

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

In re: XG SECURITY SERVICES, LLC.,  
Debtor.

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Chapter 11  
Case No. 18-42748  
Honorable Maria L. Oxholm

**DEBTOR'S COMBINED PLAN AND DISCLOSURE STATEMENT**

Don Darnell P55268  
8080 Grand St., Ste. A  
Dexter, Michigan 48130  
734-424-5200  
dondarnell@darnell-law.com

**Introduction.**

The Debtor, XG Security Services, LLC, (“XG”) hereby proposes the following Combined Plan and Disclosure Statement pursuant to Chapter 11 of Title 11 of the United States Code.

The Debtor notes that no party has requested that Debtor include any specific information in the disclosure, and as such, said disclosure is made pursuant to the guidelines of this Court, the Bankruptcy Rules, the United States Code, and the Local Rules for the Eastern District of Michigan.

**Definitions**

Scope of Definitions. For purposes of this Plan, except as expressly otherwise

provided or unless the context otherwise requires, all capitalized terms not otherwise defined shall have the meanings assigned to them in this Section of the Plan. In all references herein to any parties, persons, entities, or corporations, the use of any particular gender or the plural or singular number is intended to include the appropriate gender or number as the text may require.

1. “Administrative Expense” shall mean any cost or expense of administration of the Chapter 11 case allowable under Section 507(a) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the estate of the Debtor, any actual and necessary expense of operating the business of the Debtor, any indebtedness or obligation incurred or assumed by the Debtor in connection with the conduct of its business or for the acquisition or lease of property or the rendition of services to the Debtor, all allowances of compensation and reimbursement of expenses, any fees or charges assessed against the estate of any Debtor under Chapter 123, Title 28, of the United States Code, and the reasonable fees and expenses incurred by the Proponent in connection with the proposal and confirmation of this Plan.
2. “Allowed” when used as an adjective preceding the words “Claims” or “Equity Interest”, shall mean any Claim against or Equity Interests of the Debtor, proof of which was filed on or before the date designated by the Bankruptcy Court as the last date for filing proofs of claim or Equity Interest against such Debtor, or, if no proof of claim or Equity Interest is filed, which has been or hereafter

is listed by the Debtor as liquidated in amount and not disputed or contingent and, in either case, a Claim as to which no objection to the allowance thereof has been interposed with the applicable period of limitations fixed by the Plan, the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, Local Rules, or as to which any objection has been interposed and such Claim has been allowed in whole or in part by a Final Order. Unless otherwise specified in the Plan, “Allowed Claim” and “Allowed Equity Interest” shall not, for purposes of computation of distributions under the Plan, include interest on the amount of such Claim or Equity Interest from and after the Petition Date.

3. “Allowed Administrative Expense” shall mean any Administrative Expense allowed under Section 507(a)(1) of the Bankruptcy Code.
4. “Allowed Unsecured Claim” shall mean an Unsecured Claim that is or has become an Allowed Claim.
5. “Bankruptcy Code” shall mean the Bankruptcy Reform Act of 1978, as amended, and as codified in Title 11 of the United States Code.
6. “Bankruptcy Court” shall mean the United States Bankruptcy Court for the EASTERN DISTRICT OF MICHIGAN having jurisdiction over the Chapter 11 Case and, to the extent of any reference made pursuant to 28 U.S.C. Sec. 158, the unit of such District Court constituted pursuant to 28 U.S.C. Sec. 151.
7. “Bankruptcy Rules” shall mean the rules and forms of practice and procedure in bankruptcy, promulgated under 28 U.S.C. Sec. 2075 and also referred to as

the Federal Rules of Bankruptcy Procedure.

8. “Business Day” means and refers to any day except Saturday, Sunday, and any other day on which commercial banks in Michigan are authorized by law to close.
9. “Chapter 11 Case” shall mean a case under Chapter 11 of the Bankruptcy Code in which XG Security Services, LLC is the Debtor.
10. “Claim” shall mean any right to payment from the Debtor whether or not such right is reduced to judgment, liquidated, liquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment from the Debtor whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured. All claims as such term is defined in section 101(5) of the Bankruptcy Code.
11. “Class” shall mean a grouping of substantially similar Claims or Equity Interests for common treatment thereof pursuant to the terms of this Plan.
12. “Code” shall mean Title 11 of the United States Code, otherwise known as the Bankruptcy Code.
13. “Confirmation” shall mean the entry of an Order by this Court approving the Plan in accordance with the provisions of the Bankruptcy Code.
14. “Creditor” shall mean any person that has a Claim against the Debtor that arose

on or before the Petition Date or a Claim against the Debtor's estate of any kind specified in section 502(g), 502(h) or 502(I) of the Bankruptcy Code. This includes all persons, corporations, partnerships, or business entities holding claims against the Debtor.

15. "Debt" means, refers to and shall have the same meaning ascribed to it in Section 101(12) of the Code.
16. "Debtor" shall mean XG Security Services, LLC.
17. "Disclosure Statement" means and refers to the Disclosure Statement filed by the Debtor as required pursuant to Section 1125 et seq. of the Bankruptcy Code.
18. "Effective Date" shall mean the day on which the Confirmation Order becomes a Final Order.
19. "Estate" shall mean the estate created under 11 U.S.C. § 541 by reason of commencement of this case.
20. "Equity Interest Holder" shall mean the holder of an equity interest in the Debtor.
21. "Equity Interest" shall mean any interest in the Debtor represented by membership interest, warrants, options, or other rights to purchase any shares of membership interest in the Debtor.
22. "Final Order" shall mean an order of the Bankruptcy Court or a court of competent jurisdiction to hear appeals from the Bankruptcy Court which, not having been reversed, modified, or amended, and not being stayed, and the time

to appeal from which or to seek review or rehearing of which having expired, has become final and is in full force and effect.

23. “Impaired” when used as an adjective preceding the words “Class of Claims” or “Class of Equity Interest” shall mean that the Plan alters the legal, equitable, or contractual rights of the member of that class.
24. “Person” shall mean an individual, a corporation, a partnership, an association, a joint membership interest company, a joint venture, an estate, a trust, an unincorporated organization, or a government or any political subdivision thereof or other entity.
25. “Petition Date” shall mean the date on which the Debtor filed this petition for relief commencing the Chapter 11 Case.
26. “Plan” shall mean the Plan of Reorganization filed in these Proceedings, together with any additional modifications and amendments.
27. “Priority Non-Tax Claim” shall mean a Claim entitled to priority under sections 507(a)(2),(3), (4), (5), (6) or (7) of the Bankruptcy Code, but only to the extent it is entitled to priority in payment under any such subsection.
28. “Priority Tax Creditor” shall mean a Creditor holding a priority tax claim.
29. “Priority Tax Claim” shall mean any Claim entitled to priority in payment under section 507(a)(8) of the Bankruptcy Code, but only to the extent it is entitled to priority under such subsection.
30. “Proceedings” shall mean the Chapter 11 Case of the Debtor.

31. “Professional Persons” means and refers to all attorneys, accountants, appraisers, consultants, and other professionals retained or to be compensated pursuant to an Order of the Court entered under Sections 327, 328, 330, or 503(b) of the Bankruptcy Code.
32. “Professional Claim” means and refers to a claim by any and all professionals as provided for in Sections 327, 328, 330 and 503(b) of the Bankruptcy Code.
33. “Reorganized Debtor” means the Debtor after confirmation of the Plan.
34. “Secured Claim” means and refers to a Claim which is secured by a valid lien, security interest, or other interest in property in which the Debtor has an interest which has been perfected properly as required by applicable law, but only to the extent of the value of the Debtor’s interest in such property, determined in accordance with Section 506(a) of the Bankruptcy Code.
35. “Unsecured Claim” shall mean any Claim against the Debtor which arose or which is deemed by the Bankruptcy Code to have arisen prior to the Petition Date for such Debtor, and which is not (I) a secured claim pursuant to Section 506 of the Bankruptcy Code, as modified by section 1111(b) of the Bankruptcy Code, or (ii) a Claim entitled to priority under sections 503 or 507 of the Bankruptcy Code. “Unsecured Claim” shall include all Claims against the Debtor that are not expressly otherwise dealt with in the Plan.
36. Other Definitions, a term used and not defined herein but that is defined in the Bankruptcy Code shall have the meaning set forth therein. The words “herein”,

“hereof”, “hereto”, “hereunder”, and others of similar import refer to the Plan as a whole and not to any particular section, subsection, or clause contained in the Plan. Moreover some terms defined herein are defined in the section in which they are used.

**I. Plan of Reorganization.**

This Plan of Reorganization provides for the continued operation of XG Security Services, LLC under the existing management. XG Security Services, LLC proposes to make monthly plan payments of \$2,631.27 for a period of ten years to Capital Stack and \$1,000 monthly to unsecured creditors for a period of six years.

The payments will be paid in accordance with their class, as set forth herein, and then, within the class, paid in accordance with the applicable priority, as determined by this Plan.

The Debtor shall retain all of its property and shall operate its business during the period of the Plan. The funds for implementing and carrying out the Plan shall be provided by the Debtor’s continued business.

**Class 1: Capital Stack, LLC. \$316,872.18**  
**Secured in the amount of \$259,891.18**  
**Undersecured in the amount of \$56,981**

Paid the present value of \$259,891.18, or in amount as may be allowed. Paid in monthly payments of \$2,631.27 beginning on the 1<sup>st</sup> of day of the month following the Effective Date until fully paid. Secured by a first priority blanket lien on receivables and assets, which includes receivables of \$150,000, and inventory and



office equipment of \$60,276, and vehicles of the Debtor, which have a maximum total fair market value of \$259,891.18. Class 1 Claim of Capital Stack is a first priority lien to the extent secured by property in the amount of \$259,891.18. Capital Stack's claim will accrue interest at the rate of 4%.

Class 1 Claimant Capital Stack is impaired and entitled to vote.

**Class 2: Fast Track Ventures, LLC  
Secured in the amount of \$175,126**

Debtor will assume said land contract and continue with the monthly land contract payments until fully paid. Paid pursuant to the Land Contract dated December 30, 2016 in monthly installments as invoiced by Fast Track Ventures in the approximate amount of \$6,017.29, which includes principal, interest payment and property taxes. Pre-Petition and Post-petition payments due and owing for February, March and May 2018 shall be paid within 90 days of the Effective Date. Interest shall accrue on all unpaid amounts at the rate of 6.5 percent.

Class 2 Claimant Fast Track Ventures, LLC is impaired and entitled to vote.

**Class 3: Comcast Cable Communications, LLC  
Unsecured / Executory Contracts  
Paid: \$74,246.33 in Administrative Claims  
Paid: \$1,000 in Pre-Petition Claims**

Debtor will assume all Comcast executory contracts. Class 3 administrative claims paid in full on or before the confirmation date. Class 3 pre-petition claims will

be paid \$1,000 in one payment on the Effective Date.

Class 3 claims are impaired and entitled to vote.

**Class 4: Unsecured Debt**  
**Total Class 4 Claims: \$1,084,130**  
**Paid: \$60,000**

1&1 Internet Inc.	443	
Access Receivables	4530	
ACRELEC America	39396	
ACTI	90048	Claim 9
ADI	34714	Claim 8
AFNI	6071	
Alarm.com	23	
Allied Interstate	771	
Amalgamated Financial Group	65	
Amazon	223	
AT&T Mobility II LLC	10742	Claim 11
AT&T	900.32	Claim 12
AT&T Corp.	6487	Claim 13
Benuck & Rainey	6167	
Brown & Joseph LTD	87701	
Capital Stack, LLC	\$132,297	Claim 14
Caine & Wiener	35563	
CBE Group	454	
CBHV	478	
Central Credit Services	810	
Charter / Spectrum	209	Claim 2
Charter / Spectrum	242	Claim 1
Charter / Spectrum	2634	Claim 4
Cimple Technologies	23945	Claim 3
Cisco	2143	
Cleverbridge	60	
CMI	7243	
Collection Bureau of the Hudson Valley	275	
Comcast Business	6903	

Convergent	2887	
Credence	5302	
Credit Collection Services	2743	
CyberLynk	495	
Diversified	8210	
DocuSign	148	
DTE	14318	
ERC	962	
FCSI	3023	
Fleetcor Technologies	10554.25	Claim 6
GC Services	85086	
Godaddy	610	
Hostway	374	
IC System	14844	
Interstate Credit Collections	238	
Joseph, Mann, Creed	268	
Kaltec Electronics	37988	
McCarthy, Burgess & Wolff	52670	
Mhelp Desk	349	
Microsoft	545	
MRS	517	
Pitney Bowes	119	
Prince Parker & Assoc.	2304	
RPM Receivables Performance Management	24314	
Sage Capital Recovery	10089	
SD1	21	
Sequium Assest Solutions, LLC	2226	
Southwest Credit	2197	
Sprint	63343	Claim 7
Sunrise Credit Services	3787	
Tekcollect	340	
The CBE Group	3745	
The Stark Collection Agency	5620	
TRI-ED Distribution Co.	28903.39	
Vitality	500	
VoIP Innovations	326	
Windham	1027	
Reginald Bell	1673.45	Claim 16
Christopher Brooks	19205.45	Claim 17
Jody Broussard	12091.45	Claim 18
Kenneth Diehl	12526.32	Claim 19
Thomas Paris	30138.31	Claim 20
Alfonso Myrick	11582.14	Claim 21
Kyle Reynolds	12211.59	Claim 22
Kevin Woodson	9797.45	Claim 23

Joseph Young	32469.68	Claim 24
Zancanaro, LLC / Peter Zancanaro 49904		Claim 5

\$1,084,130

Class 4 claims will be paid a total amount of \$60,000 in monthly payments on a pro-rata basis, beginning in the first month of the plan and continuing until the 60th month of the plan. Class 4 claims shall each receive 5.5% of the present value of Class 4 claims. Class 4 claims will accrue interest at the rate of 2%. Debtor may pre-pay any Class 4 claimant its pro-rata distribution in full or in part at any time during the 60 month payment period.

Class 4 claims are impaired and entitled to vote.

### **Class 5 – Equity Interests of Debtor.**

The interests of Bernard Yoscovitz. The stock of the Debtor may be cancelled and new stock issued to upon the execution of the Equity Contribution Agreement and the investment by Bernard Yoscovitz of New Value as set forth herein the Plan, whether by auction or by the current equity holder, whoever is the higher bidder, if the Debtor is required to market and sell its equity. The Debtor proposes to issue 100 percent of the stock of Debtor to Bernard Yoscovitz, for consideration of New Value of \$10,000, paid in on the Effective Date of the Plan, of which said consideration is substantial and necessary to fund the Plan. This class is impaired.

### Auction for the Equity Interests of the Debtor.

If Class 4, Allowed Unsecured Claims, vote to reject the Plan, then Debtor shall proceed with an auction of the Interest of the Reorganized Debtor. The auction of the interest shall occur of the office of Don Darnell, 8080 Grand St., Ste. A, Dexter, Michigan 48130.

The following terms and conditions shall apply to the Debtor's consideration of any offer to be made at auction: Any Creditor in this Case or other party, including any equity interest holder of the Debtor, who wishes to make a cash offer for all of the Interests in the Reorganized Debtor, shall notify the Debtor's counsel Don Darnell, 8080 Grand St., Ste. A, Dexter, Michigan 48130, in writing of its intent to make an offer no later than ten business days prior to the date of the auction. At the time of giving such notice, such party or parties, including any equity interest holder, shall tender a letter of deposits or letter of credit, or the equivalent, in an amount not less than \$10,001. The equity interest holders of Bernard Yoscovitz's offer of \$10,000 shall be considered the first bid, on the terms as set forth:

- a. The equity interest auction shall be marketed by advertising the same with at least two trade journals, one of which shall be local to South East Michigan, such as Crain's Detroit Business for a period of not less than 60 days. The Debtor shall also serve every creditor with a written copy of the auction advertising by U.S. Mail.
- b. The failure to give the required notice, or failure to provide the foregoing evidence of funds shall constitute a waiver by any party in interest or the

equity interest holder of its right to bid at the auction.

- c. Bernard Yoscovitz shall deposit the opening bid of \$10,000 on the Effective Date to the attorney-trust account of Darnell, PLLC.
- d. In addition to any cash paid as a result of the auction, the successful purchaser, including the Interest Holder if it is the successfully purchaser, shall;
  - a. Execute the Equity Contribution Agreement;<sup>1</sup>
  - b. As the Interest holder of the Reorganized Debtor, acknowledge that the Reorganized Debtor shall be bound by all of the obligations and payment terms as set forth in the Plan; and
3. The Debtor reserves the right, in its reasonable business judgment, to set such other terms and conditions of bidding (provided that such terms and conditions are provided to all bidders prior to the commencement of the auction), at the auction.
4. Except as provided herein, all bids must be for cash in the currency of the United States of America, on the terms and conditions set forth in the Equity Contribution Agreement. No credit bids shall be permitted.
5. At the conclusion of the bidding, if any, the Debtor shall announce the successful bid. In the event that the successful bidder fails to immediately

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<sup>1</sup>. A proposed Equity Contribution Agreement is attached as Exhibit A.

execute and deliver to the Debtor the Equity Contribution Agreement, the failure to provide that agreement shall constitute a waiver of such party's bid and the next and highest successfully bidder shall be deemed the successful bidder.

6. The interest of the shareholder of the Debtor is cancelled and terminated as of the Effective Date of the Plan.

**Claimants Not Entitled to Vote.**

**Group 1 – Administrative Claims.** The claims of this Group 1 shall consist of all allowed administrative claims, including any taxes that qualify as administrative claims.

- e. Claims included in this group shall retain their priority notwithstanding the confirmation of this plan, including but not limited to: (I) the occurrence of the Effective Date; (ii) the filing by the Reorganized Debtors of any subsequent proceeding under any chapter of the Bankruptcy Code. The reorganized Debtors shall remain responsible for every Claim in this group.
- f. After payment in full of all claims in After payment in full of all claims entitled to higher priority in accordance with § 507 of the Bankruptcy Code, each claimant in this Group shall be paid the full amount of its Claim on such date as may be mutually agreed upon between Debtors or

the Reorganized Debtors and the particular claimant, or, if no such date is agreed upon, the latest of (I) the Effective Date, (ii) the date by which payment would be due in the ordinary course of business between the Debtors and such Administrative Creditor, or (iii) the date upon which the Bankruptcy Court enters its Final Order, if necessary, allowing and approving the Debtors' payment of such Administrative Claim.

- g. The Bar Date for asserting any Administrative Claim, except for any Administrative Claim for Professional Fees against the Reorganized Debtors shall be thirty (30) days after the Effective Date. Except as otherwise provided by order of the Bankruptcy Court, any Administrative Claim except for any Administrative Claim for Professional Fees first asserted after this Bar Date will not be Allowed and shall not be entitled to payment as an Administrative Claim.
- h. Group 1 consists, without limitation, of Holders of Administrative Claims, if and when allowed. Holders of Administrative Claims may include, without limitation,; Don Darnell for professional fees in the estimated amount of approximately \$30,000.

**Group 2 – Priority Tax Claims.** The Claims of Group 2 shall consist of the Allowed Claims that are titled to priority under § 507(a)(8) of the Bankruptcy Code.

- i. After payment in full of all Claims entitled to higher priority in



accordance with § 507 of the Bankruptcy Code, the Claimants of this Group shall receive on account of such Priority Tax Claim a lump sum payment equal in the aggregate, to the amount of each Allowed Priority Tax Claim, plus interest calculated at the applicable statutory rate, or, if no statutory rate applies, at a rate of 4.5%. Said lump sum payment shall be made on the first Business Day of the first calendar month after the Effective Date. Debtors estimates payments shall begin in January 2, 2019. The Allowed Claims of this group shall be paid in full before any distribution is made to any other claimant with an Administrative Claim or an unsecured claim, in the event that payment on such claims are made in full prior to sixty months following the Petition Date.

j. Group 2 consists, without limitation, of Holders of Priority Tax Claims, if and when allowed. Holders of Priority Tax Claims may include, without limitation, the following: Administrative claims of the UI in approximately the amount of \$15,941.34 shall be paid on or before the Effective Date. UI priority claims under 11 U.S.C. 507(a)(8) in the amount of approximately \$2,293.12 .

k. Upon the failure of the Debtor or Reorganized Debtor, as applicable, to make any payments due on a Priority Tax Claim, when Allowed, that is not cured on or within thirty (30) days of the mailing of a written notice of default by the affected Priority Tax Claim Creditor, such Creditor may

exercise all rights and remedies available under non-bankruptcy law for the collection of its entire claim and/or seek appropriate relief in this court.

- l. To the extent practicable, in the event of a conversion of this Chapter 11 case to a case under Chapter 7 of the Bankruptcy Code, all property of the Debtors, Debtor-In-Possession, or Reorganized Debtors, including all property which will revert in the Reorganized Debtors pursuant to Confirmation of the Plan, and all property acquired by the Reorganized Debtors subsequent to the Plan Confirmation shall be property of the Chapter 7 estate.
- m. Notwithstanding any provision in the Plan to the contrary, nothing shall (I) affect the ability of a Priority Tax Claim Creditor to pursue to the extent allowed by non-bankruptcy law any non-debtor for any liabilities that may be related to any tax liabilities owed by the Debtors to such Priority Tax Claim Creditor; and (ii) affect the rights to assert setoff or recoupment, and such rights are expressly preserved.
- n. The Debtors or Reorganized Debtors shall have the right to challenge any Priority Tax Claim, which challenge may include, but need not be limited to, a challenge to any penalty portion of such Claim, the amount and the value of the property which forms the basis for any assessment of taxes, and the computation of the tax. The right to challenge these

Claims shall include, without limitation, an objection to the assessment of the Debtor's real or personal property that may or may not have been made by the respective taxing authority.

## **II. A Description of the Debtor - XG Security Services, LLC**

The Debtor is a Michigan corporation incorporated November 7, 2013, as "XG Security, LLC" which does business under its corporate name and XG Security. Debtor's principle place of business is in Taylor, Michigan, where it has offices and operations. XG's core business is in low voltage systems installation and maintenance; on-site network setup, consulting, design, strategy, and planning; mobile surveillance solutions; restaurant and IT strategy and implementation; hosted technology solutions and implementation; internet and VoIP phone solutions and implementation, PCI, security, surveillance and loss prevention solutions, access control design and implementation, drive thru solution implementation, and point of sale services to businesses sized small to large in the continental United States. Its typical customers are retail establishments such as restaurants, hotels, and fitness centers.

The Company experienced significant financial and operational distress as a result of the loss of three large customers in mid-2017 which historically accounted for 2.4 million in annual sales. Two of said customers resulted in over \$300,000 in

unpaid invoices which created a large interruption in cash flow resulting in XG's inability to pay its own creditors, including Capital Stack, LLC, who sued XG in New York for over \$312,000, prompting the filing of this bankruptcy case.

### **III. Post-Petition Events of Significance.**

- A. There are no post-petition transfers outside the ordinary course of business.
- B. Cash collateral. XG has a single secured creditor that has an interest in cash collateral - Capital Stack, LLC. Debtor filed a first day motion to use cash collateral in the amount of up to \$292,440 monthly of cash and accounts generated from post petition sales. An order allowing Debtor to use cash collateral on an interim basis was entered on March 8, 2018 (DN 18) and became a final order 14 days thereafter. Debtor has complied with the terms of the cash collateral order in granting Capital Stack a continued lien in the, equipment, inventory, and receivables of Debtor, preserving the value of the collateral subject to lien without further depreciation, and maintaining a cash value of personal property, inventory, supplies, and cash of a minimum of \$100,000.

There are no post-petition financing orders.

#### **C. Litigation.**

XG filed an adversary proceeding against Area Towing to recover property

wrongfully seized by Area Towing in November 2017. The case was assigned Adversary Proceeding No. 18-04184. The case was settled with XG paying Area Towing \$6000 and XG recovering all of its property.

Debtor filed an adversary proceeding against GPS Hospitality, LLC to recover amounts owed for services and installations in GPS facilities. The case was assigned Adversary Proceeding No. 18-04394. The case remains pending.

Debtor filed an adversary proceeding against ADI and Dairshun McMurray for the preference seizure of \$8900 in cash and two vehicles: 2012 Dodge and the 1997 GMC. The case was assigned Adversary Proceeding No. 18-04395. The case remains pending.

XG has made demand upon XG shall further pursue recovery of receivables as identified in Section IV(C) below.

**IV Assets and Liabilities**

**A. Liquidation Analysis.**

Asset / Collateral	Creditor Holding Lien	Market Value	Forced Sale		Equity
			Value	Amount of Secured Claim	
25185 Escorse Rd.	Fast Track Ventures, LLC	350000	300000	175126	174874
Inventory	Capital Stack, LLC	60276	15069	316872	-256596
Receivables	Capital Stack, LLC	150000	75000		-106596
Office Furniture & Equipment	Capital Stack, LLC	5015	2500		-101581

2000 Ford Box Truck 1FDWE35F7YHA97203			
289,191 miles	3000	2000	-98581
1997 Honda CRV JHLRD1851VC034572			
143696 miles	1500	1000	-97081
2000 Lincoln Mountanier 4m2zu86p4yuj02589			
177222 miles	1500	1000	-95581
2001 Ford E250 1FTSE34L31HA02442			
155682 miles	2500	2000	-93081
1999 Ford E250 1FTPE24L1XHA08023			
308654 miles	1500	1000	-91581
2007 E250 1FTNE24L47DA08824			
111113 miles	2500	2000	-89081
2004 Ford 1FTSE34P660A56811			
520146 miles	2000	1500	-87081
2002 Ford Escape 1FMYU04122KD13841			
236512 miles	1000	900	-86081
2006 Ford F250 1FTSE34P66DA86841			
322156 miles	2000	1800	-84081
2007 Jeep Compass 1j8ft47w77d21620			
188193 miles	1800	1500	-82281
2005 Chevrolet Venture 1gndv33e15d119551			
203158 miles	1500	1200	-80781
2003 Ford Escape 1fmyu931553kb75722			
199541 miles	1500	1200	-79281
2007 Chrysler T&C 2a4g954l17r316738			
175436 miles	1500	1200	-77781
2002 Chevrolet Suburban 1GNFK16Z62J124973			
non-operational	300	300	-77481
2001 Jeep Wrangler 1J4GW48S31C712989			
non-operational	300	300	-77181
2000 Ford E250 1ftne24l8yhb50703			
non-operational	300	300	-76881
2005 Ford Escape 1FMYU03195KA64637			
non-operational	300	300	-76581
2006 Ford E250 1FTNE24L66DA97262			
non-operational	300	300	-76281
2010 Dodge Caravan 2D4RN1AEXAR339402			
non-operational	300	300	-75981
2002 Ford E250 1FBSS31S02HA95642			
non-operational	300	300	-75681
2013 Chevrolet Savanna 1gtfg25m4v1106627			
193260 miles	6000	4500	-69681
2013 Dodge Journey 3c4pdcbg1ct396011			
143568 miles	5200	4000	-64481
2000 30ft tri axle Trailer	3000	2000	-61481
2016 15ft duel axle Trailer	1800	1000	-59681

2015 generator 50kv	1500	1000	-58181
2001 12ft single axle Trailer	1200	750	-56981
	609891	426219	491998

Total Equity if fair market value used: \$117,893

Total Equity if forced sale value used: (\$65,779)

B. Risks, Conditions and Assumptions Regarding the Stated Values.

XG values its real property of 25185 Escorse Rd. based on the recent purchase of the same December 30, 2016, 15 months prior to petition date. XG notes that the economic conditions in Taylor, Michigan have stated fairly consistent over the last 15 months of ownership, and XG has not made any material improvements to the property nor has it suffered any waste. XG values its automobiles according to edmunds.com and NADA.com, using average retain values. Several of XG automobiles are listed as “non-operational” and these vehicles are valued at scrap value or parts value of \$300 each. Automobiles were valued at an average of 72% of their retail value in a forced sale. Trailers were valued at 75% of their retail new purchase price. Inventory was valued at wholesale cost, and office furniture and equipment was valued according to similar property available for purchase at used office retail stores and craigslist.com. XG’s inventory consists of primarily last generation low voltage cameras and network equipment. At auction said inventory would be very difficult to sell piecemeal, and would require a similar business to

purchase as a lot, making bidding on said inventory uncompetitive.

C. Potential Claims and Causes of Action.

XG has the following claims which it shall pursue either in Bankruptcy Court as adversary proceedings or in State Court or Federal Court to recover money and/or property:

Duck Donuts	\$14,067.5
GPS Hospitality	\$418,305.74
Lockwood Properties	\$8,593.17
OnsiteRIS	\$14,451.19
SandBear	\$5623
DePadau Const.	\$35,000

**D. Effect of Conversion, Post Confirmation Operating Reports, and Fee of the United States Trustee**

1. The to the extent practicable, in the event of a conversion of this Chapter 11 case to a case under Chapter 7 of the Bankruptcy Code, all property of the Debtor, Debtor-in-Possession, or Reorganized Debtor, including all property that will re-vest in the Reorganized Debtor pursuant to Confirmation of the Plan, and all property acquired by the Reorganized Debtor subsequent to the Plan Confirmation shall be property of the Chapter 7 estate.
  - a. Upon confirmation, the Debtor shall file Post-Confirmation Disbursement Reports and shall continue to pay quarterly fees pursuant to 28 U.S.C. § 1930(a) until the case has been closed by the Court or dismissed or converted to a Chapter 7 case.



2. All U.S. Trustee Fees shall be paid as of the Effective Date.

**V. Implementation of the Plan**

A. Financial Information Summaries

1. Three Years Pre-Petition - 2015/2016/2017, and 2018 to March 1, 2018

	gross income	costs of sales	expenses	profit/loss
2015	1353526	558880	784217	10429
2016	4013338	2069136	1497226	446986
2017	4340453	2213662	1889626	237165
2018	172098	87769	84328	0

2. Post-Petition to Date: March 1, 2018 to May 31, 2018

	gross income	expenses	profit/loss
March	167863	159425	8437
April	181063	163492	15217
May	128222	137065	-8843
June	112,998	104020	8978
July	150043	119494	30549
August	101381	126242	-24862
<b>Profit to</b>			<b>\$21,055.31</b>

**8/30/2018**

3. Plan Projections

plan year		gross sales	costs of sales	expenses	profit/loss
		(annual)			
1	2018	2,040,000	1,040,400	987360	12,240
2	2019	2142000	1061208	1007107	73685
3	2020	2184140	1093044	1027249	63847
4	2021	2228537	1114905	1047794	65838
5	2022	2273108	1137203	1068750	67155
6	2023	2341300	1159947	1093331	88022

Year One Budget (monthly)

Gross Income													180,000
Cost of Sales													18,000
Net Income													162,000
land contract &	wages	payroll	ins.	utilities	Travel exp.	vehicle expense	advertising	maint.	misc.	plan payments	officer	total	
property taxes	taxes							supplies		payments			
6100	98000	7500	8100	19500	3500	4000	150	750	250	3500	5500	156,850	
Net Income													5150

B. Post Confirmation Control, Compensation, and Fringe Benefits.

Bernard Yoscovitz shall continue as the sole member and Manager. Yoscovitz shall continue to receive a salary of approximately \$5000 to \$6000 monthly, depending on the ability of the Company to pay said salary. Bernard Yoscovitz does not receive any fringe benefits from the Debtor.

C. Tax Ramifications for Continuing Entity.

None.

## **VI Legal Requirements**

### **A. Voting procedures**

Under the Bankruptcy Code, the only classes that are entitled to vote to accept or reject a plan are classes of claims, or equity interests, that are impaired under the plan. Accordingly, classes of claims or interests that are not impaired are not entitled to vote on the plan. Creditors that hold claims in more than one impaired class are entitled to vote separately in each class. Such a creditor will receive a separate ballot for all of its claims in each class (in accordance with the records of the Clerk of the Court) and should complete and sign each ballot separately. A creditor who asserts a claim in more than one class and who has not been provided with sufficient ballots may photocopy the ballot received and file multiple ballots. Votes on the plan will be counted only with respect to claims: (a) that are listed on the Debtor's Schedules of Assets and Liabilities other than as disputed, contingent or unliquidated; or (b) for which a proof of claim was filed on or before the bar date set by the Court for the filing of proofs of claim (except for certain claims expressly excluded from that bar date or which are allowed by Court order). However, any vote by a holder of a claim will not be counted if such claim has been disallowed or is the subject of an unresolved objection, absent an order of the Court allowing such claim for voting purposes pursuant to 11 U.S.C. § 502 and Bankruptcy Rule 3018. Voting on the plan by each holder of a claim or interest in an impaired class is important. After carefully reviewing

the plan and disclosure statement, each holder of such a claim or interest should vote on the enclosed ballot either to accept or to reject the plan, and then return the ballot by mail to the debtor's attorney by the deadline previously established by the Court. Any ballot that does not appropriately indicate acceptance or rejection of the plan will not be counted.

A ballot that is not received by the deadline will not be counted. If a ballot is damaged, lost, or missing, a replacement ballot may be obtained by sending a written request to the debtor's attorney.

#### B. Acceptance

The Bankruptcy Code defines acceptance of a plan by an impaired class of claims as acceptance by the holders of at least two-thirds in dollar amount, and more than one-half in number, of the claims of that class which actually cast ballots. The Bankruptcy Code defines acceptance of a plan by an impaired class of equity interests as acceptance by holders of at least two-thirds in number of the equity interests of that class that actually cast ballots. If no creditor or interest holder in an impaired class votes, then that class has not accepted the plan.

#### C. Confirmation

11 U.S.C. § 1129(a) establishes conditions for the confirmation of a plan. These conditions are too numerous and detailed to be fully explained here. Parties are encouraged to seek independent legal counsel to answer any questions concerning the Chapter 11 process. Among the several conditions for confirmation of a plan under 11

U.S.C. § 1129(a) are these:

1. Each class of impaired creditors and interests must accept the plan, as described in Section VI.B., above.
2. Either each holder of a claim or interest in a class must accept the plan, or the plan must provide at least as much value as would be received upon liquidation under Chapter 7 of the Bankruptcy Code.

D. Modification

The debtor reserves the right to modify or withdraw the plan at any time before confirmation.

E. Effect of confirmation.

If the plan is confirmed by the Court:

1. Its terms are binding on the debtor, all creditors, shareholders and other parties in interest, regardless of whether they have accepted the plan.
2. Except as provided in the plan and in 11 U.S.C. § 1141(d):
  - a) In the case of a corporation that is reorganizing and continuing business, as in this case:
    - (1) All claims and interests will be discharged.
    - (2) Creditors and shareholders will be prohibited from asserting their claims against or interests in the debtor or its assets.

## VIII MISCELLANEOUS PROVISIONS

- A. Documents. The Debtor, through the Disbursing Agent, is hereby authorized to execute any and all documents reasonably necessary to effectuate the Plan's terms.
- B. Management. The Debtor's business and property shall be managed during the period of the Plan by the Debtor's present management.
- C. Property of the Estate. All property of the Estate not dealt with in the Plan shall be deemed the property of the Debtor upon the effective date of the Plan.
- D. Modification of Plan. The Debtor may file and submit modifications of the Plan to the court at any time prior to confirmation in the manner provided in 11 U.S.C. § 1127.
- E. Post-Confirmation Conversion/Dismissal. A creditor or party in interest may bring a motion to convert or dismiss the case under §1112(b), after the Plan is confirmed, if there is a default in performing under the Plan. If the Court orders the case converted to Chapter 7 after the Plan is confirmed, then all property that had been property of the Chapter 11 estate, and that has not been disbursed pursuant to the Plan, will revert in the Chapter 7 estate, and the automatic stay will be reimposed upon the revested property only to the extent that relief from stay was not previously granted by the Court during this case.
- F. Post-Confirmation Quarterly Fees. Quarterly fees pursuant to 28 U.S.C. Sec.

1930 (a)(6) continue to be payable to the office of the United States trustee post-confirmation until such time as the case is converted, dismissed, or closed pursuant to a final decree.

- G. Modification. The Plan may be modified by the Debtor pursuant to §1127 of the Bankruptcy Code.

The rights and obligations of any entity referred to in this Plan shall apply to and be binding upon that entity's successors and assigns.

#### **PLAN PROPONENT**

November 9, 2018

/s/ Bernard Yoscovitz  
XG Security Services, LLC  
By: Bernard Yoscovitz  
Its: Member-Manager

November 9, 2018

/s/ Don Darnell  
Don Darnell (P55268)  
8080 Grand St., Ste. A  
Dexter, Michigan 48130  
734-424-5200  
dondarnell@darnell-law.com