transmitted to all parties in interest. The Confirmation Hearing will be held before the Honorable Robert E. Grant, Courtroom ____, _____.

The Bankruptcy Court has directed that objections, if any, to the confirmation of the Plan be filed with the Clerk of the United States Bankruptcy Court at 1300 South Harrison Street, Fort Wayne, Indiana 46802-3435, and served on counsel for the Debtor and the United States Trustee at the following addresses on or before _____, 2018:

Gordon E. Gouveia II
Shaw Fishman Glantz & Towbin LLC
321 North Clark Street, Suite 800
Chicago, Illinois 60654

Office of the United States Trustee
100 East Wayne Street, Suite 555
South Bend, IN 46601
Attn: Jennifer Prokop

The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice other than by announcement of the next adjourned date at the Confirmation Hearing or any adjourned Confirmation Hearing. At the Confirmation Hearing or any adjourned Confirmation Hearing, the Bankruptcy Court shall enter an order confirming the Plan if sufficient acceptances thereof have been received from Holders of Claims and Interests entitled to vote on the Plan and if all other statutory requirements have been satisfied.

E. Acceptances Necessary for Confirmation.

At the Confirmation Hearing, the Bankruptcy Court will determine, among other things, whether the Plan has been accepted by each Class that is Impaired under the Plan. Under section 1126 of the Bankruptcy Code, an Impaired Class of Claim Holders is deemed to have accepted the Plan if members of the class that hold two-thirds (2/3) in amount, and more than one-half (1/2) in number, of the Allowed Claims voting on the Plan have voted for acceptance of the Plan. An Impaired Class of Interest Holders is deemed to have accepted the Plan if members of the class holding two-thirds (2/3) in amount of the Allowed Interests voting on the Plan have voted for acceptance of the Plan.

Unless there is unanimous acceptance of the Plan by each Holder of a Claim or Interest in an Impaired Class, the Bankruptcy Court, as an additional requirement for Confirmation, must determine that, under the Plan, the members of each such Class will receive property of a value, as of the Effective Date of the Plan, that is not less than the value that each such Class member would receive if the Debtor was liquidated under chapter 7 of the Bankruptcy Code on the Effective Date of the Plan.

F. Confirmation Without Necessary Acceptances.

Even if one or more classes of Claims or Interests that are Impaired under the Plan reject the Plan, or are deemed to have rejected the Plan, the Bankruptcy Court may confirm the Plan if it finds that at least one (1) Impaired Class of Claims has voted to accept the Plan (determined without including any acceptance of the Plan by an insider) and that the Plan does not "discriminate unfairly," and is "fair and equitable" as to each Impaired Class of Claims or Interests that has not accepted the Plan. This "cramdown" authority is contained in §§ 1129(a)(10) and 1129(b) of the Bankruptcy Code.

VI. SUMMARY OF OTHER SIGNFICANT PROVISIONS OF THE PLAN

A. Means for Execution of the Plan.

This Plan shall be funded from (i) the Reorganized Debtor's available Cash, (ii) any financing obtained by the Reorganized Debtor to fund the Stipulated Secured FDIC Claim; and (iii) the Reorganized Debtor's business operations. Except for those restrictions expressly imposed by the Plan or by the Confirmation Order, on and after the Effective Date, the

Reorganized Debtor shall operate its business and shall use, acquire, or dispose of property without supervision or approval by the Bankruptcy Court and free of any restrictions imposed under or by virtue of the Bankruptcy Code, the Bankruptcy Rules and any other applicable rules and guidelines. Without limiting the generality of the foregoing, the Reorganized Debtor may (i) continue the Debtor's business operations; (ii) obtain credit for business operations and to fund payments to creditors (subordinate to any Liens that continue or arise under this Plan), if necessary; (iii) make capital expenditures; (iv) compromise or settle any post-Effective Date liability, claim or cause of action; and (v) pay all post-Effective Date claims in its ordinary course of business, including compensation of employees and claims of its professional representatives for services rendered and costs incurred from and after the Effective Date, without application to or approval by the Bankruptcy Court.

B. Distribution Agent.

The Reorganized Debtor will act as the Distribution Agent for the purposes of making any and all distributions provided for under the Plan. In making distributions after the Effective Date, the Distribution Agent will reserve appropriate amounts for Disputed Claims. All distributions made pursuant to the Plan which are not negotiated within ninety (90) days after such distributions are made shall revert to and become the property of the Reorganized Debtor free and clear of any and all claims, demands and causes of action.

C. Claims Adjudication/Disputed Claims.

Unless a filed proof of claim is objected to by the Claim Objection Deadline (i.e., the date that is seventy-five (75) days after the Effective Date, or such later date established by the Bankruptcy Court), such Claim shall be deemed Allowed in the amount requested. All objections by the Reorganized Debtor shall be litigated to a Final Order except to the extent the Reorganized Debtor, in its sole discretion, elects to withdraw any such objections or compromise, settle or otherwise resolve any such objection, in which event the Reorganized Debtor may settle, compromise or otherwise resolve any Disputed Claim without approval of the Bankruptcy Court. No payment or Distribution will be made on account of any Claim that is subject to an objection until such time as the Disputed Claim becomes an Allowed Claim, in whole or in part, and no post-confirmation interest on such Claim shall be payable on the allowed portion, if any, with respect to a Disputed Claim except to the extent provided for in the Plan.

D. Retention of Litigation Claims.

Pursuant to section 1123(b)(3)(B) of the Bankruptcy Code, the Litigation Claims, including, any and all avoidance and other actions arising under chapter 5 of the Bankruptcy Code, and actions to collect the Debtor's accounts receivable shall be retained, prosecuted and enforced by the Reorganized Debtor, except to the extent released through the Plan. The Reorganized Debtor may enforce, sue on, settle or compromise any or all such Litigation Claims or, in the exercise of its discretion, may elect to not pursue certain Litigation Claims. The Debtor is not aware of any avoidance or other actions arising under chapter 5 of the Bankruptcy Code and does not anticipate that the Reorganized Debtor will pursue any such actions.

E. Assumption of Executory Contracts and Unexpired Leases.

The Plan provides that, as of the Effective Date, the Reorganized Debtor assumes any executory contract or unexpired lease to which the Debtor is a party, which was in existence on or before the Petition Date and which was not assumed prior to the Petition Date, except any such contract or lease (i) rejected by the Debtor or otherwise terminated prior to the Effective Date, (ii) that is the subject of an application to reject pending as of the Effective Date, or (iii) as to which (A) the non-Debtor party to the contract or lease has objected to the assumption of the contract or lease and (B) such objection has not been resolved between the Debtor and the non-Debtor party or by a Final Order. Each executory contract and unexpired lease assumed pursuant to the Plan shall revest in and be fully enforceable by the Reorganized Debtor in accordance with its terms, except as modified by the provisions of the Plan, or any order of the Bankruptcy Court authorizing and providing for its assumption or applicable federal law. Within 120 days of the Effective Date, the Reorganized Debtor shall, pursuant to the provisions of §§ 365(b) and 1123(b)(2) of the Bankruptcy Code, cure all defaults existing under and pursuant to the unexpired leases and executory contracts assumed under the Plan.

F. Plan Injunction.

Section 8.2 of the Plan provides that except for actions that Holders may take to prosecute or defend their respective Claims or Interests against the Debtor in the Bankruptcy Court, entry of a Confirmation Order will operate as an injunction against the commencement or continuation of an action, the employment of process, or any act to collect, recover or offset any Claim of any Holder against the Debtor, the Estate or the Reorganized Debtor.

G. Plan Exculpation and Indemnification Provisions.

Section 8.3 of the Plan provides for exculpation and indemnification of the Debtor, the Reorganized Debtor, and any of their respective present or former members, officers, directors, officers, employees, advisors, or attorneys with respect to any liability to any Holder of a Claim or an Interest, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Case, formulating, negotiating or implementing the Plan or the Disclosure Statement, the pursuit of the approval of the adequacy of the Disclosure Statement, the pursuit of confirmation of the Plan, the confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan (including the distributions), except for instances of gross negligence or willful misconduct; provided, however, that nothing contained in this Plan shall release any Claim against Ronald Michael that arose prior to the Petition Date, except to the extent that any such Claim is treated, in whole or in part, under the Plan.

H. Administrative Expense Claims and Professional Fee Claims.

All requests for the allowance and/or payment of an Administrative Claim (other than Professional Fee Claims) must be filed with the Bankruptcy Court and served on counsel for the Debtors and the Reorganized Debtor no later than thirty (30) days after the Effective Date. Unless such request is objected to, such Administrative Claims shall be deemed allowed in the

amount requested. In the event that an Administrative Claim is objected to, the Bankruptcy Court shall determine the Allowed amount of the Administrative Claim.

All Professional Fee Claims (including final requests for compensation or reimbursement of Professional fees pursuant to §§ 327, 328, 330, 331, 503(b) or 1103 for services rendered prior to the Effective Date and substantial contribution claims under § 503(b)(4)) must be filed and served within sixty (60) days of the Effective Date, or such later date as the Bankruptcy Court may allow. Objections to applications of Professionals or other entities for compensation or reimbursement of expenses must be filed and served on the requesting Professional no later than twenty-one (21) days (or such longer period as may be allowed by order of the Bankruptcy Court) after the date on which the applicable application for compensation or reimbursement is served.

VII. RISK FACTORS TO BE CONSIDERED

The Debtor's available cash and cash generated from the Debtor's ongoing business operations will be sufficient to make anticipated Plan payments on or shortly after the Effective Date, and to fund the distributions to the Holder of Allowed Claims over the life of the Plan.

However, the following specific risks exist in connection with confirmation of the Plan:

1. Any objection to the Plan filed by a member of a Class could either prevent or delay confirmation of the Plan.

2. In the event that certain Classes fail to meet the minimum Class vote requirements, as described above, the Debtor may request a cramdown of such non-accepting Classes. Failure to secure a cramdown or to suitably amend the Plan, if required, will in all likelihood prevent confirmation of the Plan.

3. Section 1122(a) of the Bankruptcy Code requires that the Plan place a Claim in a particular Class only if the claim is substantially similar to the other Claims of such Class. Moreover, section 1123(a)(4) of the Bankruptcy Code requires that the Plan provide for the same treatment for each Claim of a particular Class, unless the holder of a particular Claim agrees to a less favorable treatment of such particular Claim. The Debtor believes the Plan complies with §§ 1122(a) and 1123(a)(4) and related case law by the classification and treatment of various Claim holders in the Plan. In the event the Bankruptcy Court finds that the Plan violates §§ 1122(a) and 1123(a)(4), and the affected creditors do not consent to the treatment afforded under the Plan, the Bankruptcy Court may deny confirmation of the Plan.

VIII. ACCEPTANCE AND CONFIRMATION

To confirm the Plan, the Bankruptcy Code requires that the Bankruptcy Court make a series of determinations concerning the Plan with respect to the Debtor and the Debtor's Estate, including that: (i) the Plan has classified Claims in a permissible manner; (ii) the contents of the Plan comply with the technical requirements of Chapter 11 of the Code; (iii) the Debtor has proposed the Plan in good faith; and (iv) the Debtor's disclosures concerning the Plan have been adequate and have included information concerning all payments made or promised in connection with the Plan and the Debtor's Case, as well as the identity and affiliations of, and

compensation to be paid to, all insiders. The Debtor believes that all of these conditions have been met or will be met and will seek findings of the Bankruptcy Court to this effect at the hearing on confirmation of the Plan.

The Code also requires that the Plan be accepted by the requisite votes of holders of Claims, that the Plan be feasible, and that confirmation of the Plan be in the "best interests" (absent unanimity) of the holders in each impaired class of Claims and Interests. To confirm the Plan, the Bankruptcy Court must find that all of these conditions are met. Thus, even if all classes of Claims and Interests accept the Plan by the requisite votes, the Bankruptcy Court must make independent findings respecting the Plan's feasibility and whether it is in the best interests of Holders of Claims and Interests before it may confirm the Plan. The classification, "best interests," and feasibility conditions to confirmations are discussed below.

A. Classification of Claims.

The Bankruptcy Code requires that the Plan place each Claim or Interest in a class with other Claims or Interests which are substantially similar. The Debtor believes that the Plan satisfies the Bankruptcy Code's standards for appropriate classification.

B. Best Interests of Impaired Classes.

Notwithstanding acceptance of the Plan by each impaired class of Claims and Interests, in order to confirm the Plan, the Bankruptcy Court must determine that the Plan is in the "best interests" of creditors and equity security holders. The "best interests" test requires that the Bankruptcy Court find that the Plan will provide to each member of each impaired class of Claims and Interests property of a value, as of the Effective Date of the Plan, at least equal to the amount such member would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

To calculate what members of each impaired class of Claims and Interests would receive in the event of a liquidation, the Bankruptcy Court must first determine the aggregate dollar amount (the **"Liquidation Value"**) that the Debtor's assets would generate if the Case was converted to a chapter 7 case under the Bankruptcy Code and the assets were liquidated by a trustee in bankruptcy. The Liquidation Value would consist of the net proceeds generated from the disposition of the Debtor's assets as augmented by the Debtor's cash.

The Liquidation Value available to Holders of Co-Debtor General Unsecured Claims and Other General Unsecured Claims would be reduced and possibly eliminated entirely by (i) any Allowed FDIC Secured Claim and Allowed Other Secured Claims to the extent of the value of their underlying collateral, (ii) Allowed Administrative and Priority Claims, which have a senior priority of distribution under the Bankruptcy Code, and (iii) the costs and expenses of the liquidation under chapter 7, which would include the compensation of a trustee, compensation of attorneys and other professionals retained by the trustee, and expenses incurred by the trustee in disposing of the Debtor's assets.

The Debtor believes that the Plan will produce more than a chapter 7 liquidation of its assets for several reasons including the following:

1. A liquidation would substantially reduce the value of the Debtor's accounts receivable – its primary asset.

2. The goodwill and going concern value of the Debtor would be lost in the event of a liquidation. Creditors that do business with the Debtor would also lose a valued customer.

3. A chapter 7 trustee would incur costs and expenses in attempting to liquidate the Debtor's accounts receivable and other assets.

4. A chapter 7 trustee would be entitled to a statutory fee of up to three percent (3%) of the amounts that the trustee disburses to creditors, including the amounts that the trustee would disburse to secured creditors, potentially including the FDIC should the trustee not continue to challenge the FDIC's alleged lien. In addition, a trustee customarily requires the services of an attorney and an accountant, whose fees could be substantial, and whose fees would also be paid before any distribution to unsecured creditors.

5. A chapter 7 liquidation would not have the benefit of the revenue generated from the Debtor's ongoing business operations and the significant value that Dr. Michael brings to the collection of existing accounts receivable.

Attached hereto as **Exhibit B** is the Expert Report of Ken Yager of Newpoint Advisors Corporation (**"Yager Report"**) that includes a liquidation analysis for the Debtor's business (*see* Ex 3.1). You should review this liquidation analysis, which sets forth the amounts that the Debtor believes would be available in the event of a chapter 7 liquidation. According to this analysis, the estimated liquidation value of the Debtor is $799,649, which would result in no recovery for unsecured creditors in the event that the FDIC is deemed to be a secured creditor and only a 25% recovery for unsecured creditors if FDIC is deemed be unsecured. This analysis is based upon the analysis and opinion of Mr. Yager as of October 30, 2017, and it incorporates other estimates and assumptions developed by the Debtor that are subject to potentially material changes depending upon future economic and business conditions and legal rulings. Therefore, the actual liquidation value of the Debtor could vary materially from the estimates reflected in the analysis. The Debtor does not intend and undertakes no obligation to update or otherwise revise the analysis to reflect events or circumstances arising hereafter.

C. Feasibility.

As a condition to confirmation, the Bankruptcy Code generally requires that confirmation is not likely to be followed by the liquidation of the Debtor or the need for further financial reorganization. This requirement is generally referred to as the feasibility test of § 1129(a)(11) of the Bankruptcy Code. The Debtor submits that the Plan is feasible and otherwise complies with § 1129(a)(11) of the Bankruptcy Code.

The Yager Report attached as Exhibit B also includes an analysis of the Debtor projected cash flows (the **"Projections"**) for the Reorganized Debtor for the five (5) year period from January 2018 through December 2022. The Projections are based on the Debtor's historical financial information regarding income and expenses, including 2010 to 2016 tax returns, 2017 income statement, September 2017 cash flow report, projected charges, billings and collections

based on historic information and consultations with Dr. Michael. The Yager Report opinions that the Reorganized Debtor will be able to make the contemplated payments to Holders of Allowed Claims under the Plan with an appropriate equity cushion to sustain the Debtor's business operations notwithstanding the variability of the Debtor's income due to timing of collections.

Based upon the projected cash on hand as of the Effective Date and the Projections, the Reorganized Debtor will have sufficient cash on hand to make the required distributions beginning shortly after the Effective Date including to fund distributions to Holders of Allowed Claims. Accordingly, the Debtor believes the Plan passes the feasibility test of § 1129(a)(11) of the Bankruptcy Code.

Please note that the Projections were prepared by the Debtor's financial consultant with the Debtor's assistance. The Projections were not prepared to comply with the guidelines for prospective financial statements published by the American Institute of Certified Public Accountants. Though presented with numerical specificity, the Projections are necessarily based on a variety of estimates and assumptions which, though considered reasonable by the Debtor, may not be realized and are inherently subject to significant business, economic, competitive, industry, market, and financial uncertainties and contingencies, many of which are beyond the Debtor's control. The Debtor cautions you that no representations can be made or are made as to the accuracy of the Projections or to the Reorganized Debtor's ability to achieve the projected results reflected in the Projections. Consequently, the Projections may not be relied upon as a guaranty or other assurance of the actual results that will occur. In deciding whether to vote to accept or reject the Plan, Holders of Claims or Interests must make their own determinations as to the reliability of the Projections and the reasonableness of its underlying assumptions. The Debtor does not intend and undertakes no obligation to update or otherwise revise the Projections to reflect events or circumstances arising hereafter.

D. Acceptance.

As another condition to confirmation, the Bankruptcy Code requires that an impaired class of Claims or Interests accept the Plan. The Bankruptcy Code defines acceptance of the Plan by a class of Claims as acceptance by the holders of two-thirds in amount and a majority in the number of Claims in that class. For a class of Interests, acceptance is defined as acceptances by the holders of two-thirds in amount. For both purposes only those who actually vote to accept or reject the Plan are counted.

IX. ALTERNATIVES TO THE PLAN

The Debtor believes that the Plan provides holders of Claims and Interests with the earliest and greatest possible value that can be realized on their Claims and Interests. The alternatives to confirmation of the Plan include the submission of an alternative plan or plans of reorganization by one or more other parties in interest or the chapter 7 liquidation of the Debtor. As of the date of this Disclosure Statement, no alternative plans have been filed. As set forth above, the results of a chapter 7 liquidation are likely to result in a reduced amount available for distribution to holders of Claims and Interests and possibly no recovery for unsecured creditors.

X. TAX CONSEQUENCES

A detailed discussion of the federal and state income tax consequences of the Plan is not practicable under the circumstances of these cases, and the Debtor expresses no opinion thereon. Because the income tax consequences of the Plan may be different for different parties, each party is urged to seek advice from its own tax advisor with respect to the income tax consequences of the Plan. The Debtor believes, however, that there will be no adverse tax consequences to the Estate as a result of the Plan's consummation, and that the Estate has sufficient tax attributes to prevent any negative tax implications resulting from the Plan's consummation.

XI. CONCLUSION

The Debtor believes the Plan is feasible and in the best interests of the Debtor's creditors. Accordingly, the Debtor asks that you vote to accept the Plan. A ballot for acceptance or rejection of the Plan is enclosed. Your vote is important.

Iliana Neurospine Institute, LLC

Dated: October 31, 2017

By: /s/ Gordon E. Gouveia II
One of its attorneys

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