

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
WINSTON-SALEM DIVISION

IN RE:)
) CASE NO. 16-50346
NAS Holdings, Inc.)
) Chapter 11
Debtor.)
_____)

DISCLOSURE STATEMENT IN SUPPORT OF DEBTOR’S CHAPTER 11 PLAN

DATED: March 13, 2017

NAS Holdings, Inc, Debtor-in-Possession, through its undersigned counsel, hereby submits to its creditors this Disclosure Statement in connection with its Chapter 11 Plan dated March 13, 2017 (the “Plan”) pursuant to Chapter 11 of Title 11, U.S.C. (the “Code”).

I. Preliminary Statement

The Debtor submits this Disclosure Statement to all of its creditors in order to comply with the provisions of the Code requiring the submission of information necessary for creditors to arrive at an informed decision in exercising their rights to vote for acceptance or rejection of the Plan, presently on file with the United States Bankruptcy Court for the Middle District of North Carolina (the “Court”). A copy of the Plan accompanies this Disclosure Statement.

II. Summary of Plan and Code Provisions for Voting

A. Repayment of Creditors

The Plan provides for payment of administrative expenses, priority claims, and secured creditors in full, either in cash or in deferred cash payments, and provides for payments to unsecured creditors in an amount greater than they would receive in the event of a Chapter 7 liquidation. Funds for implementation of the Plan will be derived from the Debtors' income; specifically from an operating agreement the Debtor shares with a related entity BGSO, Inc., which operates a franchise of Brixx Woodfired Pizza. The Debtor also has a sister entity known as NAS International, Inc. This entity operates a franchise of Brixx Woodfired Pizza in Winston Salem, NC. This entity has a secured lien with the Bank of North Carolina.

Previously in this proceeding, the Debtor attempted a merger with NAS International which was not approved by the Court. The representative of the Debtor is also the President of NAS International. It is the intention of NAS International to provide additional funding as necessary to fund this plan as its lien with the Bank of North Carolina will be paid in full within 60 days.

This Disclosure Statement contains a detailed discussion of the Plan and its implementation. This Disclosure Statement should be read in conjunction with the Plan, which is a legal document and upon confirmation will become binding on the Parties. Creditors should read the Plan and this Disclosure Statement in their entirety, rather than relying on this summary. The Debtor urges creditors and other parties in interest to consult with independent counsel in connection with their decision to accept or reject the Plan. Approval of this Disclosure Statement by the Court is not a decision on the merits of the Plan.

B. VOTING PROCEDURES AND CONFIRMATION REQUIREMENTS

1. Ballots and Voting Deadline.

A Ballot to be used for voting to accept or reject the Plan will be distributed, along with this Disclosure Statement and the Plan, upon approval of the Disclosure Statement by the Bankruptcy Court. Creditors and Equity Interest holders of the Debtors must (1) carefully review the Ballot and instructions thereon; (2) execute the applicable Ballot; and (3) return the completed Ballot to Karrenstein, Love & Dillenbeck, Attn: Kenneth Love, 3410 Healy Drive, Suite 208, Winston Salem, NC 27103, so as to be received by 5:00 p.m., 28 days after the approval of the Disclosure Statement. Ballots received after the deadline will not be considered.

2. Creditors Entitled to Vote.

Any Creditor or Equity Interest holder of the Debtor whose Claim or Equity Interest is impaired under the Plan is entitled to vote, provided that (1) its Claim has been scheduled by the Debtors (and such Claim is not scheduled as disputed, contingent or unliquidated), or (2) it has filed a Proof of Claim on or before the last date set by the Court for such filing, and no objection to such Proof of Claim is pending at the time of the confirmation hearing. Any Class of Claims or Equity Interests that is not impaired by the Plan, and each holder of a Claim or Equity Interest of such Class, are conclusively presumed to have accepted the Plan and solicitation of acceptances with respect to such Class from the holders of Claims or Equity Interests of such Class is not required.

Any Claim or Equity Interest as to which an objection has been filed (and such objection is still pending) is not entitled to vote, unless the Court temporarily allows the Claim or Equity Interest in an amount which it deems proper for the purpose of accepting or rejecting the Plan upon motion by the Creditor or holder of an Equity Interest whose Claim or Equity Interest is subject to objection. In addition, the vote of a Creditor or holder of an Equity Interest may not be counted if the Court determines that the Creditor's or Equity Interest holder's acceptance or rejection was not solicited or procured in accordance with the provisions of the Bankruptcy Code.

Even though a creditor may not choose to vote or may vote against the Plan, the creditor will be bound by the terms and treatment set forth in the Plan if the Plan is accepted by the requisite majorities in each class of creditors and/or is confirmed by the Court. Creditors who fail to vote will not be counted in determining acceptance or rejection of the Plan. Allowance of a claim for voting purposes does not necessarily mean that the claim will be allowed or disallowed for purposes of distribution under the terms of the Plan. Any claim to which an objection has been or will be made will be allowed only for distribution after determination by the Court. Such determination may be made after the Plan is confirmed.

3. Definition of Impairment.

Under § 1124 of the Bankruptcy Code, a Class of Claims or Equity Interests is impaired under a plan of reorganization unless, with respect to each Claim or Equity Interest of such Class, the plan (1) leaves unaltered the legal, equitable, and contractual rights of the holder of such Claim or Equity Interest, or (2) reinstates the Claim or Equity Interest pursuant to its original terms and cures any default.

4. Classes Impaired Under the Plan.

Creditors holding Claims or Equity Interests in Classes A, B, C, D, E, F and G and are impaired under the Plan and are eligible, subject to the limitations set forth above, to vote to accept or reject the Plan. Creditors holding Claims in Class C are unimpaired under the Plan and are not entitled to vote with respect to the acceptance or rejection of the Plan. Such Creditors will be paid in full or otherwise treated in accordance with the provisions of the Plan.

5. Vote Required for Class Acceptance.

The Bankruptcy Code defines acceptance of a Plan by a Class of Creditors as acceptance by holders of two-thirds in dollar amount and a majority in number of the Allowed Claims of that Class which actually cast ballots to accept or reject the Plan. The Bankruptcy Code defines acceptances of a Plan by a Class of Equity Interests as acceptance by holders of two-thirds in amount of the Allowed Equity Interests of such Class held by holders of such Equity Interests who actually cast ballots to accept or reject the Plan.

6. Requirements for Confirmation.

In order to be confirmed (i.e., approved) by the Bankruptcy Court, the Plan or its proponent must (among other requirements set forth in § 1129 of the Bankruptcy Code):

- a. Disclose all compensation paid or promised for professional services rendered or to be rendered in connection with the case;
- b. Disclose the identity and affiliations of all officers to

- serve after the Plan is confirmed and the compensation of any insiders to be employed after Confirmation;
- c. Propose to pay each member of a class of Claimants, who has not accepted the Plan, property at least equal in value to what the Claimant would receive if the Debtor's assets were liquidated on the date of the Confirmation Hearing, and distributed to Creditors according to their rights and priorities under law;
- d. Propose to pay all Administrative Claims in full;
- e. Propose to pay all Priority Claims in full in deferred payments or cash; and
- f. Propose to pay all Priority Tax Claims in full within five years after the order for relief in this case, in a manner not less favorable than the non-priority unsecured claims.

7. Confirmation Hearing.

The Bankruptcy Code requires that the Bankruptcy Court hold a Confirmation Hearing with notice to all Creditors. Notice of the Confirmation Hearing will be sent to all parties in interest. It will be held before the Honorable Aron, United States Bankruptcy Judge, in the Courtroom of the U.S. Bankruptcy Court, U.S. Courthouse, 226 S. Liberty Street, Winston Salem, NC 27101.

The Confirmation Hearing may be adjourned or continued by the Bankruptcy Court without further notice except for an announcement made of the adjourned or continued date made at the Confirmation Hearing.

At the Confirmation Hearing, the Bankruptcy Court shall determine whether the requirements of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court shall enter an order confirming the Plan. With respect to creditor acceptance of the Plan, if the requisite members of an impaired Class do not vote to accept the Plan as provided in Section II.B.5. above, the Debtor may seek confirmation pursuant to § 1129(b) of the Bankruptcy Code, known as the "cramdown" procedure. Pursuant to this section, the Bankruptcy Court may confirm the Plan notwithstanding the nonacceptance by an impaired Class if at least one impaired Class votes to accept the Plan, the Plan does not discriminate unfairly, and is "fair and equitable" to the non-accepting Class.

A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if no Class receives more than it is legally entitled to receive for its Claims or Equity Interests. The Bankruptcy Code establishes different "fair and equitable" standards for Secured and Unsecured Claims.

With respect to a Secured Claim, a plan may be "fair and equitable" if (1) the impaired Secured Creditor retains its liens to the extent of its Allowed Claim and receives deferred cash payments at least equal to the allowed amount of its Claim with a present value as of the

Effective Date at least equal to the value of such Creditor's interest in the property securing its liens, (2) property subject to the lien of the impaired Secured Creditor is sold free and clear of that lien, with that lien attaching to the proceeds of sale, and such lien proceeds must be treated in accordance with clauses (1) and (3) hereof, or (3) the impaired Secured Creditor realizes the "indubitable equivalent" of its Claim under the plan.

With respect to an Unsecured Claim, a plan may be "fair and equitable" if (1) each impaired Unsecured Creditor receives or retains property of a value equal to the amount of its Allowed Claim, or (2) the holder of any Claim or Interest that is junior to the claims of the dissenting Class will not receive any property under the plan, except that, as the Debtor is an individual, he may retain his property (property of the estate).

Finally, it must be noted that even though a Creditor or holder of an Equity Interest may vote to reject the Plan, such rejection of a confirmed Plan does not mean that the Creditor or holder of an Equity Interest will not be entitled to share in any distributions to be made under the Plan.

III. REQUISITE DISCLOSURES

A. Representations Limited

No representations concerning the debtor, particularly regarding future business operations or the value of the debtor's assets, have been authorized by the debtor except as set forth in this statement. You should not rely on any other representations or inducements proffered to you to secure your acceptance or rejection in arriving at your decision in voting on the plan. Any person making representations or inducements concerning acceptance or rejection of the plan should be reported to counsel for the debtor at the address above and to the clerk of the court at The Clerk for the Bankruptcy Court for the Middle District of North Carolina, 101 South Edgeworth Street, Greensboro, NC, 27401. For various reasons, the records of the debtor prior to preparation of this plan may not have been complete and the accuracy of the information submitted with this statement is dependent on information available to the debtor with the assistance of counsel. While every effort has been made to provide the most accurate information available, the debtor is unable to warrant or represent that all information is without inaccuracy. There are no known inaccuracies. While every effort has been made to ensure that the assumptions are valid and as accurate as can be made under the circumstances, neither the debtor nor its attorneys undertake to certify or warrant the absolute accuracy of the assumptions or projections.

No formal appraisals have been undertaken of the debtor's property except where stated. The values placed thereon and summarized below are the debtor-in-possessions' best estimate of the value of the property as of the time of the filing of the plan and this disclosure statement. These values may differ from values placed on the same property at the time of filing of the petition for relief and the subsequent

schedules.

B. Background, Income and Expenses

The debtor is a holding company, organized under the laws of North Carolina, with its principle office in Forsyth County, North Carolina. The Debtor has executed an operating agreement with limited liability company known as BGSO, LLC. BGSO, LLC operates a franchise of Brixx Wood Fired Pizza under a franchise license owned by the Debtor. At the time of filing, the Debtor had a relationship with BATL, LLC, who ran a franchise in Marietta, Georgia. This location was closed in August of 2016. The operating agreement calls for BGSO to provide 80% of its net revenue to the Debtor on a monthly basis.

The Debtor also has a sister entity known as NAS International, Inc. This entity operates a franchise of Brixx Woodfired Pizza in Winston Salem, NC. This entity has a secured lien with the Bank of North Carolina.

Previously in this proceeding, the Debtor attempted a merger with NAS International which was not approved by the Court. The representative of the Debtor is also the President of NAS International. It is the intention of NAS International to provide additional funding as necessary to fund this plan as its lien with the Bank of North Carolina will be paid in full within 60 days.

C. Events Leading to Bankruptcy

Prior to the filing for Bankruptcy, the Debtor, along with another entity and two principles of the debtor were sued by an individual, Kirit Vadgama, who is a creditor in this case. A Judgment of \$519,982.00 was obtained against all of the Defendants. The collection efforts of the creditor threatened the continued operations of the Debtor. Another organization, BALT, LLC, operated a Brixx Wood Fired Pizza franchise in Marietta, GA, under the franchise license held by the Debtor. The Debtor closed this location as it was losing money. This was a necessary action but was not what precipitated the filing of this proceeding. Debtor commenced this case for the purpose of reorganizing the indebtedness of debtor including: repayment of its existing creditors in an orderly fashion and satisfying the Judgement in an orderly and efficient manner without negative consequences to its operations.

IV. MEANS OF IMPLEMENTATION AND EXECUTION OF THE PLAN

1. Continuation of Business and Revesting of Assets:

On the Confirmation Date, and subject to the provisions of the Plan, title to all assets and property of the Debtors and the Estate, and, pursuant to Section

1123(b)(3)(B) of the Code, each and every claim, demand or cause of action which the debtor has or had power to assert immediately prior to Confirmation, will vest in the Reorganized Debtors free and clear of all liens, Claims and Interests, except as provided in the Plan or in the Confirmation Order.

2. Plan Funding:

Payments to the Creditors under this Plan shall be provided from the Debtor's income. The Debtor has executed an Operating agreement with BGSO. Additional funding will be provided by NAS International if necessary.

3. Directors/Officers of the Debtors on the Effective Date:

On the Effective Date, the authority, power and incumbency of the persons then acting as directors and/or officers of the Debtors shall be terminated. As of the Effective Date, the Plan will appoint Plan Sponsors to serve as the managing members of the Reorganized Debtors. The plan sponsors shall be Nekeet Vadgama and Rajendra Vadgama who currently are the directors of the Debtor.

4. Disbursing Agent:

The Organized Debtor shall serve as Disbursing Agent without bond and without charge. The Disbursing Agent shall make distributions to holders of Allowed Claims in accordance with the Plan and shall further execute and deliver all documentation to the Court and to all parties in interest who are entitled to receive the same as required by the terms of this Plan and the Code.

5. Objections to Claims:

Unless the Court orders otherwise by appropriate order entered prior to such date, objections to claims shall be filed no later than ninety (90) days after the Confirmation Date. All claims are subject to objection, weather classified herein or not. Administrative Expense Claims, other than those allowed under section 330 of the Code, must be served on counsel for the Debtors no later than thirty (30) days after the Confirmation Date.

After the entry of the Confirmation order, only the Debtor shall have authority to file objections, litigate to judgment, settle, or withdraw objections to contested claims. In each case the objection shall be filed with the Court and shall be served upon the holder of a claim or Interest to which the Objection is made. The failure to object to any claim or interest prior to the commencement of the Hearing on the Confirmation of this Plan for the purpose of voting shall not be deemed to be a waiver of the right to object thereafter to such claim or interest in whole or in part for the purpose of Distribution.

The Debtor anticipates that all Objections has been filed and resolved as of the date of this disclosure statement.

6. Commencement of Adversary Proceedings and Other Causes of Action:

Prior to, and subsequent to the Effective Date, the Debtors or the Reorganized Debtors, as the case may be, as the representative of the Estate, may commence adversary proceedings or other actions against persons or entities who may have received transfers which are voidable or recoverable, in whole or in part, pursuant to Sections 502, 542, 543, 544, 545, 547, 550, 551 and 553, inclusive of the Code. The Reorganized Debtors may prosecute and, when appropriate, settle and compromise such causes of action or claims for relief and all Net Recovery Rights will become property of the Reorganized Debtors and will be used to pay holders of Allowed Claims in accordance with the Terms of the Plan.

7. Assumption and Rejection of Executory Contracts and Unexpired Leases:

A. A commercial real property lease with Kotis Properties, LLC has been previously assumed via a consent order entered on October 20, 2016. The lease is for the Debtor's restaurant in Greensboro, North Carolina which is operated by BGSO, LLC.

B. All other leases rejected:

Pursuant to Section 365 of the United States Bankruptcy Code and subject to the Confirmation Order, the Debtor rejects all executory contracts and unexpired leases not heretofore assumed effective as of the Confirmation Date. Any claim arising from the rejection shall be deemed a Class F Claim. The holder of a claim arising from the rejection hereby, of any executory contract or unexpired lease must, not later than thirty (30) days after Confirmation, file with the Court a Proof of Claim for any damages resulting therefrom, or be forever barred from asserting any claim against the Debtors or participating as a claimant under the Plan.

8. Delivery of Distributions:

Distribution and deliveries to holders of Allowed Claims shall be made at the addresses set forth on the proofs of claims, or at the last known address of such holder if no proof of claim is filed or if the Debtor has been notified of a change of address. If any holder's distribution is returned as undeliverable, no further distributions to such holder shall be made unless and until the debtor is notified of such holder's then current address, at which time all missed distributions shall be made to such holder without interest. If any distribution remains unclaimed for a period of 90 days after it has been delivered, or attempt to be delivered, such unclaimed property shall be forfeited by such holder of the claim and the Disbursing Agent shall not attempt to make any further distribution of such holder of the claim. Undistributed property shall be returned to the Debtor for Distribution in accordance with the Plan.

V. Classification and Treatment of Claims

The Plan establishes 6 classes of claims, plus one category of unclassified claims (for administrative expenses). The classes of claims are identified and treated as follows:

Unclassified claims

A. Administrative Expenses.

Administrative Expense claims approved and allowed by the Court shall be paid in full, in cash, by the Debtor on the effective date of the Plan or as soon thereafter as the amount thereof can be fixed, unless a different treatment is agreed to or provided for in this Plan. Administrative claims which by their terms are not due and payable on or before the Effective Date shall be paid as and when due.

The total unpaid professional and administrative fees as of the date of this Plan are estimated to be approximately \$12,925.00. \$12,000.00 payment in attorney fees for the attorney for the Debtor. An estimated payment of \$925.00 for the final quarterly payment to the Court. The Debtor is unaware of any other unpaid administrative expense claims. All payments owed to the appointed Examiner have been made by the time of filing of this disclosure statement. Within this class are all preconfirmation fees payable to the U.S. Bankruptcy Administrator pursuant to 28 U.S.C. § 1930(a)(6), which shall be paid on the effective date of the Plan, if not paid sooner. After confirmation, and until the case is closed, the Debtor shall be responsible for timely payment of fees incurred pursuant to 28 U.S.C. § 1930(a)(6). All amounts listed in this section other than the quarterly fee, are subject to the approval of the Bankruptcy Court and may increase or decrease based on that approval or lack thereof.

Classification of Claims and Interest

Class A (Branch, Banking and Trust, secured claim): Class A consists of the first secured prepetition claim of Branch, Banking, and Trust (Claim No. 3), in the amount of \$394,767.38 as of the filing date, secured by a UCC financing statement, properly recorded within the registry of the North Carolina Secretary of State. Payments have remained current through the life of the plan. The claim shall be paid in 81 monthly payments of \$7,353.00 (remaining life of the loan at an interest rate of 4.50% per annum (contract rate)), This class is not impaired.

Class B (Branch, Banking, and Trust, secured claim): Class B consists of the second secured prepetition claim of Nationstar Mortgage, LLC (Claim No. 4), in the amount of \$289,534.91 as of the filing date, secured by a UCC financing statement, properly recorded within the registry of the North Carolina Secretary of State. The claim shall be paid in 81 monthly payments of \$3,735.00 (remaining life of the loan at an interest rate of 4.50% per annum (contract rate)), This class is not impaired.

Class C (Internal Revenue Service, alleged priority claim): Class C consists of the alleged priority prepetition claim of the Internal Revenue Service (Claim No. 1). The IRS filed a claim alleging that it was owed \$1,500.00 in a priority claim for unfiled tax returns. All of the tax returns were either filed or were not required as there was no requirement for a tax return. The IRS claimed that the 2015 tax

return was not filed, but it has in fact been filed. Further, the IRS claimed FICA tax liability for two quarters of 2012. The Debtor did not have any employees during either period and as such, had no requirement to file such return. The Debtor contends that there is no tax liability and there is a pending objection to the IRS claim. This class is impaired.

Class D (General Unsecured Claims): The Debtor will pay each holder of these claims 100% of the claim within 14 days of confirmation. The amount to pay each claim holder is as follows:

Creditor:	Allowed Claim:
Discover Bank (claim no. 2)	\$526.11

This class is impaired.

Class E (Kirit Vadgama, general unsecured judgment claim): Class E consists of the unsecured prepetition judgment claim of Kirit Vadgama (Claim No. 7), in the amount of \$519,982.00 as of the filing date and later amended to \$469,799.33 after a payment made by a co-defendant to the judgment. The claim shall be paid in 180 monthly payments of \$3,593.93 (\$469,799.33 amortized over 15 years at an interest rate of 4.5% per annum). The rate is based upon *Till v. SCS Credit Corp.*, 1124 S.Ct. 1951 (2004), which sets the rate at prime rate (3.5%) plus a risk factor. The Debtor contends that the risk factor merits a 1.00 point increase to 4.5% aligning with the risk factor the mortgage creditors gave to the Debtor. Once the BB&T claims of class A and B are paid off, the Debtor intends to devote those amounts to paying off this class as soon as possible. This class is impaired. Payments on this claim will commence no later than the 10th day of the month after confirmation is granted and will commence on the 1st day of the month afterwards.

Class F (Rejected lease of CP Venture Five- AEC LLC): Class F consists of the claim of CP Venture Five- AEC, LLC concerning the rejected lease for the Debtor's restaurant that existed in Marietta, Georgia and was closed in August of 2016. There is a dispute between the landlord and the Debtor as to what amount is owed by the Debtor to the creditor. The parties entered into a consent agreement after the Debtor filed an objection to the creditor's claim. Pursuant to the agreement, the creditor is allowed a claim for rejection damages of \$126,202.80. The Creditor is holding a security deposit of \$7,590.00 which shall be applied to the claim.

Prior to making any distributions on this claim, the Debtor will have a one-time right to request information on the status of any subsequent lease after its breach to calculate the creditor's rejection damages. Assuming the full claim remains, the Debtor shall pay the full claim at 4.5% interest in 180 payments or until the full allowed claim is paid.

Article V. Implementation of Plan

The Debtor shall fund this Plan with income from the operating agreement executed with BGSO, LLC, which pays it sufficient funds to pay its necessary operating expenses. In exchange for the cash required for the implementation of the Plan, the Plan Sponsors will be issued 100% of the new equity interests in the Reorganized Debtor on the Effective Date.

The Debtor shall retain the Assets of the estate, and shall pay its operating expenses, and pay the creditors the amounts set forth in the Plan from the proceeds thereof. Consistent with the provisions of this Plan and subject to any releases provided for herein, the Debtor reserves the right to begin or continue any adversary proceeding

permitted under the Code and Rules to collect any debts, or to pursue claims in any court of competent jurisdiction. Except as expressly provided for in this Plan, nothing in this Plan shall be deemed to constitute a waiver of any claim that the Debtor may assert against any other party, including the holder of any claim provided for in this Plan, and the allowance of any claim against the Debtor or the estate shall not bar any claim by the Debtor against the holder of such claim.

It is estimated that the amounts required for implementation of the Plan upon the effective date and within 6 months thereof are as follows:

Administrative expense claims: \$12,975.00

Class A: \$43,614.00

Class B: \$22,380.00

Class C: \$0.00

Class D: \$526.11

Class E: \$21,563.58

Class F: \$5,792.64* pending the Debtor's one-time review

The total comes to approximately \$106,851.33* which the Debtor can afford based on current income and cash on hand.

Article VI. Analysis of Liquidation Value of the Estate

Creditors should note, that the value of property listed in the petition included the value of property for three restaurant locations. When the Debtor was not permitted to merge with NAS International, Inc, one third of the assets were automatically removed. Slightly more than half of the remaining value belonged to the value of assets associated with the Marietta Georgia location. Those assets, while valued at approximately \$517,444.06, they eventually sold for \$19,500.00. This sale was approved by the Bankruptcy Court. The Debtor also notes that much of the most valuable property would potentially be considered fixtures and would not have been available for liquidation. The agreement between the Debtor, BB&T, and the landlord negated the need for the Court to determine if any of the assets were considered fixtures in this location.

As such, the Debtor contends that the true liquidation value of the estate is approximately \$20,000.00 assuming that a Chapter 7 trustee would have been able to liquidate all of the property in a commercial efficient manner. Even assuming that there was no Chapter 7 trustee commission, the liquidation value of the estate is far below the amount being paid to the unsecured creditors.

Article VII. Repayment Projections

The Debtor projects that all allowed claims will be paid 100% at the appropriate interest rates. Attached to this disclosure statement are the projected income statements for both BGSO, LLC, and the Debtor as exhibits A and B respectively.

Article VIII. Tax Consequences

The Debtors are not qualified to advise creditors of the specific tax ramifications

to them of confirmation of the Plan, and therefore makes no representations in this regard. However, the Debtors are not aware of any potential material federal tax consequences to creditors that would result from confirmation of the Plan. Each creditor is urged to consult with a tax advisor as to such matters. No material tax consequences to the Debtors are anticipated as a result of confirmation of the Plan. Any forgiveness of indebtedness would be exempt from taxation under IRC § 108. The Debtors' basis in the secured property will have to be adjusted, but no tax will be due as a result thereof until any such property is sold.

Article IX. Modifications or Withdrawals of the Plan

The Debtor may alter, amend, or modify the Plan under § 1127(a) of the Bankruptcy Code at any time before the Confirmation Date, so long as the Plan, as modified, meets the requirements of §§ 1122 and 1123. The Debtors may also alter, amend, or modify the Plan under § 1127(b), following the Confirmation Date but before the Effective Date. The Debtor may revoke or withdraw the Plan before the Confirmation Date. If the Plan is revoked or withdrawn before the Confirmation Date, the Plan shall be of no force or effect, and shall be deemed null and void. If the Plan is revoked or withdrawn before the Confirmation Date, nothing contained herein shall in any way effect or prejudice the rights of the Debtor with regard to Claims, Avoidance Actions, or any other rights or interests.

Article X. Miscellaneous Plan Provisions

A. Retention of Jurisdiction, Closing.

Pursuant to §§ 105(a) and 1142 of the Bankruptcy Code, the Plan provides for the Bankruptcy Court to retain exclusive jurisdiction over all matters relating to the Plan, including the allowance of Claims and the adjudication of any Avoidance Actions. Upon substantial consummation of the plan, the case shall be closed, but shall be subject to reopening to enforce the terms of this Plan and to enter a discharge. This provision serves to avoid the need to pay quarterly fees after substantial consummation, an expense Debtors can ill afford.

Article XI. Conclusion

As stated previously, the Debtor as the proponent of the Plan urges you to vote to accept the Plan. The information and materials provided in this Disclosure Statement are intended to assist you in voting on the Plan in an informed fashion. Since confirmation of the **Plan will be binding on your interests, the Debtor invites you to review these materials and make such further inquiries as may be appropriate.**

By: _____/s/Neeket Vadgama
Neeket Vadgama, President
NAS Holdings, Inc.

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA

WINSTON-SALEM DIVISION

IN RE:)
) CASE NO. 16-50346
NAS HOLDINGS, INC.)
)
) Chapter 11
Debtors.)
_____)

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the **Disclosure Statement** by either Electronic Case Filing as indicated or depositing copies of same in the exclusive care and custody of the United States Postal Service, with proper postage thereto affixed as follows (sent first class mail unless otherwise stated):

William Miller.
United States Bankruptcy Administrator

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This the 13th day of March, 2017.

/s/ Kenneth Love_____

Kenneth Love