UNITED STATES BANKRUPTCY COURT
FOR THE
DISTRICT OF MASSACHUSETTS

In re: Infomotion Sports Technologies, Inc., Debtor.	Case No. 16-10724-JNF Chapter 11

DEBTOR'S DISCLOSURE STATEMENT

Dated: September 19, 2016

INFOMOTION SPORTS TECHNOLOGIES, INC.

By its attorneys,

/s/Warren E. Agin
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I. INTRODUCTION

Infomotion Sports Technologies, Inc. (the "Debtor") is a small business debtor under Chapter 11 of the Bankruptcy Code whose case (the "Case") was commenced on March 1, 2016 in the United States Bankruptcy Court for the District of Massachusetts (the "Bankruptcy Court"). This Disclosure Statement contains information about the Debtor and the Debtor's Plan of Reorganization dated September 19, 2016 (the "Plan"). A copy of the Plan is attached to this Disclosure Statement as Exhibit "A". The Disclosure Statement is intended to provide to all holders of claims against or interests in the Debtor the information needed to evaluate and vote on the Debtor's Plan.

A ballot for your use in voting to accept or reject the Plan is enclosed. Instructions for completing and returning the ballot are printed on the ballot itself.

NO REPRESENTATIONS CONCERNING THE DEBTOR OR THE PLAN ARE AUTHORIZED OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

Except where specifically stated otherwise, the information contained in this Disclosure Statement is based upon information supplied by the Debtor. Although this Disclosure Statement describes the Plan in summary and in detail, it is recommended that you review the Plan for a definitive understanding of its terms. Your rights may be affected and you may wish to discuss the Plan and Disclosure Statement with your attorney. If you do not have an attorney, you may wish to consult one.

Management of the Debtor recommends that creditors vote to accept the Plan by completing and returning the enclosed ballot.

A. Purpose Of This Document

This Disclosure Statement describes: (i) the Debtor and significant events which occurred during the Chapter 11 case; (ii) how the Plan proposes to treat Claims against and Interests in the Debtor; (iii) who can vote on or object to the Plan; (iv) what factors the Court will consider when deciding whether to confirm the Plan; (v) why the Debtor believes that its Plan is feasible and how the treatment of Claims and Interests under the Plan compares to treatment in a liquidation of the Debtor; and (vi) the effect of confirmation of the Plan. The Court approved the form of this Disclosure Statement on _____.

B. Deadlines for Voting And Objecting; Date Of Plan Confirmation Hearing

The Bankruptcy Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. *Time and place of hearing to confirm the Plan.*

The hearing at which the Bankruptcy Court will determine to confirm the Plan will take place on _____ **at** _____ **(Eastern Standard Time)**, before the Honorable Joan N. Feeney, 12th Floor, Courtroom 1, J.W. McCormack Post Office & Court House, 5 Post Office Square, Boston, MA 02109.

2. Deadline for voting to Accept or Reject the Plan

If you are entitled to vote to accept or reject the Plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to Warren E. Agin, Esq., Swiggart & Agin, LLC, 197 Portland St., 4th Floor, Boston, Massachusetts 02114. In order for a ballot to be considered, it must be received by counsel to the Debtor no later than **4:30 p.m. (Eastern Standard Time) on _____.** See Section IX below for a discussion of voting eligibility requirements.

3. Deadline for objecting to Confirmation of Plan

Objections to confirmation of the Plan must be filed with the Bankruptcy Court at 1 J.W. McCormack Post Office & Court House, 5 Post Office Square, Boston, MA 02109 and served on Debtor's counsel by **_____, at 4:30 p.m. (Eastern Standard Time).**

4. Identity of Person to Contact for More Information

If you want additional information about the Plan, you should contact Debtor's counsel, Warren E. Agin at the address set forth above.

C. Disclaimer

The Bankruptcy Court has approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Bankruptcy Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Bankruptcy Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Bankruptcy Court, or a recommendation that it be accepted.

II. SUMMARY OF THE PLAN

Pursuant to the Bankruptcy Court's July, 20, 2015 order, on August 8, 2016 the Debtor sold substantially all of its assets to Russell Brands, LLC, and ceased operations. On August 9, 2016, secured claims were paid. As of September 14, 2016, the Debtor had about $187,000.00 in deposits. The Plan outlines how these funds will be distributed.

The Plan provides for the payment of allowed administrative expenses and priority claims in full on confirmation. The Debtor will then turn over all remaining funds to a liquidating trustee. The liquidating trustee will pursue any viable remaining claims under chapter 5 of the Bankruptcy Code, before distributing all remaining estate funds to holders of general unsecured claims. The Debtor estimates that each holder of a general unsecured claim will receive a pro rata distribution of approximately $20,000, or about 1.2% of their claim.

III. DESCRIPTION OF THE DEBTOR

A. The Debtor's Business

The Debtor is a privately owned corporation organized under the laws of Massachusetts and founded in 2008. Michael Crowley helped found the company and served as its chief executive officer. The Debtor developed technologies that allowed users to receive and understand information received from motion detection sensors. These sensors could be implanted into balls or clothing, and contained proprietary software that when combined with the Debtor's application software allowed users to receive actionable feedback about motions. The Debtor's business primarily consisted of the sale of the 94Fifty Smart Sensor Basketball, a sensor equipped basketball the Debtor developed using its technology. Combined with the Debtor's 94Fifty App, users could receive immediate shooting and ball-handling feedback on a mobile smartphone, allowing them to improve skills. The Debtor was also looking at other applications for its technology, including other types of sports equipment and industrial applications.

The Debtor's principal office was located at 6625 Dublin Center Drive, Dublin, Ohio 43017. Just prior to the March 1 filing date, the Debtor left that facility and leased office and warehouse space at 129 Bank Street, Attleboro, Massachusetts.

B. Events Leading to the Chapter 11

The Debtor commenced this Chapter 11 proceeding after defaulting on a loan agreement. In November of 2013, the Debtor entered into a Promissory Note and Warrant Purchase Agreement with Bridlespur Partners Two, Mr. David Schoedinger, Mr. David Verbance, Day Capital Group, LLC, Mr. John Mokas, Mr. Sanjay Dolwani, Wilshire Partners, LLC (collectively the "Secured Creditor Group") and Thomas C. Crowley. Pursuant to this agreement, the Debtor issued promissory notes in the aggregate amount of $1,050,000. These notes had a maturity date of November 18, 2015, and were secured by all of the Debtor's assets.

As a result of the long lead-times necessary to manufacture the 94Fifty Smart Sensor Basketball, the Debtor had trouble maintaining sufficient cash flow to make payments on the promissory notes. The Debtor was unable to pay the notes in full on their maturity date, and the Debtor received a notice of default from the Secured Creditor Group on November 20, 2015. This default triggered a cross-default in a promissory note that the Debtor had previously issued to the State of Ohio, in the original amount of $750,000, which was also secured by all of the Debtor's assets. Collectively, the Secured Creditor Group, Thomas C. Crowley, and the State of Ohio are referred to as the "Secured Lenders".

The Debtor and its lenders attempted to negotiate a restructuring of the loans, but these negotiations proved unsuccessful, and on March 1, 2016 the Debtor filed a petition to commence this Chapter 11 proceeding.

C. Summary of Debtor's Assets and Liabilities

The following is a summary of the Debtor's current assets as of September 14, 2016:

Deposits -- $187,000.

Chapter 5 claims against insiders -- $unknown.

Based on the Debtor's records, and the proofs of claim filed in this case, the Debtor's liabilities can be summarized as follows:

Administrative Claims	$146,000.00
Priority Consumer Claims	$0.00
Priority Tax Debt	$676.00
General Unsecured Claims	$1,658,274.66

The Debtor's most recent financial statements issued prior to the Petition Date, which was filed with the Bankruptcy Court, is attached hereto as Exhibit "B". The Debtor's most recent post-petition operating report filed since the commencement of this Case is attached as Exhibit "C". A summary of the Debtor's periodic operating reports is attached hereto as Exhibit "D".

The Debtor will file its 2015 Federal and state income tax returns before any hearing on confirmation of the Plan.

IV. THE CHAPTER 11 CASE

The Debtor filed its voluntary petition commencing this Chapter 11 proceeding on March 1, 2016 (the "Petition Date"). Ira Grolman and Grolman LLP filed the petition on the Debtor's behalf and originally served as counsel for the Debtor. Grolman LLP withdrew as counsel on March 10, 2016. The Debtor subsequently filed a motion to employ Swiggart & Agin, LLC as counsel, which the Bankruptcy Court granted on March 23, 2016.

No creditors' committee was appointed in the Case, and the Debtor has continued as a debtor-in-possession. The Bankruptcy Court appointed Kenneth S. Leonetti as examiner in this Chapter 11 proceeding (the "Examiner"). Appointed on April 4, 2016, the Examiner was originally directed to investigate the reasonableness of a potential licensing deal for the Debtor's intellectual property. The Bankruptcy Court subsequently expanded his role to include evaluating the reasonableness of the Debtor's marketing efforts and price with regard to a proposed asset sale, and a the settlement agreement with the Secured Lenders.

On the day of its Chapter 11 filing, the Debtor filed a motion seeking authority for the immediate use of cash collateral, as defined under section 363(a) of the Bankruptcy Code. In that motion, the Debtor stated that if it was not permitted to use cash collateral, the continued operation of the Debtor would not be possible. On March 3, 2016, after an initial hearing, the Bankruptcy Court authorized the use of cash collateral on an interim basis pending a final hearing, and on July 20, 2016 the Bankruptcy Court authorized the use of cash collateral through August 31, 2016 pursuant to a stipulation with the Secured Lenders. Accordingly, the Debtor has used cash collateral in the ordinary course of business throughout the duration of the Chapter 11 proceeding. All of the Debtor's business operations have been in substantial compliance with monthly budgets submitted to the United States Trustee's Office and the Bankruptcy Court.

At the beginning of the Case the Debtor had limited funds, but some inventory on hand. Additional inventory had been purchased pre-petition, but was still being manufactured by the vendor in China. In addition, the Debtor had received pre-petition, but been unable to fulfill, over 200 orders due to lack of inventory. During the Case, the Debtor continued to accept and fulfill new orders pending receipt of the additional inventory from China. When the pre-ordered inventory was received, the Debtor satisfied, with Court approval, the outstanding pre-petition orders and continued to sell product until the beginning of August.

After the commencement of its Chapter 11 proceeding, the Debtor initially explored the option of licensing its intellectual property rights, or obtaining debtor-in-possession financing to allow it to purchase future inventory and reorganize operations. The Debtor was able to negotiate a licensing arrangement that would have allowed it to generate a royalty stream from the basketball business, while seeking additional revenue from other products and licensing arrangements. The Debtor sought court approval for the licensing arrangement, but had to withdraw the proposal after receiving opposition from the Secured Creditor Group and the Office of the U.S. Trustee, and because the licensee was unable to obtain needed funding in time. The Debtor was not able to identify any other acceptable deals for licensing or post-petition funding within the time period needed to sustain operations. Faced with a potential conversion to a Chapter 7 case, followed by a fire sale or foreclosure of its assets, the Debtor successfully negotiated an agreement with the Secured Lenders allowing it to maintain operations while pursuing a structured sale of its assets designed to maximize the potential for a recovery to unsecured creditors.

The agreement with the Secured Lenders (the "Settlement Agreement") directed the Debtor to pursue a sale of all or substantially all of its assets. The Settlement Agreement, which was amended twice, contained, in summary, the following provisions:

a. Assuming a successful sale, the Debtor could retain up to $70,000 from cash generated through operations;
b. The Debtor could also retain 10% of the gross sale proceeds; and
c. The Debtor released any and all claims it had against the Secured Lenders.

With the input of the Secured Lenders and the Examiner, the Debtor designed and implemented a sale process designed to maximize the value of its assets. The Debtor created a target list, which included prior business partners, companies that had expressed interest in purchasing the business, companies with interest in the Debtor's patents, competitors, and patent acquisition companies. An on-line due diligence room was set-up, and on May 2, 2016, solicitation packages were e-mailed out to approximately fifty-five targets. As a result of the sale efforts, the Debtor received four purchase offers, of which the offer from Russell Brands, LLC was the best. Following negotiations, the Debtor entered into an asset purchase agreement with Russell Brands, LLC to sell substantially all business assets for $1,500,000 (the "Asset Sale").

On July 18, 2016, the Examiner submitted a report to the Bankruptcy Court (the "Report"). In his Report the Examiner stated "It is the opinion of the Examiner that the sale process set forth in the 'Motion of Chapter 11 Debtor to Sell Property at Private Sale Pursuant to 11 U.S.C. §363' represents a fair process that maximizes the value of the estate's assets" and further stated the "Debtor's marketing efforts that resulted in the $1.5 million bid for the Debtor's assets reflected a fair and reasonable attempt to identify and solicit bids from likely bidders." Additionally, the Examiner stated that "the best and highest bid of $1.5 million received from that process represents the fair market

value for the assets as it is the result of an open, arm's length bidding process that generated multiple offers."

The Report also stated that the Settlement Agreement with the Secured Lenders was a "reasonable settlement" and a "legitimate exercise of the Debtor's business judgment." The Examiner evaluated three potential claims against the Secured Creditor Group: 1) whether the Secured Creditor Group breached an oral agreement to provide additional funding to the Debtor; 2) whether the Secured Creditor Group failed to negotiate in good faith following the Debtor's default; and 3) whether the Secured Creditor Group attempted to use its leverage to elevate its equity interests above the equity interests of other equity holders. The Examiner determined that "the potential claims, while not frivolous, likely would not succeed on the merits." Therefore, the Examiner concluded that the Settlement Agreement was reasonable and in the best interest of the estate.

On July 20, 2016, the Bankruptcy Court approved the sale of substantially all of the Debtor's assets to Russell Brands, LLC, and approved the Settlement Agreement with the Secured Lenders.

On August 8, 2016, the Asset Sale to Russell Brands, LLC closed. On August 9, 2016, the Secured Lenders were paid in full satisfaction of their allowed secured claims, although each remains owed additional funds. At the time of the sale the Debtor had about $57,000 in cash collateral, which pursuant to the Settlement Agreement it will retain for payment of professional fees. Also pursuant to the Settlement Agreement, the Debtor retained $150,000 from the gross proceeds of the sale.

Post-closing the Debtor has incurred, and paid in the ordinary course or with Court approval, some additional expenses including charges for liability insurance, payments on warranty claims, accounting services, technical services and salary, and payments to maintain Amazon web services to support future operation of the App. The Debtor currently has about $187,000 in deposits.

The Debtor has performed a review of potential claims under Chapter 5 of the Bankruptcy Code, including preference claims and fraudulent transfer claims. The Debtor's review did not identify any fraudulent transfer claims or avoidable setoff claims against third parties. The Debtor also reviewed payments made within the ninety days prior to the filing of its petition to identify potential preference claims, and concluded that payments made during this time period were either made in the ordinary course of the Debtor's business, or involved amounts too small to justify the cost of seeking a recovery. The Debtor also reviewed payments made to officers and directors, or their family members, during the year prior to the bankruptcy filing. The Debtor identified that during this period the Debtor's president, Michael Crowley received about $91,000 in gross payments for salary owed him from prior periods; Marc Davisson received about $66,700 in gross payments for salary owed him from prior periods that had not been paid; and Thomas Crowley, who is Michael Crowley's father, received about $74,000 including amounts owed for prior unpaid invoices for consulting services. The Debtor's review indicates that while these payments might possibly qualify as avoidable preferential transfers, their collection is likely subject to a number of defenses, including ordinary course and new value defenses. In addition, most payments were made at points in time when the Debtor was able to pay its debts when they came due, and the Debtor is unlikely to be able to prove that it was insolvent on a balance sheet basis at the time of the payments. However, the liquidating trustee will have the authority to perform his own evaluation of avoidance claims and, in his discretion, pursue such claims.

V. CLASSIFICATION OF CLAIMS AND THEIR TREATMENT UNDER THE PLAN

The following is a description of the Debtors' liabilities, and their treatment under the Plan. In summary, the order of payment of claims shall be:

A. Administrative Claims (Unclassified)

B. Secured Claims (Class 1)

C. Prepetition Priority Wage Claims (Class 2)

D. Prepetition Priority Consumer Refund Claims (Class 3)

E. Prepetition Priority Tax Claims (Class 4)

F. General Unsecured Claims (Class 5)

F. Equity Interests (Class 6)

A. <u>Administrative Claims</u>.

Administrative claims under 507(a)(2) include expenses incurred during the Chapter 11 case, including fees of professional persons, United States Trustee Quarterly Fees, and other expenses. Holders of Allowed Claims for administrative expenses that have been incurred in the ordinary course of the Debtor's business, including United State Trustee Quarterly Fees, shall be paid in the ordinary course of business. Except as provided below, all holders of Administrative Expense Claims shall be paid in cash, in full, on the later of the Effective Date, or within five business days of the Administrative Expense Claim being Allowed.

Outstanding administrative clams of Professional Persons consist of:

(i) The remaining unpaid fees and expenses of Fish and Richardson, the Debtor's special intellectual property counsel, estimated at $9,000.00.
(ii) The remaining unpaid fees and expenses of Beanstalk CFO Group, the Debtor's accountant, estimated at $3,000.00.
(iii) The fees and expenses of Kenneth S. Leonetti, the Examiner appointed by this Court's April 4, 2016 order, and his counsel, Foley Hoag LLP, estimated at $50,000.00.
(iv) The remaining unpaid fees and expenses of Swiggart & Agin, LLC, the Debtor's counsel, estimated at $90,000.00. Swiggart & Agin, LLC has agreed to accept $65,000.00 in full satisfaction of all Allowed and unpaid fees and expenses.
(v) The fees and expenses of Clark Schaefer Hackett, the Debtor's tax accountant, estimated at $2,000.00, but not yet due and payable.

A portion of the fees and expenses of Beanstalk CFO Group will be paid in accordance with this Court's prior order entered July 13, 2016, allowing for ordinary course payment of 80% of fees and 100% of expenses after review by the Secured Lenders and the U.S. Trustee.

Pursuant to the Court's order entered August 12, 2016, Clark Schaefer Hackett was paid $5,000 on delivery of the Debtor's 2015 Federal and state income tax returns, and will be paid $2,000 on delivery of the Debtor's 2016 Federal and state income tax returns.

The Debtor believes that additional administrative expenses might result from claims for customer refunds relating to post-petition purchases or deliveries of the Debtor's main product, the 94Fifty Smart Sensor Basketball. The Debtor shipped basketballs with a one year warranty, and ceased shipments of basketballs on July 25 2016. Through August 28, 2016, the Debtor satisfied such requests for warranty returns by issuing refunds in the ordinary course of business. After that date, customers requesting a warranty return were provided with a notice about the bankruptcy case and sample claim forms. The Debtor has arranged with Russell Brands, LLC for continued maintenance of the website used for return requests, and for return requests to be forwarded to an e-mail selected by the Debtor. Currently, the requests go to Debtor's counsel. After confirmation, return requests will be routed to the Liquidating Trustee. Additional Allowed administrative claims for warranty returns currently total $0.00, as no claims have been filed. Any claims received will, if Allowed prior to the Effective Date, be paid in full, in cash, on the Effective Date. These claims will, if Allowed after the Effective Date, be paid by the liquidating trustee. The Debtor estimated that these claims will total $10,000.00, based on historical rates of returns.

B. **Class 1 – Secured Claims.**

A claim is "secured" when a creditor holds a lien on particular assets ("collateral") to assure payment of the claim. In general, proceeds from any sale of collateral must be applied first to the repayment of any claims secured by the collateral. The Bankruptcy Code permits the holder of a secured claim to require that the claim be paid in full. If full payment is not made as soon as a plan of reorganization takes effect, then the secured creditor is entitled to keep its lien or to receive equivalent assurance of payment.

Class 1 is comprised of the secured claims of the Secured Lenders. The Secured Lenders possessed valid liens against all of the Debtor's assets, and pursuant to a 2013 intercreditor agreement, the Secured Lender's liens have an equal priority of attachment.

In accordance with the *Stipulation on Motion of Infomotion Sports Technologies, Inc. for Interim and Permanent Orders Authorizing the Use of Cash Collateral*, as amended by the First Amendment to the Stipulation and the Second Amendment to the Stipulation, approved by this Court on July 20, 2016, the Secured Lenders received the net proceeds of the sale in full payment of their allowed secured claims.

Class 1 is unimpaired.

C. **Class 2 – Priority Wage Claims.**

The Bankruptcy Code entitles certain types of prepetition unsecured claims to be paid in full prior to other claims. These "priority claims" include wages and employee benefits incurred within 180 days before the beginning of the Chapter 11 case or the date of cessation of the debtor's business,

whichever occurs first (up to $12,580 per employee), and most taxes arising before the Chapter 11 case.

Section 1129(a)(9)(A) of the Code requires, with respect to priority claims that, except to the extent the holder of such priority claim has agreed to a different treatment of such claim, on the effective date of the plan, holders of such claims "receive on account of such claim cash equal to the allowed amount of such claim." Under the Plan, holders of Class 2 claims, if any, will receive cash payment in the full amount of their claims on the effective date.

Holders of Allowed Class 3 Claims shall each receive payment in full in cash on the later of the Effective Date or fourteen days after the claim is Allowed.

The Schedules reflect a priority claim of Michael Crowley for unpaid wages, pursuant to section 507(a)(4) of the Code, against the debtor in the amount of $12,745.00.

The Debtor does not believe there are any other Class 2 Claims.

Class 2 is unimpaired.

D. Class 3 – Priority Consumer Refund Claims.

Class 3 is comprised of all holders of Allowed Claims of consumers entitled to priority under Section 507(a)(7) of the Code.

Consumers who had potential Class 3 Claims on account of having ordered goods prepetition had such potential claims resolved post-petition through the shipment of inventory in May 2016. Some balls shipped to such consumers have resulted in warranty returns, and through August 28, 2016, the Debtor satisfied such requests for warranty returns by issuing refunds in the ordinary course of business. After that date, the Debtor provided parties requesting a warranty return claim forms to allow such parties to file a claim with the Court. Additional Allowed Claims for consumer claims total $0.00, based on proofs of claim filed on or after August 28, 2016.

Holders of Allowed Class 3 Claims as of the Effective Date shall each receive payment in full in cash on the later of the Effective Date or fourteen days after the claim is Allowed. Holders of Class 3 Claims, if any, that are filed after the Effective Date shall be paid by the liquidating trustee prior to payment of any General Unsecured Claims.

Class 3 is unimpaired.

E. Class 4 – Priority Tax Claims.

Priority claims also include certain tax claims, as set forth in Section 507(a)(8) of the Bankruptcy Code. The treatment of priority and secured tax claims is set forth in Section 1129(a)(9)(C) and (D) of the Code.

The following creditors have asserted Class 4 Claims against the Debtor: (i) the Internal Revenue Service (the "IRS") has asserted a priority claim against the Debtor in the amount of

$200.00; (ii) the Massachusetts Department of Revenue has asserted a priority claim in the amount of $456.00; (iii) the Ohio Bureau of Worker's Compensation has asserted a priority claim in the amount of $20.00.

Holders of Allowed Class 4 Claims shall each receive payment in full in cash on the Effective Date.

Class 3 is unimpaired.

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E. Class 5 – General Unsecured Claims.

Unsecured claims not entitled to priority under the Bankruptcy Code are called "general unsecured claims." If you loaned money or supplied goods or services to the Debtor prior to March 1, 2016 (the Petition Date), and you have not been paid, then it is likely that you hold a general unsecured claim.

In order to be allowed, a general unsecured claim must either be set forth in a proof of claim properly filed with the Bankruptcy Court on or before the deadline established by the Bankruptcy Court, i.e., June 3, 2016 (the "Bar Date") or listed by the Debtor in its Schedules of Liabilities filed with the Bankruptcy Court as an obligation other than a liability that is disputed, unliquidated or contingent. Even a properly filed or scheduled claim may still be disallowed if any objection to the claim is filed and granted by the Bankruptcy Court. The objection procedure is described in Section VI below.

Based upon the Debtor's review of the proofs of claim filed in the Case as well as its Schedules, as amended, the Debtor anticipates that the principal amount of allowed general unsecured claims will total approximately $1,658,274.66. It is possible that additional claims will be filed, either as a result of the Debtor's rejection of its real estate lease, or from the Secured Lenders amending their proofs of claim to assert deficiency claims.

In full and complete satisfaction, settlement, release and discharge of Allowed Class 5 Claims, each holder will receive a pro rata distribution on account of their Claims paid as follows:

On the Effective Date, the Debtor will, after paying Class 2 Claims, Allowed Class 3 Claims, Class 4 Claims and Administrative Expense Claims as outlined in Article IV below, turn over all remaining estate funds to the liquidating trustee. The liquidating trustee will, after administration of claims, administration of Avoidance Actions, payment of any remaining administrative expense claims, including any arising after the Effective Date, and payment of any Class 3 Claims Allowed after the Effective Date, pay Class 5 Claims all remaining funds. Such payment shall be made within 365 days of the effective date, unless such time is extended by order of the Court.

The Debtor estimates that the holders of Class 4 Claims will receive a 1.2% dividend on the Allowed amount of their claims. However, this is an estimate and the amount of the dividend might change materially depending on the costs of the liquidating trustee, any recoveries of avoidance claims, additional claims being filed, and the result of any claims objections by the liquidating trustee.

Class 5 is impaired.

F. Class 6-Equity Interests.

Class 6 is comprised of all equity interests in the Debtor. Holders of equity interests in the Debtor shall receive no distribution under the Plan on account of such interest, but will retain unaltered, the legal equitable and contractual rights to which such interests were entitled as of the Petition Date.

Class 6 is unimpaired.

VI. CLAIMS OBJECTIONS

No claim will be paid unless it is allowed by the Bankruptcy Court. If you filed a proof of claim before the deadlines established by the Court, then your claim will be automatically allowed unless the Debtor or another interested party files a written objection with the Court before the time periods set forth below. Similarly, even if you did not file a proof of claim, if your claim is listed in the Schedules of Liabilities filed by the Debtor as an obligation that is not disputed, unliquidated or contingent, then your claim will be automatically allowed unless an objection is filed with the Court before the deadlines set forth below.

If an objection to your claim is filed, a copy of the objection will be sent to you. You will also receive a notice specifying the deadline for you to file a written response to the objection, as well as the date, time and place of the hearing regarding the merits of your claim. If your claim is then allowed, you will be entitled to receive a distribution on account of your Allowed Claim as provided by the Plan.

In order to ensure that there are funds available to make the appropriate distribution on account of disputed claims that are ultimately allowed (in whole or in part), the Plan provides for the Debtor to hold in reserve the pro-rata amount to which such holder would be entitled if its claim were allowed in the full amount asserted. If a claim to which an objection has been filed is allowed by the Court, the holder will receive the amount to which it is entitled. If the claim is allowed in a reduced amount or disallowed, then the reserved funds not necessary to pay the claim will go back into the pool of funds available for distribution to holders of allowed general unsecured claims.

A. Objections to Pre-Petition Claims.

All claims that arose prior to March 1, 2016, and are either (i) listed on the Debtor's Schedules and not listed as disputed, contingent or unliquidated, or (ii) the subject of a timely filed Proof of Claim, shall be allowed in full, unless such claim is objected to within 30 days of the Effective Date of the Plan.

All Class 3 Claims that are filed after the Effective Date shall be allowed in full unless such claim is objected to within 30 days of the date of the claim being filed.

A Claim based upon the rejection of an executory contract or unexpired lease shall not be deemed timely filed and shall be disallowed, unless a proof of claim has been filed by the later of the Bar Date or 30 days after the entry of an order rejecting such executory contact or unexpired lease.

The Debtor has reviewed the claims filed to date and does not believe, based on its review, the cost of pursuing claims objections, and the amount of the dividend, that any claims objections are required. However, the liquidating trustee will have the authority and discretion to pursue claims objections.

B. Objections to Post-Petition Claims.

Any claim entitled to priority under Code Section 503(b) that is the subject of a filed Proof of Claim shall be allowed in full, unless such claim is objected within 30 days after the Effective Date of the Plan, or 30 days after the date of the claim being filed, whichever is later. The liquidating trustee will have authority and discretion to pursue claims objections.

VII. IMPLEMENTATION OF THE PLAN

A. Consummating the Plan.

On the Effective Date, the Debtor shall Debtor shall pay allowed administrative and priority claims as set forth in the Plan.

After paying allowed administrative and priority claims filed before the Administrative Claims Bar Date, any excess funds held by the Debtor will be turned over to a liquidating trustee. The Debtor proposes that David B. Madoff, Esq., of Madoff and Khoury LLP, be appointed as the liquidating trustee. The liquidating trustee will have full authority to object to any unpaid Claims.

The liquidating trustee will also have full authority to pursue 11 U.S.C. chapter 5 claims ("Avoidance Claims"). No preclusion doctrine, including, without limitation, the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, estoppels (judicial, equitable or otherwise) or laches shall apply to them by virtue of or in connection with the confirmation, consummation of effectiveness of the Plan.

After objecting to any pre-petition claims, and pursuing and resolving in his discretion any Avoidance Claims, the liquidating trustee will pay his expenses, and those of his professionals, and distribute the remaining estate funds first to any Class 3 claims Allowed after the Effective Date, and then to the holders of Allowed general unsecured claims on a pro-rata basis. The Plan requires him to make that distribution within 365 days after the Effective Date, unless the date is extended by the Court.

On the Effective Date, all property of the Debtor, including property of the estate under 11 U.S.C. §541, shall be vested in the Debtor free and clear of any and all claims, liens, and encumbrances, subject only to the provisions of the Plan.

B. Discharge.

Except as otherwise provided in the Plan or the Confirmation Order, entry of the Confirmation Order, pursuant to Section 1141(d)(1) of the Bankruptcy Code, shall constitute a complete satisfaction, discharge and release of the Debtor and its property, of and from any and all debts, liabilities, or

Claims arising on or before the Confirmation Date, including, without limitation, all principal and interest, and whether or not (a) a proof of claim or interest is filed or deemed filed under Section 501 of the Bankruptcy Code, (b) such Claim or Interest is Allowed under Section 502 of the Bankruptcy Code, or (c) the holder of such Claim or Interest has accepted the Plan.

C. Other Duties and Responsibilities of the Debtor.

In addition to the various obligations and duties of the Debtor described elsewhere in the Plan, the liquidating trustee shall have the following specific duties and powers:

a. preparation and filing of all required tax returns including the right to request a determination of tax liability as set forth in Bankruptcy Code Section 505;

b. preservation or liquidation of assets or the distribution of proceeds of assets;

c. payment of post-confirmation fees due to the Office of the United States Trustee;

d. filing of status reports with the Bankruptcy Court or other parties in interest; and

e. filing a motion for Final Decree;

D. Obligations to the United States Trustee.

The liquidating trustee will be responsible for timely payment of fees incurred pursuant to 28 U.S.C. § 1930(a)(6). After confirmation, the liquidating trustee will serve the United States Trustee with a monthly financial report for each month (or portion thereof) the case remains open. The monthly financial report shall include the following:

a. a statement of all disbursements made during the course of the month, whether or not pursuant to the plan;

b. a summary, by class, of amounts distributed or property transferred to each recipient under the plan, and an explanation of the failure to make any distributions or transfers of property under the plan;

c. The liquidating trustee's projections as to its continuing ability to comply with the terms of the plan;

d. a description of any other factors which may materially affect the liquidating trustee's ability to consummate the plan; and

e. an estimated date when an application for final decree will be filed with the court (in the case of the final monthly report, the date the decree was filed).

VIII. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

The Bankruptcy Code permits the rejection of executory contracts and unexpired leases that are burdensome to the Debtor's estate. As of the Effective Date, all executory contracts and unexpired leases, except those expressly assumed by a motion filed prior to the Confirmation Hearing Date, shall be deemed rejected.

During the course of the Debtor's Chapter 11 Case, the Debtor filed a motion to reject its lease with Horton-Angell, LLC, for the premises at 129 Bank Street, Attleboro. Massachusetts, which motion was allowed by the Bankruptcy Court on August 1, 2016. The rejection is effective as of August 31, 2016.

Any claim for damages arising from the rejection of an executory contract or unexpired lease shall, upon allowance, be a Class 4 general unsecured claim against the estate. Proof of such Claim must be filed by the later of the Bar Date or 30 days after entry of an order rejecting such executory contract or unexpired lease, or the claimant shall be forever barred from asserting such Claim.

IX. ACCEPTANCE AND CONFIRMATION OF THE PLAN

The bankruptcy law provides that any class of creditors or stockholders whose rights are "impaired" (that is, not fully honored) under a proposed plan of reorganization has the right, as a class, to accept or reject the plan. Each member of the class may vote on this decision. A class of creditors accepts the Plan if more than one-half of the ballots that are timely received from members of the class, representing at least two-thirds of the dollar amount of claims for which ballots are timely received, are voted in favor of the Plan.

Class 5 is impaired, and may therefore vote to accept or reject the plan. Classes 1, 2, 3, 5 and 6 are unimpaired and may not vote.

Included in the same envelope containing this Disclosure Statement is a ballot by which you may vote to accept or reject the Plan. Instructions for completing and returning the ballot are found on the ballot itself. **IN ORDER FOR YOUR VOTE TO COUNT, IT MUST BE RECEIVED BY THE UNDERSIGNED COUNSEL NOT LATER THAN 4:30 P.M. (EASTERN STANDARD TIME) ON _____.**

As noted above, the Bankruptcy Court has scheduled a hearing on confirmation of the Plan for **_____, at _____. (Eastern Standard Time)**. Any objection to confirmation of the Plan must be filed with the Bankruptcy Court and served on Debtor's Counsel, by **4:30 p.m. (Eastern Standard Time) on _____.**

The Debtor's Plan will be confirmed if it meets the requirements set forth in the Bankruptcy Code. Among these requirements are

- The Plan must have been accepted by at least one impaired class of creditors.
- If any class rejects the Plan, the Bankruptcy Court must find that the Plan is fair and equitable to, and does not unfairly discriminate against, such class.

- If any creditor does not accept the Plan, the Bankruptcy Court must determine that the Plan provides such creditor with at least as great a distribution as the creditor would receive in a Chapter 7 liquidation. The Debtor's management believes that, as illustrated in the liquidation analysis set forth below, this requirement has been established. In fact, the Plan provides that the holders of Allowed unsecured claims will receive far more under the Plan than in a liquidation.

- The Bankruptcy Court must determine that confirmation of the Plan is not likely to be followed by the need for liquidation (except as contemplated by the Plan) or further reorganization. Debtor's management asserts that, as set forth in the Budget and based upon the actions undertaken by the Debtor during the Case, confirmation of the Plan is not likely to be followed by a liquidation or the need for further reorganization.

Assuming that the Plan is otherwise confirmable, the Debtor reserves the right to seek confirmation even if one or more classes vote to reject the Plan. In addition, the Debtor reserves the right, in order to resolve any objection to confirmation of the Plan or otherwise, to modify the Plan without further notice or disclosure, so long as the modification does not adversely change the treatment of any creditor who has not accepted the modification.

X. ALTERNATIVES TO THE PLAN

Substantially all of assets of the estate have been sold to Russell Brands, LLC, leaving the estate holding $187,000 in funds. The liquidating supervisor will pursue any remaining viable claims of the estate, and then distribute all estate funds according to the Plan. If the Plan were not confirmed, the only alternative is a liquidation in a Chapter 7 proceeding, which would not produce any additional funds and will most likely increase administrative expenses, decrease payments to unsecured creditors, and delay those payments.

XI. BEST INTERESTS TEST

As noted above, a liquidation of the Debtor in a Chapter 7 proceeding would not increase the funds available to pay unsecured creditors (Class 5), and will most likely increase administrative expenses, thereby decreasing payments to unsecured creditors.

As creditors will receive or retain under the Plan, on account of their claims, property of a value that is at least as much as they would receive in a Chapter 7 liquidation, the Plan satisfies the best interests of creditors test under Section 1129(a)(7) of the Code.

XII. FEASIBILTY

The Plan is based on the liquidation and equitable distribution of all of the assets in the Debtor's possession. Therefore, the Plan is in accordance with Section 1129(a)(11) of the Code.

XIII. FEDERAL INCOME TAX CONSEQUENCES

It is not practicable to present a detailed explanation of the possible federal or state income tax consequences of the Plan on holders of Allowed Claims, and the Debtor expresses no opinion as to the

tax consequences. All parties affected by the Plan are urged to seek advice from their own tax professionals. However, set forth below is a brief summary of some of the federal tax consequences of the Plan on creditors.

Implementation of the Plan may result in federal income tax consequences to holders of Allowed Claims. Tax consequences to a particular creditor may depend on the particular circumstances or facts regarding the claim of the creditor. No tax opinion has been sought or will be obtained with respect to any tax consequences of the Plan, and the following disclosure (the "Tax Disclosure") does not constitute and is not intended to constitute either a tax opinion or tax advice to any Person. Rather, the Tax Disclosure is provided for informational purposes only.

Under the Plan, the Debtor will receive a discharge with respect to its outstanding indebtedness. Actual debt cancellation in excess of the fair market value of the consideration -- stock, cash or other property - paid in respect of such debt will hereinafter be referred to as a "Debt Discharge Amount."

In general, the Internal Revenue Code (the “IRC”) provides that a taxpayer who realizes a cancellation or discharge of indebtedness must include the Debt Discharge Amount in its gross income in the taxable year of discharge. The Debt Discharge Amounts may arise with respect to Creditors who will receive, in partial satisfaction of their Claims, including any accrued interest, consideration consisting of or including cash. The Debtors’ Debt Discharge Amount may be increased to the extent that unsecured Creditors holding unscheduled claims fail to timely file a Proof of Claim and have their Claims discharged on the Confirmation Date pursuant to Section 1141 of the Bankruptcy Code. No income from the discharge of indebtedness is realized to the extent that payment of the liability being discharged would have given rise to a deduction.

If a taxpayer is in a case under the Bankruptcy Code and a cancellation of indebtedness occurs pursuant to a confirmed plan, however, such Debt Discharge Amount is specifically excluded from gross income (the "Bankruptcy Exception"). The Debtor intends to take the position that the Bankruptcy Exception applies to it. Accordingly, the Debtor believes it will not be required to include in income any Debt Discharge Amount as a result of Plan transactions.

Section 108(b) of the IRC, however, requires certain tax attributes of the Debtors to be reduced by the Debt Discharge Amount excluded from income. Tax attributes are reduced in the following order of priority: net operating losses and net operating loss carry-overs; general business credits; minimum tax credits; capital loss carry-overs; basis of property of the taxpayer; passive activity loss or credit carry-overs; and foreign tax credit carry-overs. Tax attributes are generally reduced by one dollar for each dollar excluded from gross income, except that general tax credits, minimum tax credits, and foreign tax credits are reduced by 33.3 cents for each dollar excluded from gross income. An election can be made to alter the order of priority of attribute reduction by first applying the reduction against depreciable property held by the taxpayer in an amount not to exceed the aggregate adjusted basis of such property. The Debtors do not presently intend to make such election. If this decision were to change, the deadline for making such election is the due date (including extensions) of the Debtors’ federal income tax return for the taxable year in which such debt is discharged pursuant to the Plan.

The federal tax consequences of the Plan to a hypothetical investor typical of the holders of claims or interests in this case depend to a large degree on the accounting method adopted by that

hypothetical investor. A "hypothetical investor" in this case is defined as a general unsecured creditor. In accordance with federal tax law, a holder of such a claim that uses the accrual method and who has posted its original sale to the Debtors as income at the time of the product sold or the service provided hypothetically should adjust any net operating loss to reflect the dividend paid by the Debtors under the Plan provided that holder previously deducted the liability to the Debtors as a "bad debt" for federal income tax purposes. Should that holder lack a net operating loss, then in accordance with federal income tax provisions, the holder should treat the dividend paid as ordinary income, again provided the holder previously deducted the liability to the debtor as a "bad debt" for federal income tax purposes. If the accrual basis holder of the claim did not deduct the liability as a "bad debt" for federal income tax purposes, then the dividend paid by the Debtors has no current income tax implication. A holder of a claim that uses a cash method of accounting would, in accordance with federal income tax laws, treat the dividend as income at the time of receipt.

THE DEBTORS MAKE NO REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND CONSUMMATION OF THE PLAN AS TO ANY CREDITOR. EACH PARTY AFFECTED BY THE PLAN SHOULD CONSULT HER, HIS OR ITS OWN TAX ADVISORS REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE PLAN WITH RESPECT TO A CLAIM.

XIV. DISCLAIMERS

THE CONTENT OF THIS PLAN AND DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT AS PROVIDING ADEQUATE INFORMATION TO CREDITORS SO THAT THEY MAY HAVE SUFFICIENT INFORMATION TO VOTE ON THE PLAN. NO REPRESENTATIONS CONCERNING THE DEBTOR, INCLUDING THOSE RELATING TO THEIR FUTURE BUSINESS OPERATIONS, OR THE VALUE OF THEIR ASSETS, ANY PROPERTY, AND CREDITORS' CLAIMS, INCONSISTENT WITH ANYTHING CONTAINED HEREIN HAVE BEEN AUTHORIZED. THE DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS COMPLETE OR WITHOUT OMISSIONS. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A RECOMMENDATION FOR OR AGAINST THE PLAN.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN, AND NOTHING CONTAINED IN IT WILL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE ADVICE ON THE TAX OR OTHER LEGAL EFFECTS OF THE REORGANIZATION ON HOLDERS OF CLAIMS.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THIS DATE UNLESS ANOTHER TIME IS SPECIFIED, AND NEITHER DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY EXCHANGE OF RIGHTS MADE IN CONNECTION WITH THIS DISCLOSURE STATEMENT WILL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE FACTS SINCE THE DATE OF THE DISCLOSURE STATEMENT AND THE

MATERIALS RELIED UPON IN PREPARATION OF THIS DISCLOSURE STATEMENT WAS COMPILED.

XV. CONCLUSION

The Bankruptcy Court has determined that this Disclosure Statement contains information sufficient for holders of Claims to make an informed judgment in exercising their right to vote on the Plan. The Debtor believes that the Plan provides all creditors with the maximum possible dividend on their claims under the circumstances of these Chapter 11 cases, and thus urges you to vote to accept the Plan.

Respectfully submitted this 19th day of September, 2016.

INFOMOTION SPORTS TECHNOLOGIES, INC.

Debtor in Possession

By: /s/ Michael Crowley
Michael Crowley, CEO

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