

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Greenbelt Division)

In re: *
ENRIZON WORLDWIDE, INC. * Case No: 15-10863-TJC
Debtor * (Chapter 11)
* * * * *

[Proposed, Subject to Conditional Approval]

**DISCLOSURE STATEMENT FOR
DEBTOR'S FIRST AMENDED PLAN OF LIQUIDATION
(Plan dated July 19, 2017)**

Plan Proponent:

Roger Schlossberg
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Chapter 7 Trustee for the Bankruptcy Estate of
Kristina L. Roberts, Sole Director and Sole
Shareholder of Enrizon Worldwide, Inc., and Special
Litigation Counsel for Enrizon Worldwide, Inc.

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Counsel for Enrizon Worldwide, Inc.

I. INTRODUCTION

Plan Proponent, Roger Schlossberg (the “Trustee”), through Schlossberg, Mastro & Scanlan (“SMS”), as Chapter 7 trustee for the bankruptcy estate of Kristina L. Roberts (“Ms. Roberts”) and the sole director and shareholder of Enrizon Worldwide, Inc. (the “Debtor” or “Enrizon”) and the Debtor, through its counsel, Yumkas, Vidmar, Sweeney & Mulrenin, LLC (“YVSM”), have filed a Proposed First Amended Plan of Liquidation (the “Plan”) under Chapter 11 of the Bankruptcy Code, a copy of which is **Exhibit A** hereto and is incorporated herein by reference.

The Plan Proponent has prepared this Disclosure Statement pursuant to § 1125 of the Bankruptcy Code in order to provide parties entitled to vote on the Plan with sufficient information regarding the Plan and the treatment of their Claims and Interests under the Plan, and the risk factors and alternatives to the Plan, to enable creditors and Interest Holders to make informed decisions as to whether to vote to accept or reject the Plan.

The Disclosure Statement also provides information regarding the Plan confirmation process and voting on the Plan.

Please refer to the Plan for the definitions of capitalized terms used in the Disclosure Statement but not defined in the Disclosure Statement.

A. Disclaimer and Supremacy of Plan

The Plan and the Disclosure Statement are complex documents. You are urged to read them in their entirety, including the several exhibits to the Disclosure Statement, for a full understanding of how the Plan works and how Claims, Interests or rights will be treated under and affected by the confirmation of the Plan. The Disclosure Statement contains references to and summaries of certain provisions of the Plan. It is important to emphasize that the Disclosure Statement does not replace or supersede the Plan; the Plan provisions govern in all respects. Once confirmed, the Plan will be a legally binding commitment of the Debtor, the Plan Proponent, Creditors, Interest Holders and parties in interest.

The financial information in the Disclosure Statement has not been audited or reviewed by a certified public accountant and has not been prepared in accordance with generally accepted accounting principles. In preparing the Disclosure Statement, including information on Avoidance Actions, Causes of Action, objections to Claims, the Plan Distribution Projections, and the Estimated Liquidation and Distribution Analysis, the Plan Proponent considered, among other things, the Debtor’s Schedules, the proof(s) of claim filed by Creditors, the Debtor’s pleadings filed with the Court as well as those filed in Ms. Roberts’ bankruptcy case, and various business records produced by the Debtor or Ms. Roberts during their respective bankruptcy cases. The Plan Proponent cannot warrant that the financial information contained in the Disclosure Statement is without material inaccuracy or omission.

The Disclosure Statement does not contain tax or securities advice. The Plan Proponent advises that you consult your own legal and tax advisors on any questions you have regarding the Plan’s tax consequences to you. The Disclosure Statement has been prepared in accordance with § 1125 of the Bankruptcy Code and no effort has been made to comply with federal or state securities law or other non-bankruptcy law.

Unless contained in the Court-approved Disclosure Statement, no representations or inducements to obtain your vote for or against the Plan are authorized or should be relied upon. Any such representations should be reported to counsel for the Plan Proponent and to the United States Trustee.

B. Voting and Confirmation

Please note that the Plan Proponent is seeking to expedite these proceedings by consolidating the confirmation hearing to consider the Plan with the final hearing on the approval of the Disclosure Statement. The Debtor will soon file a motion for conditional approval of this Disclosure Statement and for consolidation of the final hearing on the Disclosure Statement with the final hearing on confirmation. Once the motion is ripe, the Court may approve or conditionally approve the Disclosure Statement. At that time, Creditors and Interest Holders entitled to vote on the Plan will be provided with a copy of the Court-approved Disclosure Statement and exhibits, including the Plan, and a Ballot, and a return envelope, for purposes of voting to accept or reject the Plan. After carefully reviewing the Plan, the Disclosure Statement and the exhibits to it, if you have received a Ballot, please indicate your vote on the Ballot and return it by the deadline indicated on the Ballot. Please return your Ballot in the enclosed envelope to the following address: Paul Sweeney, Yumkas, Vidmar, Sweeney & Mulrenin, LLC, 10211 Wincopin Circle, Suite 500, Columbia, Maryland 21044, on or before _____, 2017.

Pursuant to the provisions of the Bankruptcy Code governing plan confirmation, only Holders of Allowed Claims or Interests in Classes of Claims or Interests that are impaired and that are in a Class that will receive a Distribution under the Plan may vote on the Plan. Classes of Claims or Interests in which the Holders of the Claims or Interests are unimpaired under the Plan are deemed to have accepted the Plan and are not entitled to vote to accept or reject the Plan. Class 1 is not impaired and is deemed to have accepted the Plan. Classes 2 and 3 are impaired. The Interest Holder's distribution will be subject to administrative claims, legal fees, expenses and costs of administration. These claims are subject to application, notice of opportunity to object and court approval. Classes of Claims or Interests that will receive no Distribution on account of their Claims or Interests under the Plan are deemed to have rejected the Plan.

The Bankruptcy Code defines acceptance of a plan by a class as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more than one-half in number of the claims that actually cast ballots.

For purposes of calculating the number of Allowed Claims in a Class of Claims that have voted to accept or reject the Plan under § 1126(c) of the Bankruptcy Code, all Allowed Claims in such Class held by one entity or any affiliate will be aggregated and treated as one Allowed Claim in such Class.

If any Class fails to accept the Plan by the requisite majorities in number and amount required under § 1126 of the Bankruptcy Code, the Plan Proponent will request that the Court confirm the Plan pursuant to § 1129(b) of the Bankruptcy Code.

Under the Plan, Classes 2 and 3 are entitled to vote as Class 1 is unimpaired and deemed to have accepted the Plan.

II. BACKGROUND

A. Corporate Structure

The Debtor, a Maryland corporation, was formed on April 1, 2013. The Debtor is owned 100% by the bankruptcy estate of Ms. Roberts, through its trustee, Roger Schlossberg.

B. Publications and Projects

Ms. Roberts and Enrizon are parties to valuable contracts with Simon and Shuster, Inc. ("S&S") pursuant to which S&S makes royalty payments for Ms. Roberts' literary works. To the extent allocable, the Debtor's Plan will be funded primarily from currently due and future

royalty payments from S&S, which have been or will be earned or received by Ms. Roberts or Enrizon in connection with certain contracts for publishing and distributing her literary works.

III. CHAPTER 11 BANKRUPTCY CASE

A. Petitions Filed

On June 11, 2014, Ms. Roberts filed a voluntary petition for relief under Chapter 7 of the Bankruptcy Code and Roger Schlossberg was appointed as her Chapter 7 trustee. With his standing as Trustee, the Trustee obtained all ownership interests in Enrizon on behalf of Ms. Roberts' bankruptcy estate. Subsequently, Enrizon, by the Trustee, filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code (the "Petition") on January 21, 2015. It has since managed its affairs and operated as a debtor-in-possession. A Creditors' Committee has not been appointed.

B. Professionals

On April 27, 2015, the Court entered an Order Granting Application to Employ Yumkas, Vidmar & Sweeney, LLC as General Counsel to the Debtor [Dkt. # 22].¹ Additionally, on April 27, 2015, the Court entered an Order Granting Application to Employ Roger Schlossberg and Compensate Schlossberg, Mastro & Scanlan as Special Litigation Counsel to the Debtor [Dkt. # 23].

IV. SUMMARY OF THE PLAN

THE FOLLOWING IS A SUMMARY OF THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY THE PLAN. THE SUMMARY OF THE PLAN DOES NOT PURPORT TO BE A COMPLETE STATEMENT OF ALL OF THE TERMS AND PROVISIONS OF THE PLAN OR THE OTHER REFERENCED DOCUMENTS.

A. Brief Overview of Plan

To the extent allocable, the Debtor's Plan will be funded primarily from currently due and future royalty payments from S&S, which have been or will be earned or received by Ms. Roberts, Roger Schlossberg as her Chapter 7 trustee, or Enrizon in connection with certain contracts for publishing and distributing Ms. Roberts' literary works. Additional funding may also be provided by litigation recoveries from avoidance actions under Chapter 5 of the United States Bankruptcy Code, including any recoveries from pending Adversary Proceeding Nos. 17-00033, 17-00034, 17-00035, 17-00036, 17-00037, 17-00038, 17-00039, 17-00040, and 17-00041.

The Plan provides for the immediate appointment of the Trustee as the post-confirmation Plan Administrator upon entry of the Confirmation Order and grants him continued standing and authority as Plan Administrator to collect all assets, litigate and resolve Avoidance Actions, Causes of Action, and objections to Claims, and to make Distributions under the Plan. The Plan Administrator will be paid his customary hourly rate of \$525 per hour for his services as Plan Administrator.

Upon entry by the Bankruptcy Court of a final order confirming it, the Plan will be legally binding on the Debtor, Creditors, Interest Holders, and other parties-in-interest.

¹ Yumkas, Vidmar & Sweeney, LLC has since changed the name of its firm to Yumkas, Vidmar, Sweeney & Mulrenin, LLC.

All parties are urged to read the entire Plan and Disclosure Statement, including the attached Exhibits, and to consult their respective counsel, accountants and business advisors in order to fully understand the Plan before voting to accept or reject the Plan.

B. Classification of Claims and Interests

Allowed Administrative Claims and Allowed Priority Tax Claims are not classified for purposes of voting or receiving Distributions under the Plan.

The Trustee, SMS, and YVSM contemplate that there are administrative expenses that should be allowed as direct administrative expenses against the Debtor.

The Plan divides all other Claims and Interests into the following Classes:

Class 1: Allowed Unsecured Claims entitled to priority under § 507(a) other than Administrative Claims and Priority Tax Claims.

Class 2: Allowed Unsecured Claims.

Class 3: Allowed Interest in the Debtor.

C. Treatment of Unclassified Claims

1. Allowed Administrative Claims

Allowed Administrative Claims will be paid in full in Cash from royalties disgorged by the Trustee pursuant to the Court's Consent Order Granting Motion for Entry of Order Directing Payment to Trustee of All Sums Due and Payable to Debtors by Simon & Shuster, Inc. [Dkt. # 31] (the "Disgorgement Order"). Funds transferred from the bankruptcy estate for Ms. Roberts to the Debtor pursuant to the Disgorgement Order will fund the Plan on the later of the Effective Date and the date such Claim becomes an Allowed Administrative Claim or comes due according to its terms. The Trustee is currently holding \$372,445.21, which amount alone is sufficiently in excess of all anticipated Allowed Administrative Claims. Aside from the amount the Trustee is currently holding, the Debtor expects to receive additional royalty payments for Ms. Roberts' work and anticipates that the Debtor will recover litigation proceeds between \$300,000.00 and \$400,000.00. Anticipated Allowed Administrative Claims total approximately \$285,000.00, which includes projected time to complete each of the Debtor's nine (9) adversary proceedings. A Holder of an Administrative Claim may agree to less favorable treatment. An Administrative Claim that is a Disputed Claim or the subject of an Avoidance Action will not receive any Distribution unless and until such Claim becomes an Allowed Administrative Claim.

The Trustee has previously paid approximately \$2,926.62 in fees owing to the Office of the United States Trustee, and will continue to stay current on quarterly fee payments to the Office of the United States Trustee pursuant to 28 U.S.C. § 1930 until the Debtor's case is closed, dismissed or converted. Additionally, the Debtor will stay current on its post-confirmation quarterly reports.

2. Priority Tax Claims

Allowed Priority Tax Claims will be paid in full in accordance with §§ 507(a)(8) and 1129(a)(9)(C), commencing on the Effective Date, from available funds after payment of Allowed Administrative Claims. A Holder of an Allowed Priority Tax Claim may agree to less favorable treatment. A Priority Tax Claim that is a Disputed Claim will not receive any Distribution unless and until such Claim becomes an Allowed Priority Tax Claim.

The Plan Proponent believes that various tax claimants may assert claims that are currently in unknown amounts. At this time, the Debtor has received Claim No. 1, which the Internal Revenue Service filed seeking \$1,000.00.

D. Treatment of Classified Claims and Interests

1. Class 1: Priority Claims other than Administrative Claims and Priority Tax Claims

Allowed Class 1 Claims will be paid in full pursuant to § 507's priority scheme. Specifically, pursuant to § 1129(a)(9)(B), each holder of a claim in this class will receive either: "(i) if such class has accepted the plan, deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (ii) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim." A Holder of a Class 1 Claim may agree to less favorable treatment of such Claim. A Class 1 Claim that is a Disputed Claim or the subject of an Avoidance Action will not receive any Distribution unless and until such Claim becomes an Allowed Claim.

The Debtor's Schedule E [Dkt. # 15] does not list any known amounts for any of the scheduled unsecured priority claims. No § 507(a)(7) proofs of claims were filed.

Class 1 Claims are unimpaired, not entitled to vote, and deemed to have accepted the Plan.

2. Class 2: Allowed Unsecured Claims

Allowed Class 2 Unsecured Claims other than the scheduled claim of the Bankruptcy Estate of Kristina L. Roberts will be paid in full after payment of Allowed Administrative Claims, Allowed Priority Tax Claims, and Allowed Priority Claims plus interest at the federal rate pursuant to 11 U.S.C. § 726 and 28 U.S.C. § 1961(a). The scheduled claim for the Bankruptcy Estate of Kristina L. Roberts is subordinated to all Allowed Unsecured Claims and a distribution will not be made on behalf of the claim unless and until all Allowed Unsecured Claims are first paid in full. Currently, filed claims total \$3,577.77.

The Debtor's Amended Schedule F [Dkt. # 90] lists Unsecured Nonpriority Claims totaling an unknown amount. Other than the scheduled claim for the Bankruptcy Estate of Kristina L. Roberts, the Debtor has listed all of the claims on Amended Schedule F as contingent, unliquidated and disputed.

The scheduled claim for the Bankruptcy Estate of Kristina L. Roberts was scheduled on behalf of the claimants that filed proofs of claims in Ms. Roberts' bankruptcy case, including the following claims in Ms. Roberts' case: Claim No. 1 filed by Cavalry SPV I, LLC; Claim No. 2 filed by Working Capital #1 LLC; Claim No. 3 filed by the IRS; Claim No. 4 filed by Comptroller of the Treasury; Claim No. 5 filed by Prince George's County, Maryland; and Claim No. 6 filed by Prince George's County, Maryland. In total, the scheduled claim for the Bankruptcy Estate of Kristina L. Roberts is \$2,000,000. The Debtor reserves the right to adjust to the amount of this claim based on resolution of claim amounts in Ms. Roberts' bankruptcy case. For purposes of the Debtor's case and this Plan, Roger Schlossberg on behalf of the Bankruptcy Estate of Kristina L. Roberts consents to the subordination of the scheduled claim of the Bankruptcy Estate of Kristina L. Roberts to all Allowed Unsecured Claims and to the treatment of such claim in this Class 2. The Bankruptcy Estate of Kristina L. Roberts consents to receiving distribution, if its claim is an Allowed Claim, in this Class 2 only after all Allowed Unsecured Claims have been paid in full. The Debtor will not make any distributions on account of an Allowed Claim for the Bankruptcy Estate of Kristina L. Roberts until unclassified claims, all Allowed Class 1 claims and all other Allowed Unsecured Class 2 Claims have been paid in full.

Three proofs of unsecured claims have been filed. Proofs of claims have been filed by Marley Creek Marina, LLC in the amount of \$1,600.00 (Claim No. 2), Working Capital No. 1, LLC in the amount of \$150,765.00 (Claim No. 3), and American Express Centurion Bank in the amount of \$1,977.77 (Claim No. 4). The Debtor has filed an objection to Claim No. 3 [Dkt. # 101]. On July 19, 2017, the Debtor, on Working Capital No. 1, LLC's behalf, filed a Line Withdrawing Claim No. 3 of Working Capital No. 1, LLC withdrawing its claim.

Class 2 Claims are impaired and entitled to vote on the Plan.

3. Class 3: Allowed Interest in the Debtor

After all Allowed Class 2 claims, if any, are paid in full with interest, the Allowed Interest in the Debtor will be paid the funds remaining in the estate.

The Class 3 Interest is impaired and entitled to vote for or against confirmation of the Plan.

V. MEANS OF IMPLEMENTING THE PLAN

A. Sources of Funds

1. Settlement. On September 1, 2015, the Court entered an Order Approving Compromise and Settlement [Dkt. # 34], that approved the Motion for Approval of Proposed Compromise and Settlement [Dkt. # 29] (the "Motion"). Pursuant to the compromise contained in the Motion, the Trustee and Kristina Roberts have agreed that with respect to post-petition work, the Trustee and Ms. Roberts will share equally, on a dollar-for-dollar basis, all earnings, income or proceeds derived in any fashion from Ms. Roberts' post-petition work. Additional payments due to Enrizon and/or the Trustee from S&S continue to accrue under existing pre-petition contracts that remain the subject of active investigation and litigation by the Trustee. Collectively, these contracts include but are not limited to the S&S Contracts (collectively, the "Contracts"). The proceeds from these Contracts, as appropriate, will be used to fund the Plan (the "Contract Proceeds").

2. Proceeds recovered from avoidance actions. On January 19, 2017, the Debtor's special litigation counsel filed the following adversary proceedings and the proceeds recovered (the "Litigation Proceeds") will also fund the Plan. These adversary proceedings follow:

- (a) *Enrizon v. Kristina Roberts, Elizabeth Caldwell Roberts, and Public Storage*, Adv. Pro. No. 17-00033;
- (b) *Enrizon v. James Roberts, Jennifer McCuiston, American Express Company, and American Express Centurion*, Adv. Pro. No. 17-00034;
- (c) *Enrizon v. Elizabeth T. Roberts, Howard University, Inc., and University of Maryland*, Adv. Pro. No. 17-00035;
- (d) *Enrizon v. Kristina Roberts and The Vestry of Holy Trinity*, Adv. Pro. No. 17-00036;
- (e) *Enrizon v. Nakita West*, Adv. Pro. No. 17-00037;
- (f) *Enrizon v. Kristina Roberts, Potomac Electric Power Co. and Strebtor Books International, LLC*, Adv. Pro. No. 17-00038;

- (g) *Enrizon v. Andre L. Roberts, Karen A. Anglin, Watts Rentals & Management Service, Inc., Engage Armament, LLC, Barbi Eger, Extra Space Management, Inc., Storage Village Four, LLC, Baltimore Gas & Electric Company, Marley Creek Marina, LLC, Richardson Bike Mart, Inc., Best Buy Co., Inc.*, Adv. Pro. No. 17-00039;
- (h) *Enrizon v. Kristina Roberts and Andre Roberts*, Adv. Pro. No. 17-00040; and
- (i) *Enrizon v. Kristina Roberts and Andre Roberts*, Adv. Pro. No. 17-00041.

The Contract Proceeds and the Litigation Proceeds will fund the Plan (collectively, the “Funding Sources”). The Debtor anticipates that it will recover Litigation Proceeds between \$300,000.00 and \$400,000.00.

B. Claim Objections

Objections to Claims may be filed at any time on or before ninety (90) days after the Effective Date, and may be filed as part of adversary proceeding Avoidance Actions.

C. Plan Administrator

1. The Plan Administrator’s appointment will commence immediately upon entry of the Confirmation Order.
2. The Plan Administrator’s appointment will commence immediately upon entry of the Confirmation Order. The Plan Administrator will have standing and authority to pursue collection of all amounts due, and sue for, litigate, collect and settle Avoidance Actions, Causes of Action, and objections to Claims, and collect under assumed executory contracts; provided, however, settlements of Avoidance Actions, Causes of Action, and Claim objections greater than fifty thousand dollars (\$50,000) will require Court approval.
3. The Plan Administrator will pay the expenses of Plan administration from the Funding Sources and may employ such Professionals as he deems necessary and appropriate.
4. The Plan Administrator will make the Distributions provided for by the Plan to the Holders of Allowed Claims and Interests. The Plan Administrator will distribute to the Holders of Allowed Administrative Claims, Allowed Claims and Allowed Interests, on a periodic basis, unrestricted Cash on hand, except such amounts as have been reserved on account of Disputed Claims, a reserve for the anticipated administrative fees and expenses, or claims that are pending Court approval; provided, however that the Plan Administrator is not required to make a Distribution pursuant to the Plan if the aggregate, net amount of unrestricted Cash available for Distribution is such as would make the Distribution impracticable as reasonably determined by the Plan Administrator.
5. The Plan Administrator will be responsible for filing federal, state or local tax returns for the Debtor or the estate.
6. Upon completion of Distributions under the Plan, the Plan Administrator will file a final report of the Plan’s administration within sixty (60) days after completion and, upon Court approval thereof, all power, duties and responsibilities under the Plan shall conclude.

D. Executory Contracts and Unexpired Leases

1. Assumption and Assignment. There are no executory contracts to be assumed. The Debtor retains all rights under the Disgorgement Order.
2. Rejection. There are no executory contracts to be rejected.
3. Claims Relating to Rejection. Any party to an executory contract or unexpired lease that is rejected pursuant to the Plan is required to file by the Rejection Claims Bar Date a proof of claim for amounts due as a result of such rejection, if any. Any Claim not filed by the Rejection Claims Bar Date is forever barred and is not enforceable against the estate, the Property, the Plan Administrator, the Plan Proponent or the Debtor.

VI. MISCELLANEOUS PLAN PROVISIONS

A. No Discharge of Debtor

Pursuant to § 1141(d)(3) of the Bankruptcy Code, confirmation of the Plan will not discharge the Debtor. The Assets of the Debtor and the estate will re-vest in the Debtor on the Confirmation Date.

B. Post-Confirmation Injunction

From and after the Confirmation Date, and except as provided by the Plan or the Confirmation Order, there will be an injunction in place with regard to actions by Creditors and Holders of Interests against the estate or the Plan Administrator. The injunction will remain in effect until the earlier of (i) satisfaction in full of Classes 1 and 2, or (ii) the Bankruptcy Case is closed, except as set forth in the Plan or Confirmation Order. All Holders of Claims or Interests will be enjoined by the injunction from asserting any Claim against the estate or the Plan Administrator, whether or not the Holder filed a proof of claim, and will be enjoined from commencing or continuing directly or indirectly, any action or proceeding of any kind on any such Claim, and from the enforcement, attachment, collection, or recovery of such Claim by any manner or means, other than as set forth above.

C. Preservation of All Rights of Action Not Expressly Settled or Released

Unless a claim or Cause of Action, Avoidance Action or Claim against a Creditor, Interest Holder or other person or Entity is expressly waived, released, compromised or settled in the Plan, or any Final Order, it is expressly reserved for later enforcement by the Plan Administrator. The Plan Administrator's appointment will commence immediately upon entry of the Confirmation Order.

D. Plan Governs

To the extent that the terms of the Plan are inconsistent with the Disclosure Statement or any terms of any agreement or instrument concerning any Claim, Interest or any other matter, the terms of the Plan control.

E. Taxpayer Identification

The Holder will be responsible for the payment of taxes in connection with any Distribution received.

F. Subordination of Late Filed Claims

While the original Bar Date for filing Claims against the Debtor has passed, the Debtor anticipates filing a motion to set a new claims bar date. After the new claims bar date passes,

Late Filed Claims are automatically treated as subordinated, unless and until the Court enters a Final Order allowing a Late Filed Claim.

G. Governing Law

Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent any document entered into in connection with the Plan so provides, the rights, duties, and obligations arising under the Plan will be governed by, and construed and enforced in accordance with the Bankruptcy Code, and, to the extent not inconsistent therewith, the laws of Maryland.

H. Notice

Any notice required under the Plan must be given to:

The Debtor:

Roger Schlossberg, Esquire
Schlossberg, Mastro & Scanlan
18421 Henson Boulevard, Suite 201
Hagerstown, Maryland 21742
(301) 739-8610
rschlossberg@schlosslaw.com
Chapter 7 Trustee for the Bankruptcy Estate of
Kristina L. Roberts, Sole Director and Sole
Shareholder of Enrizon Worldwide, Inc., and Special
Litigation Counsel for Enrizon Worldwide, Inc.

and

Paul Sweeney, Esquire
Corinne Donohue Adams, Esquire
Yumkas, Vidmar, Sweeney & Mulrenin, LLC
10211 Wincopin Circle, Suite 500
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psweeney@yvslaw.com
Counsel for Debtor

I. Conditions Precedent to Effective Date of Plan

1. The occurrence of the Effective Date of the Plan is subject to the satisfaction of the following conditions precedent:

- (a) The Confirmation Order, approving the immediate appointment of the Plan Administrator, has been entered by the Court;
- (b) No stay of the Confirmation Order or the appointment of the Plan Administrator has been entered by the Court or any appellate court; and
- (c) Fourteen days have passed since the entry of the Confirmation Order.

2. Reservation of Rights. In the event the Effective Date has not occurred on or before sixty (60) days after the entry of the Confirmation Order, the Plan Proponent may seek to modify the Plan.

J. Retention of Jurisdiction

1. Notwithstanding confirmation of the Plan or the Effective Date having occurred, the Court will retain jurisdiction to enforce the provisions, purposes and intent of the Plan, until the entry of the Final Decree, including, without limitation, jurisdiction with respect to the following matters:

- (a) To determine the allowance or disallowance of Claims, and to subordinate or disallow in whole or in part, any Claim;
- (b) To hear and determine Avoidance Actions and the Causes of Action;
- (c) To hear and determine all controversies and disputes that may arise in connection with the interpretation, consummation or performance of the Plan;
- (d) To determine and allow all expenses of administration of the Bankruptcy Case or which should be surcharged against the equity interest;
- (e) To recover assets of the Debtor, wherever located;
- (f) To consider any proposed modification to or amendment of the Plan; and
- (g) To enter any orders in aid of implementation of the Plan.

2. If the Court abstains from exercising, declines to exercise, or is otherwise without jurisdiction over any matter arising out of the case, the provisions of the Plan will not limit or prohibit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

VII. CERTAIN TAX CONSEQUENCES OF THE PLAN

THE FEDERAL, STATE, LOCAL AND OTHER GENERAL TAX CONSEQUENCES AS A RESULT OF THE PLAN TO THE HOLDERS OF CLAIMS AND INTERESTS MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER. THEREFORE, THE DEBTOR AND EACH CREDITOR AND INTEREST HOLDER SHOULD CONSULT THEIR OWN TAX ADVISOR TO DETERMINE THE TREATMENT AFFORDED ITS RESPECTIVE CLAIMS AND INTERESTS BY THE PLAN UNDER FEDERAL TAX LAW, THE TAX LAW OF THE VARIOUS STATES AND LOCAL JURISDICTIONS OF THE UNITED STATES AND THE LAWS OF FOREIGN JURISDICTIONS. NO STATEMENT IN THIS DISCLOSURE STATEMENT SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE. THE PLAN PROPONENT AND ITS COUNSEL DO NOT ASSUME ANY RESPONSIBILITY OR LIABILITY FOR THE TAX LIABILITIES A CREDITOR MAY INCUR AS A RESULT OF THE TREATMENT AFFORDED A CLAIM UNDER THE PLAN.

VIII. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in § 1129(a) or (b) of the Bankruptcy Code. These include the requirements, among other things, that the Plan must be proposed in good faith; at least one impaired Class of Claims must accept the Plan without counting votes of insiders; the Plan must distribute to each Creditor at least as much as the Creditor would receive in a Chapter 7 liquidation case, unless the creditor votes to accept the

Plan; and the Plan must be feasible. The Plan Proponent believes that the Plan meets the applicable tests.

Any party in interest may object to confirmation of the Plan. However, only a Creditor that has both an Allowed Claim and is impaired will receive a Ballot and be entitled to vote to accept or reject the Plan.

A. Plan Distribution Projections

The Plan Proponent anticipates making distributions to the Holders of Allowed Claims. With respect to the Holders of the Class 1 and 2 Claims, the Plan Proponent anticipates making 100% distributions on account of Allowed Claims.

B. Chapter 7 Liquidation Analysis

In order for the Court to confirm the Plan, it must make a finding that, as of the Effective Date, each Holder of a Claim in an impaired Class has accepted the Plan or will receive at least as much under the Plan as it would if the case were to be converted to a case under Chapter 7 of the Bankruptcy Code and the Assets were liquidated by a Chapter 7 trustee. The Debtor asserts that in a liquidation under Chapter 7, a Chapter 7 trustee would be appointed and would be entitled to a commission pursuant to Bankruptcy Code § 326. A Chapter 7 trustee would retain attorneys and accountants, and incur fees payable to those Professionals. A Chapter 7 trustee and his Professionals would incur significant fees in becoming fully informed. This Proposed Plan of Liquidation therefore offers a higher distribution than that which would occur in a Chapter 7.

C. Feasibility

To confirm the Plan, the Court must find that the Plan is not likely to be followed by a liquidation or the need for further financial reorganization of the Debtor. The Plan is a liquidating plan and provides for the liquidation of the Debtor, so the Plan meets this standard.

D. Confirmation without Acceptance by All Impaired Classes

The Bankruptcy Code provides that, so long as at least one Class of Claims that is impaired under the Plan accepts the Plan (without regard to the votes cast by insiders), the Court may confirm the Plan over the objections of any non-consenting Classes, provided the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to the dissenting Classes. These “cramdown” provisions are set forth in Bankruptcy Code § 1129(b). With respect to unsecured creditors, the treatment is “fair and equitable” if either (i) each impaired Holder of an Unsecured Claim of the rejecting Class receives or retains under the Plan property of a value equal to the amount of its Allowed Claim or (ii) the Holders of Claims and Interests that are junior to the Claims of the dissenting Class do not receive or retain any property under the Plan.

IX. RISK FACTORS THAT MAY AFFECT DISTRIBUTIONS UNDER PLAN

A. The Plan Proponent Cannot State with Certainty What Recovery Will Be Available to Holders of Allowed Claims in a Voting Class

Any Holder of a Claim or Interest may not receive its specified share of the estimated distributions described herein. Although the Debtor believes that its estimated recovery ranges set forth herein are reasonably accurate, a number of factors (known and unknown) make certainty in recoveries impossible. First, the Plan Proponent cannot know with certainty, at this time, the number or amount of all Claims that will ultimately be Allowed. Second, the Plan Proponent cannot know with any certainty, at this time, the unclassified Claims that will ultimately be Allowed.

B. Actual Amounts of Allowed Claims May Differ from the Estimated Claims and Adversely Affect the Recovery on Claims

The estimated amounts of the Claims are based on various assumptions. The actual amounts of Allowed Claims may differ significantly from those estimates should one or more underlying assumptions prove to be incorrect. Such differences may adversely affect the percentage recovery to Holders of Allowed Claims under the Plan.

X. CONCLUSION

The Plan Proponent believes that acceptance of the Plan is in the best interest of Creditors and Interest Holders and recommends that you vote to accept the Plan.

Dated: July 19, 2017

PLAN PROPONENT

ROGER SCHLOSSBERG

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Chapter 7 Trustee for the Bankruptcy Estate
of Kristina L. Roberts, Sole Director and Sole
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and Special Litigation Counsel for Enrizon
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CERTIFICATE OF SERVICE

I hereby certify that on the 19th day of July 2017, notice of filing the Disclosure Statement for Debtor's First Amended Plan of Liquidation was served by CM/ECF to those parties listed on the docket as being entitled to such electronic notices.

/s/ Paul Sweeney
Paul Sweeney

The following parties received
CM/ECF notice of the filing:

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