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

IN RE:	*	
	*	
TECHNOLOGY SPECIALISTS, INC.,	*	**Case No.: 15-17311-TJC**
	*	**Chapter 11**
Debtor.	*	
	*	

AMENDED DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE WITH RESPECT TO AMENDED JOINT PLAN OF REORGANIZATION
(Technology Specialists, Inc.)

McNamee Hosea Jernigan Kim
Greenan & Lynch, P.A.
Steven L. Goldberg (Fed. Bar No. 28089)
James M. Greenan (Fed Bar No. 08623)
6411 Ivy Lane, Suite 200
Greenbelt, Maryland 20770
T: 301-441-2420

Counsel to:
Technology Specialists, Inc.

Technology Specialists, Inc., as a debtor-in-possession under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code")[*] Case No. 15-17311-TJC, and the Official Committee of Unsecured Creditors appointed in the case (the "Committee"), hereby propose and file this Amended Disclosure Statement (the "Disclosure Statement") in connection with the Joint Amended Chapter 11 Plan of Reorganization dated October 14, 2016 (the "Plan").

THIS DISCLOSURE STATEMENT IS DESIGNED TO PROVIDE ADEQUATE INFORMATION TO ENABLE HOLDERS OF CLAIMS AGAINST THE DEBTOR TO MAKE AN INFORMED JUDGMENT ON WHETHER TO ACCEPT OR REJECT THE PLAN. ALL HOLDERS OF CLAIMS ARE HEREBY ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, WHICH IS ANNEXED HERETO AS EXHIBIT A, OTHER EXHIBITS ANNEXED HERETO, AND OTHER DOCUMENTS REFERENCED AS FILED WITH THE COURT BEFORE OR CONCURRENTLY WITH THE FILING OF THIS DISCLOSURE STATEMENT. FURTHERMORE, THE PROJECTED FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN THE SUBJECT OF AN AUDIT. SUBSEQUENT TO THE DATE HEREOF, THERE CAN BE NO ASSURANCE THAT: (A) THE INFORMATION AND REPRESENTATIONS CONTAINED HEREIN WILL CONTINUE TO BE MATERIALLY ACCURATE; AND (B) THIS DISCLOSURE STATEMENT CONTAINS ALL MATERIAL INFORMATION.

ALL HOLDERS OF CLAIMS SHOULD READ AND CONSIDER CAREFULLY THE MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT AS A WHOLE PRIOR TO VOTING ON THE PLAN. IN MAKING A DECISION TO ACCEPT OR REJECT THE PLAN, EACH CREDITOR MUST RELY ON ITS OWN EXAMINATION OF THE DEBTOR AS DESCRIBED IN THIS DISCLOSURE STATEMENT AND THE TERMS OF THE PLAN, INCLUDING THE MERITS AND RISKS INVOLVED. EVEN AFTER THE EFFECTIVE DATE, DISTRIBUTIONS UNDER THE PLAN MAY BE SUBJECT TO SUBSTANTIAL DELAYS FOR CREDITORS WHOSE CLAIMS ARE DISPUTED.

NO PARTY IS AUTHORIZED BY THE DEBTOR TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS WITH RESPECT TO THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. NO REPRESENTATIONS OR INFORMATION CONCERNING THE DEBTOR, ITS FUTURE BUSINESS OPERATIONS OR THE VALUE OF ITS PROPERTY HAVE BEEN AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH HEREIN. ANY INFORMATION OR REPRESENTATIONS GIVEN TO OBTAIN YOUR ACCEPTANCE OR REJECTION OF THE PLAN WHICH ARE DIFFERENT FROM OR INCONSISTENT WITH THE INFORMATION OR REPRESENTATIONS

[*] Capitalized terms not defined herein shall have the meanings ascribed to them in the Disclosure Statement.

CONTAINED HEREIN AND IN THE PLAN SHOULD NOT BE RELIED UPON BY ANY CREDITOR IN VOTING ON THE PLAN.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016(b) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER APPLICABLE NONBANKRUPTCY LAW. PERSONS OR ENTITIES HOLDING OR TRADING IN, OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING CLAIMS AGAINST, OR SECURITIES OF, THE DEBTOR, IF ANY, SHOULD EVALUATE THIS DISCLOSURE STATEMENT IN LIGHT OF THE PURPOSE FOR WHICH IT WAS PREPARED.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS SUCH COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

WITH RESPECT TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER PENDING OR THREATENED ACTIONS, THE DISCLOSURE STATEMENT AND PLAN AND THE INFORMATION CONTAINED THEREIN SHALL NOT BE CONSTRUED AS AN ADMISSION OR STIPULATION, BUT RATHER AS STATEMENTS MADE IN SETTLEMENT NEGOTIATIONS GOVERNED BY RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND ANY OTHER RULE OR STATUTE OF SIMILAR IMPORT.

THIS DISCLOSURE STATEMENT AND PLAN SHALL NEITHER BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY NOR BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN. EACH CREDITOR SHOULD, THEREFORE, CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL, AND TAX ADVISORS AS TO ANY SUCH MATTERS CONCERNING THE SOLICITATION, THE PLAN OR THE TRANSACTIONS CONTEMPLATED THEREBY.

This Disclosure Statement, the Plan annexed hereto as **Exhibit A** (and the exhibit annexed hereto), the accompanying form of Ballot, and the related materials delivered together herewith are being furnished by the Debtor to holders of Claims pursuant to Section 1125 of the Bankruptcy Code, in connection with the solicitation by the Debtor of votes to accept or reject the Plan (and the transactions contemplated thereby, as disclosed herein).

INTRODUCTION AND SUMMARY

Introduction

On May 21, 2015, Technology Specialists, Inc. (the "Debtor") filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Maryland. The Chapter 11 Case is pending before the Honorable Thomas J. Catliota.

This Disclosure Statement is provided pursuant to Section 1125 of the Bankruptcy Code to all of the Debtor's known Creditors, Equity Interest holders and other parties of interest, in connection with solicitation of the acceptance of the Joint Plan of Reorganization dated October 14, 2016 (the "Plan"), which has been filed with the Bankruptcy Court. The purpose of this Disclosure Statement is to provide such information as will enable a hypothetical, reasonable investor, typical of the holder of Claims against any interest in the Debtor, to make an informed judgment in exercising his, her or its right either to accept or reject the Plan.

The Debtor and Committee (together, the "Plan Proponents") seek the support of the Creditors for the reorganization of the business through the confirmation of the Plan. The Plan is described in greater detail below, and is attached as **Exhibit A** to this Disclosure Statement. Your acceptance of the Plan is important.

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE EITHER A GUARANTY OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT OR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.

The Bankruptcy Court will hold a hearing on final approval of the Disclosure Statement and Confirmation of the Plan on November 28, 2016, at the hour of 11:00 a.m., in Courtroom 3E of the United States Bankruptcy Court, 6500 Cherrywood Lane, Greenbelt, Maryland 20770.

THE PLAN PROPONENTS BELIEVE THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTOR, ITS CREDITORS, AND ESTATE, AND OFFERS CREDITORS THE BEST OPPORTUNITY FOR A MEANINGFUL DISTRIBUTION ON ACCOUNT OF THEIR CLAIMS. THE PLAN PROPONENTS URGE ALL OF THE DEBTOR'S CREDITORS TO VOTE IN FAVOR OF THE PLAN.

Voting Instructions

Your vote on the Plan is important. Non-acceptance of the Plan could lead to delays in distributions to Creditors. Your vote will help preserve the value of the Debtor's estate for the benefit of Creditors. A ballot is enclosed for use by Creditors. Whether or not you expect to be present at the hearing to consider confirmation of the Plan, you are urged to fill-in, date, sign and mail, e-mail, or fax the ballot accompanying the Plan and this Disclosure Statement to Steven L. Goldberg, McNamee Hosea, 6411 Ivy Lane, Suite 200, Greenbelt, Maryland 20770, Fax (301)

982-9450, sgoldberg@mhlawyers.com. For your ballot to count, it must be received prior to the date and time shown thereon.

TO BE COUNTED, ALL BALLOTS MUST BE SENT SO THAT THEY ARE ACTUALLY RECEIVED AT THE ABOVE ADDRESS NO LATER THAN 11:59 P.M. ON THE DATE IDENTIFIED IN THE ATTACHED ORDER APPROVING RESTATED DISCLOSURE STATEMENT. IF YOUR BALLOT IS NOT PROPERLY COMPLETED, SIGNED AND RETURNED AS DESCRIBED, IT WILL NOT BE COUNTED. IF YOUR BALLOT IS DAMAGED OR LOST, YOU MAY REQUEST A REPLACEMENT BALLOT BY CONTACTING COUNSEL FOR THE DEBTOR.

Acceptance of Plan

Each Holder of an Allowed Claim or an Allowed Equity Interest that is Impaired under the Plan may vote to accept or reject the Plan. The only Impaired Class entitled to vote under the Plan is Class 2: Allowed General Unsecured Claims.

An Impaired Class of Creditors is deemed to accept the Plan if at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims in that Class (who actually vote) vote on the Plan. Except as provided in the Bankruptcy Code, the acceptance of each Class of Impaired Creditors is required in order to confirm the Plan. **IF YOU FAIL TO VOTE ON THE PLAN, THE OUTCOME WILL BE DETERMINED BY OTHER CREDITORS. YOU WILL BE BOUND BY THE RESULT, EVEN IF YOU FAIL TO VOTE.** The requirements for confirmation of the Plan are discussed in greater detail below.

DESCRIPTION AND HISTORY OF DEBTOR'S BUSINESS

A. Overview

Technology Specialists, Inc. ("TSI"), a Maryland corporation with its primary operations in Prince George's County, Maryland, is a small business information technology integrator and value assed reseller. TSI was initially formed in 1987. In 2004, Lee White, the Debtor's President, and his wife Thalia White, acquired TSI. Immediately after the acquisition, TSI applied to participate in the Small Business Association's 8(a) minority contractor program, and it became eligible for small business and 8(a) set-aside contracts on November 15, 2004.

Since 2004, TSI has delivered information technology ("IT") solutions, including procurement, design, implementation, security and support services to private and government agencies, including the United States Nuclear Regulatory Commission, the Department of Defense, and as a subcontractor to private corporations supporting the United States government. TSI delivered these services through two distinct business lines: (i) as a "value added re-seller" ("VAR") whereby TSI would acquire equipment for and on behalf of the federal government, and (ii) by providing specialized IT services to private and public clients. While TSI continues to provide VAR services, its primary business activities consist of delivering technology services.

Prior to the Petition Date, in addition to its corporate office in Maryland, TSI had offices in South Carolina, Louisiana and Georgia, at one time employing more than 80 employees. At the time the bankruptcy case was filed in May of 2015, TSI had closed its offices in South Carolina and Louisiana, and reduced its workforce to approximately 18 people.

EVENTS LEADING TO CHAPTER 11 FILING

TSI's financial challenges began as early as 2009, principally as a result of deteriorating economic conditions; the government sequestration; and TSI's rapid growth which caused significant strain on its financial and infrastructure capabilities.

Until 2008, TSI primarily focused on public and private contracts with gross revenues between $100,000.00 and $500,000.00. Beginning in 2008, TSI began to bid on substantially larger contracts. In late 2008, TSI was awarded a contract with the United States Department of Navy to provide the government with radio and telecommunications equipment. The contract required the delivery of nearly a billion dollars-worth of telecommunications equipment to the Navy over a period of five years. The contract, which TSI initially viewed as a promising opportunity to develop its qualifications and lead to better and more profitable contracts, caused TSI extraordinary financial hardship.

In addition to the significant costs of factoring its receivables, the contract with the Navy required TSI to increase staffing and advance significant financial resources, which TSI could ill afford to carry. Ultimately, in order to deliver the contract requirements, TSI was required to affiliate with larger firms who were better able to support the financial requirements necessary to deliver the equipment, absorbing the profit that TSI had expected under the contract.

In 2010 and 2012, TSI was awarded two other considerable contracts with the Department of the Navy, the first requiring TSI to lease warehouse space in Gretna, Louisiana, then used to provide logistics support for the United States Marine Corp. A second contract was awarded by the Navy in 2012 to support the Navy's efforts to design and develop a replacement of various wartime equipment. The 2012 Navy contract similarly required significant investment in infrastructure and personnel, including, among other things, the lease of a 35,000 square foot warehouse facility in Hanahan, South Carolina.

The 2010 and 2012 Navy contracts were generally performing efficiently until the sequestration in 2012. The sequestration caused a virtual halt in federal spending, further straining TSI's already anemic bottom line. Though the government dramatically cut its spending, its contract requirements did not change, requiring TSI to continue to service its pre-sequestration overhead, including maintaining the Louisiana and South Carolina facilities it had leased, built-out, and operated. While TSI cut costs where it could through layoffs, salary and benefit reductions, TSI was unable to adequately fund new private contracts to offset the revenue decline resulting from the sequestration, as TSI was forced to earmark its already limited resources to servicing the 2010 and 2012 Navy contracts.

By early 2013 through 2014, continued funding cuts by the government caused TSI to undertake additional cost-cutting measures. Not only was the government spending less, it was

paying more slowly, often requiring intervention by Congressional Representatives to assist TSI in securing payment. Between 2013 and late 2014, TSI reduced its workforce by more than 60 employees and closed its leased space in South Carolina and Louisiana. In September of 2014, the U.S. Government elected not to renew the 2010 and 2012 contracts.

By early 2014, TSI's relationship with its vendors was under severe strain. TSI was in default to many of its VAR vendors, and it became unable to pay its debts as they came due. By late 2014 and early 2015, several lawsuits had been filed against TSI by vendors and suppliers. Other vendors and suppliers refused to further provide goods and services to TSI.

Prior to the Petition Date, in an effort to address its financial issues, TSI retained an outside consultant to assist in restructuring its financial affairs outside of bankruptcy. Ultimately, those efforts were unsuccessful. In its business judgment, TSI commenced this Chapter 11 case in order to ensure the long term viability of the company and restore confidence with its creditors.

As of the Petition Date, TSI was a prime contractor to the United States Nuclear Regulatory Commission; a subcontractor to Dell Services Federal Government, Inc.; Vencore Services and Solutions; Altus Technical Solutions, LLC; and Digital Management, Inc.

SUMMARY OF EVENTS DURING THE BANKRUPTCY CASE

A. Contracts Performing Post-Petition

The Debtor continues to perform under all of its client contracts. Since the Petition Date, the Debtor has acquired additional task orders with the U.S. Nuclear Regulatory Commission and continues to aggressively bid new work. As of the date of the Plan, the Debtor employs approximately 12 people.

B. Management of the Debtor Before and During the Bankruptcy

The Debtor is owned by Lee White and Thalia White, each of whom own one-half of the stock of TSI. During the two years prior to bankruptcy and during the bankruptcy, Lee White was in control of the Debtor's management. On and after the Effective Date, the Debtor will be managed by Mr. White.

C. Appointment of the Official Committee of Unsecured Creditors

On June 3, 2015, the United States Trustee formed a three (3) member Committee, consisting of the following members: (a) Levin Professional Services, Inc. t/a Washington Professional Systems; (b) Motorola Solutions, Inc.; and (c) Kinloch & Associates. The Committee selected Cole Schotz, P.C. as its counsel. As set forth herein, the Committee assisted the Debtor in exposing its assets to the market for a potential sale of the Debtor's assets. In the exercise of the Debtor's business judgment, and with the support of the Committee, the Debtor believes that reorganizing as a going concern will maximize the recovery to Unsecured Creditors.

D. Significant Post-Petition Events

i. Secured Debt

Prior to the Petition Date, the Debtor factored its receivables with Federal National Payables, Inc. ("FNP"). Under its factoring relationship, TSI would sell or "factor" a receivable to FNP in exchange for approximately 85% to 90% of the receivables' face value. When payment on the factored receivable was collected, FNP would retain a fee and remit the balance of the payment to the Debtor. As of the Petition Date, the Debtor was indebted to FNP in the amount of approximately $160,182.73.

Shortly after the Petition Date, on May 29, 2015, TSI filed a motion for authority to continue its factoring relationship with FNP on a post-petition, as-needed, basis. The Committee objected to the Debtor's motion to continue post-petition factoring with FNP. In consultation with the Committee, the Debtor withdrew its motion. Since the Petition Date, the Debtor has financed its operations solely from revenues derived from its contracts.

As set forth in subsection D(ii), FNP's pre-petition claim has been satisfied. Accordingly, the Debtor has no secured debt.[2]

ii. Federal National Payable, Inc.'s Motion for Relief from Stay

On June 10, 2015, FNP filed a motion for relief from the automatic stay in order to apply funds it collected post-petition to its pre-petition claim. In its motion, FNP alleged that since it purchased TSI's receivables pursuant to its pre-petition factoring agreement, that the automatic stay was not applicable. Alternatively, FNP alleged that to the extent the automatic stay applied, that TSI was unable to provide adequate protection to FNP.

On June 26, 2015, the Committee filed an objection to FNP's motion, asserting, among other things, that the funds collected by FNP post-petition were property of the Debtor's estate and required to be turned over to the Debtor. The Committee also opposed the reimbursement of certain fees and expenses sought by FNP.

On October 16, 2015, following extensive negotiations between the Committee and FNP, the Court entered a Stipulation and Consent Order resolving FNP's motion for relief from stay. The Consent Order permitted FNP to apply the proceeds it collected post-petition to satisfy amounts owed to FNP. The Consent Order also limited FNP's reimbursement of fees and costs, and released any claims FNP had against TSI relating to the Harris Turnover Action (described below), including for indemnification.

iii. The Turnover Action Against Harris Corporation and Federal

[2] Acura Financial Services filed a Secured proof of claim [Proof of Claim No. 8] in the amount of $40,775.80. Acura Financial Services' Claim evidences a vehicle lease, which the Debtor has moved to reject. Dell Marketing, L.P. filed a Secured proof of claim [Proof of Claim No. 11] in the amount of $358,128.44, asserting a judgment lien. The Debtor asserts that Dell Marketing L.P.'s Claim is unsecured, and shall be treated as a Class 2 General Unsecured Claim. The Debtor filed an objection to the Claim of Dell Marketing, L.P.

National Payables

On May 30, 2015, the Debtor filed a Complaint for Declaratory Judgment and Turnover of Property of the Estate against Harris Corporation ("Harris") and FNP (Adversary Proceeding No. 15-00271).

The Complaint sought turnover of $504,940.00 in proceeds of a contract with the Department of the Navy. The Complaint alleged that funds paid to the Debtor, and held by FNP, were property of the Debtor's bankruptcy estate and subject to turnover pursuant to the Bankruptcy Code. Harris filed an answer to the Complaint, alleging that the proceeds of the Debtor's contract with the Navy were earmarked to Harris, held in constructive trust for the benefit of Harris and were not, as TSI contended, property of the Debtor's estate.

After negotiations, TSI, FNP and Harris agreed to settle the Complaint. Among other things, the settlement required the Debtor to pay Harris $293,832.00, with the balance to be turned over to the bankruptcy estate in the amount of approximately $211,108.00.

The proceeds from the FNP / Harris settlement will be used, in part, to fund Debtor's Plan.

iv. Rejection of Contracts and Unexpired Leases Burdensome to the Estate

As set forth more fully herein, the Debtor undertook an extensive analysis of its real property leases and executory contracts. In the exercise of its business judgment, the Debtor rejected the real property lease with Spec Associates, Inc. relating to its former warehouse in Hanahan, South Carolina [Docket No. 6]; various equipment leases with Marlin Leasing Corporation [Docket No. 7], De Lage Landen Financial Services, Inc. [Docket No. 8], and Cisco Equipment Systems Capital Corporation [Docket No. 38]; and the Debtor rejected its real property lease with St. John Properties, Inc. for its corporate headquarters in Bowie, Maryland [Docket No. 71]. Contemporaneous with the filing of the Plan, the Debtor filed a motion to reject the lease of the 2015 Acura TLX with Acura Financial Services, servicer of Honda Lease Trust.

SUMMARY OF THE PLAN

Introduction

The Plan will be funded from (i) the Class 2 Effective Date Funds; (ii) the Class 2 Post-Effective Date Payments; and (iii) recoveries from Avoidance Actions and Causes of Action. The sum of (i) and (ii) shall equal ten percent (10%) of the Allowed Class 2 Claims. As such, Allowed Class 2 Claims shall receive a pro rata distribution(s) of ten percent (10%) of their Allowed Class 2 Claims, plus any payments received from net recoveries from Avoidance Actions and Causes of Action, over a period of five (5) years, except as otherwise stated herein.

A summary of the treatment of Claims and Equity Interests is set forth below. The Debtor reserves the right to object to the validity, priority or extent of Claims as set forth in the Plan.

Class 1: (Secured Tax Claims) ($1,545.11). The Class 1 Secured Tax Claim consists of the Claim of Prince George's County, Maryland, in the amount of $1,545.11, as a result of unpaid personal property taxes for fiscal year 2016, plus accrued interest at the rate of seven percent (7%). This Class is Unimpaired.

Class 2: (General Unsecured Claims) ($6,001,500.00). Class 2 consists of the General Unsecured Claims filed against and/or scheduled by the Debtor in the aggregate amount of approximately $6,001,500.00. Class 2 includes Claims improperly or incorrectly filed as Secured Claims, which are the subject of separate motions or objections filed contemporaneous with the Plan. The Debtor or Reorganized Debtor (as the case may be) and the Plan Administrator reserve the right to object to these Claims and nothing herein shall constitute an admission that these claims are Allowed. This Class is Impaired.

Class 3: Class 3 consists of Equity Interests in the Debtor. Class 3 under the Plan consists of the Equity Interests of the Debtor. Lee White and Thalia White are the owners of 100% of the stock and Equity Interests in the Debtor. Class 3 is Impaired but cannot vote to accept or reject the Plan.

The above summary is subject to the full text of the Plan, a copy of which is attached hereto as Exhibit A. To the extent that a conflict exists between this summary and the terms of the Plan, the text of the Plan controls.

Classification and Treatment of Claims and Equity Interests

The following is the designation of the Classes of Claims and Equity Interests under the Plan. Administrative Expense Claims have not been classified and are excluded from the following Classes in accordance with Bankruptcy Code section 1123(a)(1). A Claim or Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any portion or remainder of such Claim or Equity Interest qualifies within the description of such different Class.

Treatment of Class 1
(Secured Tax Claim, $1,545.11).

Class 1 consists of the Secured Tax Claim of Prince George's County, Maryland in the approximate amount of $1,545.11, plus accrued interest at the rate of seven percent (7%). Absent agreement by the holder of the Class 1 Secured Tax Claim, the Class 1 Secured Tax Claim shall be paid in full on the Effective Date.

Class 1 is Unimpaired under the Plan, and is therefore not entitled to vote to accept or reject the Plan.

Treatment of Class 2
(General Unsecured Claims, $6,001,500.00).

Class 2 consists of General Unsecured Claims filed against and/or scheduled by the Debtor in the amount of approximately 6,001,500.00. Class 2 includes Claims improperly or incorrectly filed as Secured Claims, which are the subject of separate motions or objections filed contemporaneous with the Plan. In full and final satisfaction and discharge of each Allowed Class 2 Claim, each Holder of an Allowed Class 2 Claim shall receive a pro rata distribution(s) of net proceeds of the Class 2 Assets, consisting of the following: (i) Class 2 Effective Date Funds; (ii) the Class 2 Post-Effective Date Payments, as set forth in detail in **Exhibit D** to this Disclosure Statement; and (iii) net recoveries from Avoidance Actions and Causes of Action. The sum of (i) and (ii) shall equal ten percent (10%) of the Allowed Class 2 Claims. As such, Allowed Class 2 Claims shall receive a pro rata distribution(s) of ten percent (10%) of their Allowed Class 2 Claims, plus any payments received from the net recoveries from Avoidance Actions and Causes of Action.

Treatment of Class 3
(Equity Interests in Debtor).

Class 3 consists of the Equity Interests of the Debtor. Lee White and Thalia White are the owners of 100% of the stock and Equity Interests in the Debtor. Class 3 Equity Interests in the Debtor shall be extinguished upon the Effective Date, and New Interests shall be issued in the Reorganized Debtor consisting of 1,000 shares in a single class of common stock. Absent higher or better bids being accepted, Lee White shall purchase 100% of the equity interests in the Reorganized Debtor by making a new value contribution to the Plan in the amount of $10,000.00 to be used to fund Allowed Class 2 Claims.

As consideration for the new value contribution, 100% of the new common stock of the issued and outstanding Interests of the Reorganized Debtor shall be issued to Lee White. The new value contribution allows the Equity holders to purchase the Equity Interest(s) in the Reorganized Debtor. The United States Supreme Court has held that such efforts must be subject to competing bids from the open market. Therefore, anyone may purchase the Equity Interest of the Reorganized Debtor by submitting a higher bid for such interest. Any party desiring to offer a higher bid should submit such bid, in writing, along with evidence of his/her ability to satisfy such bid, to the undersigned counsel for the Debtor, **by noon (EDT) at least fourteen (14) days prior to the Confirmation Hearing**, and must appear at the Confirmation Hearing. The new value requirement and the ability to bid and any subsequent auction of the Equity Interest will only take place in the event that all Impaired Classes do not accept the plan. The highest and best bid will be accepted by the Bankruptcy Court and the successful bidder will become the owner of the Equity Interest in the Reorganized Debtor, and will purchase such Equity Interest subject to the terms of the Plan confirmed by the Court. In the event that the Equity Interest of the existing principal is purchased, Lee White will withdraw his proposed new value contribution.

Additionally, pursuant to section 1121 of the United States Bankruptcy Code, the exclusivity period for the Debtor to file a plan of reorganization expired on September 18, 2015. Any

Creditor who wishes to file a competing Disclosure Statement and Chapter 11 Plan of Reorganization in the Bankruptcy Court is currently free to do so.

Class 3 is Impaired, but is not entitled to vote because the Holders of Equity Interests in Class 3 will not retain or acquire any property under the Plan on account of their Equity Interests. As such, Class 3 is deemed to reject the Plan.

Designation and Treatment of Unclassified Claims

Administrative Expenses

Except as set forth below, each holder of an Allowed Administrative Expense shall be entitled to payment in full in cash upon the later of (a) the Effective Date, (b) the date on which an order of the Bankruptcy Court allowing such Administrative Expense becomes a Final Order, or (c) the date, or dates, on which the Plan Proponents and the holder of such Allowed Administrative Expense agree or have agreed. Any final request for payment of an Administrative Expense must be filed no later than **thirty (30) days after the Effective Date**. The Administrative Claims Bar Date shall not constitute a bar to Professional Fee Claims, whether accruing prior to or after the Administrative Claims Bar Date. Requests for payment of Administrative Expenses shall be made by motion or application, as applicable, pursuant to the rules of the Bankruptcy Court. The failure to file a motion or application for the allowance of any Administrative Expense on or before the Administrative Claims Bar Date shall constitute a bar against the assertion or collection of any such Administrative Expense, and shall relieve the Debtor's Estate and the Reorganized Debtor from any liability, responsibility or obligation with respect to such Administrative Expense. Notwithstanding the foregoing, the Debtor may, in its sole discretion, pay Administrative Expenses incurred in the ordinary course of the Debtor's business without motion or Court order. Notice of any application or motion for the allowance or payment of any Administrative Expense Claim shall be given to the Debtor, Debtor's Bankruptcy Counsel, the Committee, the Office of the United States Trustee and to Creditors and parties in interest who have requested notice pursuant to Bankruptcy Rule 2002.

Professional Fee Claims

Professionals or other entities asserting a Professional Fee Claim (including counsel for the Committee) for services rendered before the Effective Date must, unless previously filed, file and serve on Debtor's Bankruptcy Counsel, the Committee; the Office of the United States, and to Creditors and parties in interest who have requested notice pursuant to Bankruptcy Rule 2002, an application for final allowance of such Professional Fee Claim no later than **thirty (30) days after the Effective Date**. Professional Fee Claims shall be paid on the later of: (a) the Effective Date; (b) the date on which an order of the Bankruptcy Court allowing such Administrative Expense becomes a Final Order; or (c) the date, or dates, on which the Debtor and the Professional(s) may agree. Any party in interest may object to a Professional Fee Claim. Any objections to the allowance of a Professional Fee Claim must be filed and served **no later than twenty-one (21) days after such Professional Fee Claim is filed and served**. All fees and expenses earned by Debtor's professionals subsequent to the Confirmation Date shall be paid by the Debtor as earned and billed without need for further approval of the Bankruptcy Court.

Statutory Fees and Continuing Duties to the Office of the U.S. Trustee

The Debtor and Reorganized Debtor, as applicable, shall pay to the United States Trustee, at the time such payments are due, all fees owed under 28 U.S.C. § 1930(a)(6) for disbursements by the Debtor from the Petition Date through the date on which the case is closed or converted to a case under Chapter 7. The Debtor and Reorganized Debtor, as applicable, will be responsible for disbursing any such payments to the Office of the U.S. Trustee as owed, and reporting such disbursements under applicable rules.

Assumption and Rejection of Executory Contracts and Unexpired Leases

Unless previously rejected by order of the Bankruptcy Court pursuant to section 365 of the Bankruptcy Code, or by operation of law, or assumed through the provisions of the Plan, on the Effective Date, all Executory Contracts and Unexpired Leases shall be rejected pursuant to Bankruptcy Code section 365. The Confirmation Order shall constitute an order of the Bankruptcy Court approving such assumptions and rejections pursuant to section 365 of the Bankruptcy Code. Notwithstanding the foregoing, absent an Order of the Bankruptcy Court to the contrary, the Confirmation Order shall constitute an assumption of the Executory Contracts and Unexpired Leases with Altus Technical Solutions, LLC; Avaya Government Solutions, Inc.; Avaya, Inc.; Dell Services Federal Government, Inc.; Digital Management, Inc.; the U.S. Nuclear Regulatory Commission; Vencore Services & Solutions & Windstream Communications, Inc. No cure payments are believed to be due to the counter-parties of the Executory Contracts and Unexpired Leases. The Plan shall constitute a motion to assume the foregoing Executory Contracts and Unexpired Leases without having to make any cure payments.

In addition to the foregoing, all insurance policies shall remain in full force and effect unless otherwise validly terminated, and issuers of such policies of insurance shall remain responsible for claims in accordance with the terms and provisions of such insurance policies. The insurance policies that have expired as of the Confirmation Date (whether entered into prior or subsequent to the Petition Date) are not executory contracts subject to assumption or rejection. The issuers of insurance policies shall be responsible for continuing coverage obligations under such insurance policies, regardless of the payment status of any retrospective or other insurance premiums. To the extent that any insurance policy is determined to be an executory contract, the Plan shall constitute a motion to assume the insurance policy and, subject to the occurrence of the Effective Date, the entry of the Confirmation Order shall constitute approval of such assumption pursuant to section 365(a) of the Bankruptcy Code.

Rejection Claims

Any Rejection Damage Claim arising from the rejection of an Executory Contract or Unexpired Lease by operation of the Plan must be asserted by the filing of a Proof of Claim with the Bankruptcy Court, and the service of such Proof of Claim on the Debtor's Bankruptcy Counsel. Such Proof of Claim must be filed with the Bankruptcy Court, and received by Debtor's Bankruptcy Counsel no later than the Rejection Claims Bar Date. Any Allowed Rejection Damage Claim shall be treated as a Class 2 Claim in accordance with Article IV of the Plan. The failure to file or deliver a Rejection Damage Claim by the Rejection Claims Bar Date shall

constitute a bar against the assertion or collection of any such Claim, and shall relieve the Debtor and the Debtor's Estate from any liability, responsibility or obligation with respect to such Claim. Without limiting the generality of the foregoing, no distribution shall be made pursuant to the Plan with respect to any Rejection Damage Claim that is not filed and delivered by the Rejection Claims Bar Date.

Effects of Confirmation of Plan

Discharge of Claims and Interests. Except as otherwise expressly provided by the Plan, the Confirmation of the Plan (subject to the occurrence of the Effective Date) shall discharge the Debtor to the extent provided in Section 1141(d) of the Bankruptcy Code from all debts that arose on or before the Confirmation Date, and all debts of the kind specified in Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not a Proof of Claim is filed or is deemed filed, whether or not such Claim is Allowed, and whether or not the holder of such Claim voted with respect to the Plan. Except as otherwise expressly provided by the Plan, all property of the Debtor's estate shall, upon entry of the Confirmation Order, be vested in the Reorganized Debtor and will be retained by the Reorganized Debtor on the Effective Date. All such property shall be free and clear of all Claims and the Interest of Creditors and other parties-in-interest.

ACCEPTANCE AND CONFIRMATION OF PLAN

Except as discussed below, a prerequisite to the Confirmation of the Plan is the acceptance of the Plan by each Impaired Class. A Class is Impaired unless, with respect to each Claim or Equity Interest in such Class, the Plan: (1) leaves unaltered the legal, equitable, and contractual rights to which such Claim or Equity Interest entitles the holder of such Claim or Equity Interest; or (2) notwithstanding any contractual provision or applicable law that entitles the holder of such Claim or Equity Interest to demand or receive accelerated payment of such Claim or Equity Interest after the occurrence of a default, (a) cures any such default that occurred before or after the commencement of the Chapter 11 Case (other than "ipso facto" defaults as specified in Section 365(b)(2) of the Bankruptcy Code); (b) reinstates the maturity of such Claim or Equity Interest as such maturity existed before such default; (c) compensates the holder of such Claim or Equity Interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and (d) does not otherwise alter the legal, equitable, or contractual rights to which such Claim or Equity Interest entitles the holder of such Claim or Equity Interest.

In order for the Debtor to carry a designated Class for purposes of confirmation of the Plan, the affirmative vote of holders of Claims in each such Class that hold at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims in that Class who actually vote on the Plan, other than a holder who has been designated by the Court as in bad faith having accepted or rejected the Plan, or whose acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of Chapter 11 of the Bankruptcy Code is required. If the requisite acceptances from holders of Allowed Claims in each Class of Claims are obtained, and the Plan is confirmed, the Plan will be binding on all holders of Claims and Equity Interests, including those who did not vote or who voted to reject the Plan (or those who are deemed to reject the Plan).

The Plan Proponents reserve the right to seek to confirm the Plan pursuant to the cramdown provisions of Section 1129(b) of the Bankruptcy Code. As a condition to confirmation, the Bankruptcy Code generally requires that each Impaired Class of Claims or Equity Interest accepts a plan of reorganization. In the event that an Impaired Class does not accept the Plan, the Bankruptcy Court may nonetheless confirm the Plan if (i) the Plan satisfies all other requirements of Section 1129(a) of the Bankruptcy Code, and (ii) the Plan does not "discriminate unfairly" and is "fair and equitable" with respect to each Impaired Class that has not accepted the Plan.

A plan of reorganization does not discriminate unfairly if (a) the legal rights of a non-accepting Class are treated in a manner that is consistent with the treatment of other Classes whose legal rights are identical with those of the non-accepting Class, and (b) no Class receives payments in excess of that which it is legally entitled to receive for its Claims or Interests. The Plan Proponents believe that the Plan satisfies these requirements with respect to each Class.

The Bankruptcy Code establishes different tests for Secured Creditors, Unsecured Creditors and Equity Interest Holders to determine if the Plan is "fair and equitable." The tests may be summarized as follows:

(a) Secured Creditors: either (i) each Impaired Secured Creditor retains its liens securing its Secured Claim and receives on account of its Secured Claim deferred cash payments having a present value as of the Effective Date equal to the amount of its Allowed Secured Claim, (ii) each Impaired Secured Creditor realizes the "indubitable equivalent" of its Allowed Secured Claim, or (iii) the property securing the Claim is sold free and clear of liens with such liens to attach to the proceeds, and the liens against such proceeds are treated in accordance with clause (i) or (ii), above.

(b) Unsecured Creditors: either (i) each Impaired Unsecured Creditor receives or retains under the Plan property of a value equal to the amount of its Allowed Unsecured Claim, or (ii) the holders of Claims and Equity Interests that are junior to the Claims of the non-accepting Class do not receive any property under the Plan on account of such Claims and Equity Interests.

(c) Equity Interest Holders: either (i) each Equity Interest holder will receive or retain under the Plan property of a value equal to the greater of (a) the fixed liquidation preference or redemption price, if any of his/her Equity Interest or (b) the value of his/her Equity Interest, or (ii) the holders of Equity Interests that are junior to the non-accepting Class will not receive any property under the Plan.

The Plan Proponents believe that the Plan is "fair and equitable" to Equity Interest Holders, Unsecured Creditors and Secured Creditors.

The Plan Proponents reserve all rights to modify or withdraw the Plan at any time prior to the Effective Date.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The alternatives to the confirmation and consummation of the Plan include (1) the preparation and presentation of an alternative plan of reorganization and (2) the liquidation of the Debtor under Chapter 7 of the Bankruptcy Code. The Plan Proponents believe that neither alternative provides a greater return to Unsecured Creditors.

Alternative Plans of Reorganization

The Plan Proponents do not believe that an alternative plan would be viable or in the best interest of the Estate, Creditors or parties-in-interest. The Debtor, in consultation with the Committee, marketed the Debtor's assets for sale. While the Debtor received certain interest, the Plan Proponents believe that the Plan provides Creditors a greater recovery than would result from a sale. The Plan commits all available revenues earned by the Reorganized Debtor for the benefit of holders of Allowed Claims. The income earned from the operation of business will be used to fund the payments to all Creditors as provided herein. Accordingly, the Plan Proponents do not believe that a sale of the Debtor's assets or a rejection of the Plan in favor of a theoretical alternative would result in a greater distribution to any class of Creditors or Equity Interest Holders. To the contrary, the pursuit of a non-consensual plan likely would result in the diminution of distributions to Unsecured Creditors. Rejection of the Plan likely would lead to litigation, delay and increased expense. The Plan Proponents firmly believe that the Plan is the best option for maximizing returns to Creditors.

Liquidation Under Chapter 7 of the Bankruptcy Code

If the Plan or any other Chapter 11 plan for the Debtor cannot be confirmed under Section 1129(a) of the Bankruptcy Code, the Case may be converted to Chapter 7 of the Bankruptcy Code, in which event a trustee would be appointed (or subsequently elected) to liquidate any remaining assets of the Debtor for distribution to creditors pursuant to chapter 7 of the Bankruptcy Code. If a trustee is appointed and the remaining assets of the Debtor are liquidated under Chapter 7 of the Bankruptcy Code, all Creditors holding Allowed Administrative Claims, Allowed Secured Tax Claims and Allowed General Unsecured Claims may receive distributions of a lesser value on account of their Allowed Claims and likely would have to wait a longer period of time to receive such distributions than they would under the Plan. A Chapter 7 trustee would substantially increase both costs and time necessary to fully administer the Estate. Likewise, in addition to fees of professionals retained by a Chapter 7 trustee, the Chapter 7 trustee would also charge a fee tied to the value of all assets administered by the Chapter 7 trustee in accordance with Section 326(a) of the Bankruptcy Code, which are elevated to the highest priority of payment under the Bankruptcy Code, and which will not be charged by the post-confirmation Debtor.

After consideration of the effects that a Chapter 7 liquidation would have on the ultimate proceeds available for distribution to Creditors, including the Chapter 7 trustee's investment of substantial time and resources to investigate the facts underlying the Claims filed against the Estate, the Debtor has determined that confirmation of the Plan will provide each holder of an Allowed Claim with a recovery that is not less than such holder would receive pursuant to liquidation of the Debtor under Chapter 7. The Debtor also submits that the value of any

distributions to each Class of Allowed Claims in a Chapter 7 case would be less than the value of distributions under the Plan because such distributions in a Chapter 7 case would not benefit from, among other things, the continued revenues of the Debtor as a going concern.

A copy of the Debtor's Liquidation Analysis is attached hereto as **Exhibit C**.

IMPLEMENTATION OF PLAN

Feasibility. The Plan will be funded from (i) the Class 2 Effective Date Funds; (ii) the Class 2 Post-Effective Date Payments; and (iii) recoveries from Avoidance Actions and Causes of Action. The sum of (i) and (ii) shall equal ten percent (10%) of the Allowed Class 2 Claims. As such, Allowed Class 2 Claims shall receive a pro rata distribution(s) of ten percent (10%) of their Allowed Class 2 Claims, plus any payments received from net recoveries from Avoidance Actions and Causes of Action. Attached hereto as **Exhibit B** are financial projections for the Debtor over the five (5) year term of the Plan. Based upon the attached projections, the Debtor submits that the Plan satisfies the financial feasibility requirement imposed by the Bankruptcy Code.

Revesting of Assets. Except as expressly provided in the Plan, on the Effective Date, all assets of the Debtor shall be revested in the Reorganized Debtor as provided in section 1141 of the Bankruptcy Code free and clear of all liens, security interests, recording taxes, and other interests, choate or inchoate, resulting from all Claims and Equity Interests of all Creditors, Interest Holders and parties-in-interest, except as provided for in the Plan, such as the Avoidance Actions and Causes of Action, which the Plan Administrator shall have the right to pursue post-Effective Date.

Distributions. The Reorganized Debtor and/or Plan Administrator, as applicable, shall make all distributions under the Plan in cash made by check drawn on a domestic bank or by wire transfer from a domestic bank. Subject to the provisions of Bankruptcy Rule 2002(g) and except as otherwise provided under the Plan, the Reorganized Debtor and/or Plan Administrator will make distributions to holders of Allowed Claims at each holder's address set forth on the Schedules filed with the Bankruptcy Court unless superseded by a different address set forth in a timely filed proof of Claim filed by the Holder or if the Reorganized Debtor or Plan Administrator has been notified in writing of a change of address at the following address. The Plan Administrator will make all distributions of cash required under the Plan to Holders of Allowed Class 2 Claims from time to time. Other than distributions on account of Allowed Class 2 Claims, which shall be made by the Plan Administrator, the Debtor will make all other distributions required under the Plan.

Plan Administrator's Post-Effective Date Role:

(a) The Committee, in its sole and absolute discretion, shall select the Plan Administrator. If the Plan Administrator were to resign or become unable to serve, a majority of the members of the Committee as of the Effective Date that vote on the selection of a new Plan Administrator on fourteen (14) days' notice by email, may select a new Plan Administrator. If a majority of the members of the Committee as of the Effective Date do not select a new Plan

Administrator as set forth above, then the Plan Administrator or its current counsel may select the new Plan Administrator.

(b) The Plan Administrator shall have the power and authority to engage professionals, including counsel to assist the Plan Administrator in the performance of the Plan Administrator's duties, without further notice or order of the Bankruptcy Court. All fees and expenses incurred by the Plan Administrator shall be paid first from the Effective Date Reserve and the net recovery of Avoidance Actions and Causes of Action. To the extent insufficient, the Plan Administrator's fees and expenses shall be paid by the Reorganized Debtor in the amount of up to $30,000.00 (the "Additional Guaranteed Fees and Expenses"), such that the Plan Administrator is guaranteed reimbursement of fees and expenses by the Debtor in the amount of $60,000.00. For the avoidance of doubt, the sum of the Effective Date Reserve and the Additional Guaranteed Fees and Expenses shall not exceed $60,000.00. The Reorganized Debtor shall pay any Additional Guaranteed Fees and Expenses within thirty (30) days of receiving an invoice(s) from the Plan Administrator. Any unused portion of the Effective Date Reserve shall be returned to the Reorganized Debtor. Nothing in this Plan shall be construed as capping reimbursement of the Plan Administrator's actual and reasonable fees and expenses, provided such additional funds exist. In addition to the Effective Date Reserve, the Plan Administrator shall be entitled to set aside additional funds if necessary from Avoidance Actions and Causes of Action to cover costs and expenses and administering the Class 2 Assets (including any post-Effective Date U.S. Trustee fees that may be due and owing to which the Reorganized Debtor does not pay).

(c) Except as set forth in Article 7.03(b), the Debtor and Reorganized Debtor shall have no liability or obligation with respect to the actions taken by the Plan Administrator, or for the fees and expenses incurred by the Plan Administrator. The Reorganized Debtor shall reasonably cooperate with the Plan Administrator by providing information that may reasonably be requested, so long as the Reorganized Debtor is not obligated to incur more than nominal expenses in connection with such cooperation.

(d) As of the Effective Date, the Plan Administrator shall be the sole person authorized to represent the Debtor's Estate in prosecuting, settling, and/or otherwise resolving all Avoidance Actions and Causes of Action, for the benefit of Holders of Allowed Class 2 Claims, without further notice or Order of the Bankruptcy Court. The Plan Administrator shall be vested with all rights, powers, and authority of the Debtor's Estate with respect to all Avoidance Actions and Causes of Action. Any such actions shall be brought on behalf of the Debtor's Estate, with all net proceeds recovered, after payment of all fees and expenses incurred by the Plan Administrator, to be distributed Pro Rata to the Holders of Allowed Class 2 Claims, respectfully, as and when the Plan Administrator, deems appropriate, in his/its discretion, taking into account the amount available to distribute, the costs of distribution, and the need to retain funds reasonably anticipated to be needed for the expenses of administration.

(e) The Debtor, Plan Administrator, Creditors and parties-in-interest shall have the power and authority to file, prosecute and resolve objections to Disputed Claims, subject to notice to the Reorganized Debtor and its counsel; the Plan Administrator and its counsel, the Office of the United States, and to Creditors and parties in interest who have requested notice pursuant to Bankruptcy Rule 2002. No other parties shall be entitled to notice of any objection

or resolution of any Dispute Claims. The Debtor, Plan Administrator, Creditors, and parties-in-interest, as applicable, shall serve a copy of each objection upon the Holder of the Claim to which the objection is made as soon as practicable, **but in no event later than ninety (90) days after the Effective Date** (subject, however, to the right of the Plan Administrator and/or Debtor's right to seek an extension of time to file such objections from the Bankruptcy Court).

(f) The Plan Administrator agrees to cooperate with the Reorganized Debtor and its accountants by timely providing information to the Reorganized Debtor with respect to all receipts, income, disbursements and expenses of the Plan Administrator, to ensure that the Reorganized Debtor is able to timely complete and file its federal and state income tax returns, with inclusion of all information relevant to such returns relating to the activities of the Plan Administrator.

Corporate Action. On the Effective Date, all matters provided for under the Plan that would otherwise require approval of the stockholders, directors or comparable governing bodies of the Debtor, shall be deemed to have occurred and shall be in effect from and after the Effective Date pursuant to the applicable general corporation law (or other applicable governing law) of the state in which the Debtor incorporated or organized, without any requirement of further action by the stockholders or directors (or other governing body) of the Debtor. On the Effective Date, or as soon thereafter as is practicable, (i) the Debtor's articles of incorporation and bylaws, or if applicable operating agreement, shall be amended as necessary to comply with the provisions of Section 1123(a)(6) of the Bankruptcy Code and otherwise in a manner not inconsistent with the Plan, and (ii) the Debtor shall execute and deliver all documents, instruments and agreements that are necessary to implement the Plan.

Setoffs. The Debtor and/or Plan Administrator may, but shall not be required, to set off against any Claims (for purposes of determining the Allowed amount of such Claim on which distribution shall be made) of any nature whatsoever that the Debtor may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtor and/or Plan Administrator of any such Claim the Debtor may have against the Holder of such Claim.

Small Distributions and Unclaimed Funds. The Debtor and Plan Administrator shall not be required to make a distribution on account of any Claim, which distribution would be less than $50.00 in amount. Subject to the notice provision set forth herein, any payment that is not negotiated one-hundred eighty (180) days after the date on which it is mailed may be stopped, and the funds made available for distribution to other Creditors pursuant to the Plan. Any payment that is returned as undeliverable may be voided, and the funds represented by such payment made available for distribution to other Creditors pursuant to the Plan. In the event that payment of an initial distribution is returned as undeliverable or is not negotiated within one-hundred eighty (180) days after it is mailed, the Debtor and/or Plan Administrator shall not be required to make any further distributions to such Creditor under the Plan, and the funds that otherwise would have been distributed to such Creditor may be made available, in the Debtor's or the Plan Administrator's discretion, as applicable, for distribution to other Creditors pursuant to the Plan.

Preservation of Rights of Action. On the Effective Date, the Debtor shall be deemed to transfer and assign to the Plan Administrator and its agents and/or assigns, the sole right to commence any and all Causes of Action and Avoidance Actions on behalf of the Estate. Any recovery, after payment of fees and expenses, obtained from any such action shall be made available for distribution to Holders of Allowed Class 2 Claims, subject to Section 7.03 of the Plan. Except as otherwise expressly provided in the Plan, or in any contract, instrument, release or other agreement entered into in connection with the Plan, in accordance with Section 1123(b) of the Bankruptcy Code, the Plan Administrator may enforce any claims, rights, Causes of Action and defenses that the Debtor or its Bankruptcy Estate may hold against any person or entity, including, without limitation, Avoidance Actions or other actions arising under the Bankruptcy Code or any similar provisions of state law, or any other statute, legal theory or equitable doctrine. Subject to the Plan Administrator's investigation, the Debtor believes that certain Avoidance Actions may exist against one or more Creditors identified in question number 3 of the Debtor's Statement of Financial Affairs filed in the Chapter 11 Case. The Plan Administrator intends to pursue any such claims no later than ninety (90) days after the Effective Date, subject, however, to the right of the Plan Administrator to seek an extension of time to file such claims, rights, Causes of Actions and defenses by seeking such extension with approval of the Bankruptcy Court.

Disputed Claim Procedure.

(a) Authority to Prosecute Objections

After the Effective Date, the Debtor, Plan Administrator, Creditors and parties-in-interest shall be entitled to object to all Claims. Objections to Claims, if any, **must be filed no later than ninety (90) days after the Effective Date**, unless such deadline is extended by order of the Bankruptcy Court. Settlement of Disputed Claims shall be subject to notice to Debtor, Debtor's Bankruptcy Counsel, the Plan Administrator, the Office of the United States, and to Creditors and parties in interest who have requested notice pursuant to Bankruptcy Rule 2002.

(b) No Distributions on Disputed or Disallowed Claims

Except as may otherwise be ordered by the Bankruptcy Court or authorized under the terms of the Plan, the Reorganized Debtor or Plan Administrator, as appropriate, shall not make distributions to holders of Disputed Claims until the Disputed Claim become an Allowed Claim. The Reorganized Debtor and Plan Administrator shall make no distributions to holders of Disallowed Claims.

(c) Late Claims Void

Unless otherwise expressly Allowed by Order of the Bankruptcy Court or otherwise provided by the Plan, any Claim filed after the applicable Claims Bar Date will be void and of no force or effect, and will receive no distributions under the Plan.

Exculpation. The Debtor, the Committee and their respective officers and/or directors (including their respective Professionals)(collectively, the "Exculpation Parties") shall not have any liability to any holder of a Claim for any act or omission occurring after the Petition Date

and through the Effective Date in connection with, related to, or arising out of the Chapter 11 Case, including, without limitation, negotiations regarding or concerning the Plan, the pursuit of confirmation of the Plan, the consummation the Plan, or the administration of the Estate or the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence, and, in all respects, the Exculpation Parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. Nothing in the Plan shall constitute a waiver of any Avoidance Action or Cause of Action against an Exculpation Party for any act or omission occurring or arising prior to the Petition Date except as otherwise set forth in the Plan.

Dissolution of the Committee. The Committee shall continue in existence until the Effective Date, to exercise those powers and perform those duties specified in Section 1103 of the Bankruptcy Code and/or authorized by the Bankruptcy Court prior to the Effective Date. On the Effective Date, the Committee shall be deemed to be dissolved and its members shall be deemed released of all their duties, responsibilities and obligations in connection with the Chapter 11 Case and the retention or employment of the Committee's attorneys, and other agents shall terminate.

Retention of Jurisdiction. The United States Bankruptcy Court shall retain exclusive jurisdiction after Confirmation of the Plan of all matters arising from or related to the Plan, for as long as necessary for the purpose of §§105(a), 1127, 1142(b) and 1144 of the Bankruptcy Code and for, inter alia, the following purposes:

(a) hear and determine motions, applications, adversary proceedings, and contested matters pending or commenced after the Effective Date;

(b) hear and determine objections to Claims (whether filed before or after the Effective Date), or requests for estimation of any Claim, and to enter any order requiring the filing of proof of any Claim before a particular date;

(c) estimate any Claim at any time, including, without limitation, during litigation concerning any objection to such Claim, including any pending appeal;

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

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

(f) issue or construe such orders or take any action as may be necessary for the implementation, execution, enforcement and consummation of the Plan and the Confirmation Order, and hear and determine disputes arising in connection with the foregoing;

(g) hear and determine any applications to modify the Plan, to cure any defect or omission or to reconcile any inconsistency in the Plan, the Disclosure Statement, or in any order of the Bankruptcy Court including, without limitation, the Confirmation Order;

(h) hear and determine all applications for Professional Fee Claims;

(i) hear and determine other issues presented or arising under the Plan, including disputes among holders of Claims and arising under agreements, and the documents or instruments executed in connection with the Plan;

(j) hear and determine any action concerning the recovery and liquidation of the Estate's Assets, wherever located, including without limitation, litigation to liquidate and recover the Estate's Assets or other actions seeking relief of any sort with respect to issues relating to or affecting Estate Assets;

(k) hear and determine any action concerning the determination of Taxes, Tax refunds, Tax attributes, and Tax benefits and similar or related matters with respect to the Debtor or the Estate including, without limitation, matters concerning federal, state, and local Taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

(l) hear and determine any other matters related hereto and not inconsistent with Chapter 11 of the Bankruptcy Code; and

(m) enter the Final Decree.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion summarizes certain Federal income tax consequences to the Debtor and Debtor's holders of Claims and Equity Interests. This summary is based upon the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated thereunder, judicial decisions and published administrative rulings and pronouncements of the IRS, as in effect on the date hereof. Legislative, judicial or administrative changes or interpretations enacted or promulgated hereafter could alter or modify the analysis and conclusions set forth below. Any such changes or interpretations may be retroactive and could affect significantly the Federal income tax consequences discussed below. This summary does not address foreign, state or local tax law, or any estate or gift tax consequences of the Plan, nor does it purport to address the Federal income tax consequences of the Plan to special categories of taxpayers who are holders of Claims (such as taxpayers who are not domestic corporations or citizens or residents of the United States, or are S corporations, banks, mutual funds, insurance companies, financial institutions, regulated investment companies, broker-dealers and tax-exempt organizations) and assumes that each Creditor holds its Claim directly.

The Federal income tax consequences of the Plan are complex and are subject to significant uncertainties. Debtor has not requested and will not request a ruling from the IRS with respect to any of the tax aspects of the Plan.

THE TAX CONSEQUENCES TO HOLDERS OF CLAIMS AND EQUITY INTERESTS MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER. MOREOVER, THE TAX CONSEQUENCES OF CERTAIN ASPECTS OF THE PLAN ARE UNCERTAIN DUE TO THE LACK OF APPLICABLE LEGAL PRECEDENT AND THE POSSIBILITY OF CHANGES IN THE APPLICABLE TAX LAW. THERE CAN BE NO ASSURANCE THAT THE IRS WILL NOT CHALLENGE ANY OF THE TAX CONSEQUENCES DESCRIBED HEREIN, OR THAT SUCH A CHALLENGE, IF ASSERTED, WOULD NOT BE SUSTAINED. ACCORDINGLY, EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE FOREIGN, FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF THE PLAN.

Certain Federal Income Tax Consequences to Creditors. The Federal income tax consequences of the Plan to a Creditor will depend upon several factors, including but not limited to: (i) whether the Creditor's Claim (or portion thereof) constitutes a Claim for principal or interest; (ii) whether the Creditor is a resident of the United States for tax purposes (or falls into any of the special classes of taxpayers excluded from this discussion as noted above); and (iii) whether the Creditor has taken a bad debt deduction with respect to its Claim. In addition, if a Claim is a "security" for tax purposes, different rules may apply. **CREDITORS ARE STRONGLY ADVISED TO CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO THE TAX TREATMENT UNDER THE PLAN OF THEIR PARTICULAR CLAIMS.**

A Creditor receiving solely cash in exchange for its Claim will generally recognize taxable gain or loss in an amount equal to the difference between the amount realized and its adjusted tax basis in the Allowed Claim. The amount realized will equal the amount of cash to the extent that such consideration is not allocable to any portion of the Allowed Claim representing accrued and unpaid interest, as further discussed below.

The character of any recognized gain or loss (i.e., ordinary income, or short-term or long-term capital gain or loss) will depend upon the status of the Creditor, the nature of the Allowed Claim in the Creditor's hands, the purpose and circumstances of its acquisition, the Creditor's holding period of the Allowed Claim, and the extent to which the Creditor previously claimed a deduction for the worthlessness of all or a portion of the Allowed Claim.

A loss generally is treated as sustained in the taxable year for which there has been a closed and completed transaction, and no portion of a loss with respect to which there is a reasonable prospect of reimbursement may be deducted until it can be ascertained with reasonable certainty whether or not such reimbursement will be recovered.

A portion of the consideration received by a Creditor in satisfaction of an Allowed Claim may be allocated to the portion of such Claim (if any) that represents accrued but unpaid interest. If any portion of the distribution were required to be allocated to accrued interest, such portion would be taxable to the Creditor as interest income, except to the extent the Creditor has previously reported such interest as income.

In the event that a Creditor has not previously reported the interest income, only the balance of the distribution after the allocation of proceeds to accrued interest would be considered received by the Creditor in respect of the principal amount of the Allowed Claim. Such an allocation would reduce the amount of the gain, or increase the amount of loss, realized by the Creditor with respect to the Allowed Claim. If such loss were a capital loss, it would not offset any amount of the distribution that was treated as ordinary interest income (except, in the case of individuals, to the limited extent that capital losses may be deducted against ordinary income).

Federal Income Tax Consequences to Holders of Equity Interests Receiving No Distributions. Holders of allowed Equity Interests receiving no distributions will generally recognize loss in the amount of each such holder's adjusted tax basis in the Equity Interest. The character of any recognized loss (i.e., ordinary income, or short-term or long-term capital gain or loss) will depend upon the status of the holder, the nature of the Equity Interest in the holder's hands, the purpose and circumstances of its acquisition, the holder's holding period, and the extent to which the holder had previously claimed a deduction for the worthlessness of all or a portion of the Equity Interest.

A loss generally is treated as sustained in the taxable year for which there has been a closed and completed transaction, and no portion of loss with respect to which there is a reasonable prospect of reimbursement may be deducted until it can be ascertained with reasonable certainty whether or not such reimbursement will be recovered.

Importance of Obtaining Professional Tax Assistance. No holder of a Claim or Equity Interest should rely on the tax discussion in this Disclosure Statement in lieu of consulting with one's own tax professional. The foregoing is intended to be a summary only and not a substitute for consultation with a tax professional. The Federal, state, local and foreign tax consequences of the Plan are complex and, in some respects, uncertain. Such consequences may also vary based upon the individual circumstances of each holder of a Claim or Equity Interest. Accordingly, each holder of a Claim or Equity Interest is strongly urged to consult with its own tax advisor regarding the Federal, estate, local and foreign tax consequences of the Plan.

CONCLUSION

The Plan Proponents respectfully urge all Creditors to vote for the Plan. The Plan Proponents believe that the Plan represents the best opportunity for Creditors to realize the maximum possible distribution on account of their Claims against the Debtor.

Dated: October 14, 2016

Respectfully submitted,

Technology Specialists, Inc.

/s/ Lee White
By: _____
Lee White

By and through its counsel:

MCNAMEE, HOSEA, JERNIGAN, KIM GREENAN & LYNCH, P.A.

/s/ James M. Greenan
James M. Greenan (Fed. Bar No. 08623)
Steven L. Goldberg (Fed Bar No. 28089)
6411 Ivy Lane, Suite 200
Greenbelt, Maryland 20770
Telephone: (301) 441-2420
Facsimile: (301) 982-9450
jgreenan@mhlawyers.com
sgoldberg@mhlawyers.com
Attorneys for Technology Specialists

List of Exhibits to Disclosure Statement

Exhibit A	Debtor's Joint Plan of Reorganization
Exhibit B	Financial Projections
Exhibit C	Liquidation Analysis
Exhibit D	Schedule of Post Effective-Date Payments