

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW HAMPSHIRE**

In re:

CHAPTER 11

**GROWTH OPPORTUNITY ALLIANCE OF
GREATER LAWRENCE, INC.,**

Case No. 15-11098-BAH

Debtor

**DEBTOR'S DISCLOSURE STATEMENT DATED SEPTEMBER 19, 2016
PERTAINING TO PLAN OF REORGANIZATION OF EVEN DATE**

Pursuant to Section 1125 of the Bankruptcy Code of 1978, *as amended*, 11 U.S.C. §101 *et seq.*, the debtor and debtor in possession, **Growth Opportunity Alliance of Greater Lawrence, Inc.**, respectfully submits this Disclosure Statement to the United States Bankruptcy Court for the District of New Hampshire, creditors and parties in interest and other Plan Parties that have filed an appearance in this Case pursuant to Section 1127 of the Bankruptcy Code. This Disclosure Statement is based on the information available to the Debtor on August 15, 2016, which is known as the "Disclosure Date," except as otherwise disclosed herein. Except as otherwise defined herein, all capitalized words, terms and phrases used herein shall have and be given the meaning attributed to them in the Glossary attached to the Plan when used in the Plan or this Disclosure Statement.

Respectfully submitted,

Dated: September 19, 2016

/s/ William S. Gannon

William S. Gannon, BNH 01222

Counsel to:

**GROWTH OPPORTUNITY ALLIANCE OF
GREATER LAWRENCE, INC.**

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CERTIFICATE OF SERVICE

I hereby certify that on this date I served the foregoing pleading on all persons/entities named on the CM/ECF Electronic Service List by causing it to be filed electronically via the CM/ECF filing system.

DATED: September 19, 2016

/s/ Beth E. Venuti
Beth E. Venuti

EXECUTIVE SUMMARY

Under the pot plan, the Debtor will finish converting the Remaining estate Property to cash. The cash will be added to the Net Asset Sale Proceeds in the amount of \$163,214.81 being held by the Debtor. Exhibit A, Class, Creditor and Claim Summary, which is incorporated herein by reference, lists the creditors in each Class, provides the Maximum and Estimated Allowed Amount of each claim and whether the Debtor knows of a dispute with respect to a claim. The funds in the Pot will be distributed to creditors holding Allowed Claims on a Class-by-Class basis in accordance with the seniority of each Class, which creates the waterfall projected in the Table based on the Net Asset Sale Proceeds alone. Although other factors will affect the accuracy of the distribution projection, the most significant is the Debtor's assumption that the Bankruptcy Court will avoid any security interests held by Bank of New England referred to as the Bank or BNE because of its failure to perfect the interests by filing financing statements as required by the Uniform Commercial Code.

EXECUTIVE SUMMARY TABLE

	Projected Dividend to Allowed Creditors in Class:	Allowed to Vote
Class 1: Contingent BNE Secured Class <i>For more details see <u>Summary of Class Dividends and Treatment</u>, Class 1, Pg. 7, Article VI, Section A.</i>	<i>The Debtor has INTENTIONALLY OMITTED Class 1 DUE TO SETTLEMENT with BNE</i>	NO
Class 2: Administrative Expense Class <i>For more details see <u>Summary of Class Dividends and Treatment</u>, Class 2, Pgs. 7-8, Article VI, Section B.</i>	Projected Dividend: 100 %	NO
Class 3: General Unsecured Claims Class <i>For more details see <u>Summary of Class Dividends and Treatment</u>, Class 3, Pgs. 8-9, Section VII, Para. A.</i>	Projected Dividend: 100 % <i>See Ex. B at Line 12</i>	YES
Class 4: Contingent Subordinated Claims Class <i>For more details see <u>Summary of Class Dividends and Treatment</u>, Class 4, Pgs. 9, Section VII, Para. B.</i>	Projected Dividend: 19 % <i>See Ex. B at Line 13</i>	YES

PART ONE

PLAN OVERVIEW, DISCLOSURE STATEMENT SUMMARY AND PURPOSE

I. Liquidating Pot Plan.

From the Debtor's Available Cash from time to time, the Debtor will pay Allowed Claims of creditors on a Class-by-Class basis in one or more installments estimated to begin as early as Thanksgiving, 2016 in accordance with the following order of preference, priority and seniority: (1) first, to Class 2, Administrative Expense Creditors, (2) second, to Class 3, General Unsecured Claims Class and (3) third, Class 4, Contingent Subordinated Claims Class if there shall be any creditor in that Class. Class 1, Contingent BNE Secured Claim Class will not come into existence because BNE has agreed to release any secured claim against the Debtor as part of the King Settlement. No dividends will be paid to any creditor in a Class until those due the creditors in each senior Class have been paid in full. If and to the extent that Allowed Claims in a Class cannot be paid in full due to insufficient Available Cash, the Allowed Creditors therein will each be paid a pro rata or fractional part of the money available for distribution to the Class from time to time, the numerator of which will be the amount of an allowed claim and the denominator of which will be the total amount of Allowed Claims in the Class.

II. Disclosure Statement Purpose and Organization.

A. The purpose of this Disclosure Statement is to provide Plan Parties with information adequate for them to make an informed judgment regarding the merits and benefits of the Plan, but is not an exhaustive discussion of the Plan. This Disclosure Statement provides Plan Parties with a summary in lay terms the most important provisions of the Plan and the means for implementing the Plan and provides the other information mandated by the Bankruptcy Code and generally required by Bankruptcy Courts as a condition to the approval of a disclosure statement. Since the Plan confirmed by the Bankruptcy Court will establish and govern the parties' Plan obligations following confirmation, Plan Parties must read the Plan carefully.

B. This Disclosure Statement is divided into Parts. This Part provides Plan Parties with an overview or executive summary of the Plan and this Disclosure Statement. Parts Two and Three summarize the most important parts of the Plan itself in the sequence in which they appear in the Plan using the same article and section titles as those used in the Plan for easy reference and comparison. In the remaining Parts of this Disclosure Statement, which have no Plan counterpart, the Debtor provides information considered necessary to evaluate the merits of the Plan.

III. Dividend Projection Assumptions. In order to project the dividends or range of dividends that may be paid to creditors holding Allowed Claims in each Class, the Debtor relied on the following facts believed to be true and made the material assumptions with respect to each Class.

A. The fact that the Debtor has approximately \$242,050.60 in cash on hand, has paid all of its post-petition trade creditors and has ceased its business operations.

B. The Debtor assumed that it would not collect any money from Bank of New England, Robert E. King or Robert N. King for a variety of reasons, including the Debtor's belief that BNE and Robert E. King will accept the Plan settlement proposal and that any judgment recovered against Robert N. King will be difficult to collect in the absence of a restitution order.

C. The Debtor assumed that it will pay no dividends to Bank of New England based on the fact that BNE did not file a Proof of Claim in this Case before the Bar Date, may not file one now and did not perfect any security interests in property of the estate by filing financing statements as required by the Uniform Commercial Code and that the Bankruptcy Court will not allow BNE a secured claim or unsecured claim against the Debtor.

D. The Debtor assumed that Allowed Administrative Expenses that must be paid by the Debtor will not exceed \$60,000.

E. The Debtor assumed that the Proof of Claim filed by Robert E. King includes his contingent liability to BNE and that the claims asserted by Robert E. King will be disallowed, offset or eliminated by his liability to the Debtor. Although the Debtor assumes that the Debtor will recover a judgment against Robert E. King in excess of his claims against the Debtor, it did

not factor the excess amount into the dividend or liquidation analyses because the amount cannot be determined with reasonable certainty.

F. The Debtor assumed that Robert E. King and BNE will accept the Plan settlement offer because the cost of litigation to them is unreasonable in light of the amount that they may receive on account of their Subordinated Claims if they accept the Plan settlement offer.

PART TWO

PLAN SUMMARY

IV. Conditions Precedent, Confirmation and Effective Date.

On the Effective Date, the Plan will become a valid, binding and enforceable contract, which benefits and binds the Debtor and each Plan Party. The Plan will create a new relationship between the Debtor and the Plan Parties. The Glossary defines the terms “Bar Date,” “Confirmation Date” and “Effective Date.” Creditors had to file claims against the Debtor on or before the Bar Date January 11, 2016 for claims by governmental units, November 10, 2015 for claims by all other creditors and January 12, 2016 for all creditors added by Amendment to Schedules filed on October 14, 2014. At this time, the Debtor expects the Plan to become effective on or about November 1, 2016.

V. Plan Classes; Impairment, Voting and Acceptance.

The confirmation of the Plan will create the Classes listed in the Executive Summary Table and Exhibit A, except Class 1, which has been intentionally omitted. The *Executive Summary Table* identify the impaired Classes and their right to vote on the Plan. A claim or equity interest will be impaired by Confirmation if the Plan changes in any way the “legal, equitable, and contractual rights to which the claim or interest entitles the holder” outside of the Case unless the treatment of the claim satisfies the complex provisions of Section 1124(2). This Plan Article describes the standard for determining acceptance of the Plan and the right of the Debtor to ask the Bankruptcy Court to Confirm or “cram down” the Plan over the objection of one or more Classes. Except for insiders (who may vote to reject the Plan, but not to accept it)

and creditors holding claims for which the Bankruptcy Code prescribes specific treatment, creditors holding impaired claims may vote to accept or reject the Plan.

PART THREE

SUMMARY OF CLASS DIVIDENDS AND TREATMENT

VI. Priority Claims Classes.

A. Class 1: Contingent Bank of New England Secured Claim Class.

Pursuant to the King Settlement described in the part of this Plan titled “King Settlement,” BNE will discharge, release and relinquish any secured claim that it has or might have had against the Debtor or the estate without the payment of any dividend or any other consideration, except for the allowance of a Class 3 General Unsecured Claim in the amount and as provided for in such Section. Although this Section has been preserved because of its inclusion in earlier versions of this Plan, the Class shall not come into existence.

B. Class 2: Administrative Expense Class.

This Class includes all creditors holding or asserting claims against the Debtor for administrative expenses entitled to priority under Bankruptcy Code Section 507(a) (2), including without limitation, those named in Exhibit A, Administrative Expense Creditors and Administrative Expense Claims. The Debtor incorporates all of the information given with respect to this Class in the (a) *Executive Summary Table*, including the names of the creditors in this Class, the Maximum and Estimated Allowed Amounts of their claims and their right to vote on the Plan subject to any limitations imposed by the Bankruptcy Code and Rules and (b) Exhibit A, including the dividends or range of dividends projected to be paid to creditors holding Allowed Claims in this Class.

The Debtor’s Counsel has accrued total fees and expenses through July 31, 2016 in the total amount of \$97,270.16 (\$92,469.00 in fees and \$4,801.16 in expenses) and has been paid \$39,658.46 (\$35,000.00 in fees and \$4,658.46 in expenses) with Bankruptcy Court approval. Counsel to the Debtor disclosed to the Bankruptcy Court and creditors that Counsel originally agreed to a \$35,000.00 cap on the fees to be charged the Debtor, but may ask the Bankruptcy

Court to approve fees up to a total of \$50,000.00 plus expenses given the additional and beneficial work done in connection with the Asset Sale that increased the Sale Proceeds by \$77,450.34 (from \$309,000.00 to \$386,450.34) and the King Settlement, which almost guarantees that Class 3 General Unsecured Creditors holding Allowed Claims will be paid in full. Committee Counsel estimates its fees to be \$11,500 (less \$5,000 retainer) to date.

VII. Unsecured Claims Classes.

A. Class 3: General Unsecured Claims Class.

1. Except for Robert and Ellen King, who are often referred to as the “Kings,” this Class includes all creditors that hold or assert non-priority, unsecured claims against the Debtor, including without limitation, those named in Exhibit A, General Unsecured Creditors and General Unsecured Claims. The Debtor incorporates (a) all of the information given with respect to this Class in the *Executive Summary Table*, including the names of the creditors in this Class, the Maximum and Estimated Allowed Amounts of their claims and their right to vote on the Plan subject to any limitations imposed by the Bankruptcy Code and Rules. Exhibit A includes an estimate of the dividends or range of dividends projected to be paid to creditors holding Allowed General Unsecured Claims. The Debtor expects Allowed Creditors in this Class to be paid in full, without interest based on the facts and assumptions summarized in the part of this District Court captioned *Dividend Projection Assumptions*, which the Debtor believes to be well founded but cannot guarantee. Assuming that the Bankruptcy Court approves the King Settlement that will eliminate complicated and expensive post-Confirmation litigation with BNE and Robert E. King, the Debtor expects to pay the dividends due creditors holding Allowed Claims in this Class before December 15, 2016.

2. **Dividend Example.** In order to provide creditors with an example of the methodology used to calculate in dollars the dividend or range of dividends projected to be paid to creditors holding Allowed Claims in this Class, the Debtor selected American Express FSB to use as an example. It holds a claim in the Estimated Allowed Amount of \$9,989.95. Ex. A, Line 17. Based on the cash on hand today, the assumption that the Bankruptcy Court will approve the King Settlement and the other assumptions made by the Debtor, American Express will be paid in full, without interest.

Any change in the facts and assumptions will more probably than not decrease the dividend paid to creditors holding Allowed Claims in this Class. If, for example, Robert E. King should be allowed a General Unsecured Claim in the amount of \$310,992.99 pursuant to Proof of Claim No. 16, then the projected dividend to American Express would decrease from \$9,989.95 to approximately \$1,698.29 or 17 % of the Estimated Allowed Amount of the claim even if all of the other assumptions proved to be true.

3. Known Claim Objections. The Debtor will contest or dispute the claims held or asserted by creditors listed in Schedule F to the Debtor's Petition listed as "Debt from 2008," which are no longer enforceable in this Case or any other judicial proceeding due to the expiration of the statute of limitations. At this time, the Debtor does not intend to object to any other claims with respect to which the creditor filed a Proof of Claim or the Debtor did not list as disputed, contingent or unliquidated. If the Debtor should discover any reason to object to any other claim or claims, the Debtor will request leave to do so from the Bankruptcy Court.

B. Class 4: Subordinated Claims Class.

1. Class Description and Subordination Standard. This contingent Class includes the claims asserted by Ellen King and Robert E. King, including those asserted in Proofs of Claim 15 and 16 and any claim held or asserted by Robert N. King. Subordination generally requires proof that misconduct arising in three situations: when a fiduciary of the debtor misuses his position to the disadvantage of other creditors; when a third party dominates or controls the debtor to the disadvantage of others; or when a third party damages the other creditors. Injustice or unfairness to the Debtor and other creditors may result in subordination if it is sufficiently shocking. Robert E. King denies that any such grounds exist for subordination. However, the economics of the situation mean that the only economically rationale decision is to concede to this treatment as a means to increase the dividend to other trade creditors, protect a payment to him on his claims, and put an end to ever increasing legal and administrative expenses diluting the amount available to pay other creditors.

2. The entry of a reclassification Order subordinating the claims in this Class will not by itself produce cash for distribution to other Allowed Creditors. On the other hand, it

increases the amount of the dividends that can be paid to senior Allowed Creditors by removing each Subordinated Creditor from a senior Class increasing the other creditors' shares of the Available Cash for that Class.

PART FOUR

SUMMARY OF PRIMARY MEANS FOR IMPLEMENTING PLAN

This part summarizes the means for implementing the Plan, which are set forth in the Articles VI through IX of the Plan. It explains the purpose of the acts, actions and transactions important to the successful implementation of the Plan. Like Part Three, this part uses the same article and section titles used in the Plan itself.

VIII. Post-Confirmation Ownership and Management; No Further Business.

The Debtor is a 503(c)(1) charitable corporation organized and existing under the laws of Massachusetts. It has no members that would be the functional equivalent of equity interest holders. It never accepted a restricted donation from any person or entity. It will continue to be managed by the Board of Directors following Confirmation. Following Confirmation, the Debtor will not have the authority or power to do any act, execute any document or engage in any transaction other than those reasonably necessary to dissolve itself under law of the Commonwealth of Massachusetts and wind up its affairs in accordance with the Plan and New Hampshire and Massachusetts law.

IX. Certain Implementing Acts, Actions and Transactions.

A. King Settlement.

1. In an effort to create a realistic possibility that Unsecured Creditors (other than Robert and Ellen King) holding Allowed Claims will be paid in full, the Debtor and Robert and Ellen King agreed to compromise and settle their Causes of Action and other claims against each other subject to Bankruptcy Court approval. The essence of the settlement is that:

a. Proofs of Claim 15 and 16 filed by Ellen King and Robert E. King in the amounts of \$174,000 and \$310,992.99 will be allowed.

b. The claims allowed Ellen King and Robert E. King and any claims asserted by Robert N. King and their dividend and other rights appurtenant to such claims will be subordinated to the Allowed Claims and the dividend and other appurtenant rights of all other creditors.

c. No dividends will be paid to the King unless and until such time as all dividends due creditors holding Allowed Claims in senior Classes have been paid in full.

d. BNE will be allowed a Class 3 General Unsecured Claim in the amount of \$26,612.13 in exchange for which BNE will discharge, release and relinquish any and all Causes of Action and any other claims that it holds, may hold or might hold against the Debtor after Confirmation.

e. Ellen King and Robert N. King agree not to object to the treatment of any of the general unsecured creditors. Ellen King and Robert N. King reserve the right to object to the administrative expenses to the extent any administrative professional seeks payment beyond the amounts previously articulated in the waterfall analysis which formed the foundation for the settlement.

f. Ellen King and Robert N. King will discharge, release and relinquish any and all Causes of Action and any other claims that it holds, may hold or might hold against the Debtor after Confirmation.

2. The Debtor and Ellen King and Robert N. King believe that Bankruptcy Court will approve the King Settlement pursuant to Bankruptcy Rule 9019. The Settlement is in the best interests of the estate because it **(a)** permits the payment of a substantial dividend to creditors holding Allowed Claims (other than Ellen King and Robert N. King), perhaps as much as 100% of their Allowed Claims without interest, **(b)** eliminated the risk that BNE and/or Ellen King and Robert N. King, as subrogees, would have tried to establish a secured claim and the attendant attorneys' fees and costs and **(c)** prevents the incurrence of attorneys' fees and other litigation costs and expenses, which could have been as much as \$50,000. The settlement certainly fall within the range of reasonably expectable litigation results of a litigation in which the Debtor would have had to have established at least \$300,000 in counterclaims and offsets.

The settlement achieved that result from the vantage point of Administrative Expense and General Unsecured Creditors. Most importantly, the King Settlement virtually eliminates risk to creditors holding Allowed Claims.

B. Termination of 401(k) Plan. If the Bankruptcy Court has not already authorized the Debtor to terminate its 401(k) Plan and distribute the property of the Plan participants to them in accordance with the procedures outlined in the Debtor's Motion For Order Permitting Termination Of 401(K) Plan With Assistance Of Plan Administrator [Doc. 134], the entry of the Confirmation Order shall authorize the Debtor to terminate its 401(k) Plan and distribute the property of the Plan participants in accordance with the procedures outlined in such Motion and applicable non-bankruptcy law. Following the termination of the 401(k) Plan and the distribution of the assets to the Participants in accordance with applicable non-bankruptcy law, neither the Debtor nor any of its present or former directors, officers, employees or accountants, attorneys or other agents shall have further financial liabilities, duties or other obligations to the Participants arising from, out of or incidental to the establishment, management and operation and/or termination of the 401(k) Plan.

C. Plan Base Purchase Price Adjustment. The Plan proposes to pay PlanBase the sum of \$6,367.62 as an adjustment to the Purchase Price paid by PlanBase. The Asset Purchase Agreement entered into with PlanBase obligated PlanBase to pay Assumed Contract Liabilities. PlanBase paid certain counterparties a total of \$6,415.01 more than the amount required by the Asset Purchase Agreement. It turned out that the difference resulted from the fact that the Debtor had not paid "post-petition royalties" due the author counterparties to the contracts. PlanBase acknowledged a post-closing liability of \$47.39 on account of bills for services before and after the closing date. In the exercise of its business judgment, the Debtor decided that it should adjust the Purchase Price even though PlanBase paid Sigma Six less than the amount budgeted to cure the default under that contract.

D. Accounting Adjustment. In the PlanBase Sale, the Debtor sold all of its accounts receivable to PlanBase. The Debtor subsequently received \$923.58 on account of accounts receivable sold to PlanBase. Susan Griebel, then the Manager of the Debtor, deposited

the proceeds of the PlanBase accounts receivable in the Debtor's operating account. Under the Plan, the Debtor will refund the \$923.58 to PlanBase.

E. Dissolution of Official Committee of Creditors. The entry of the Confirmation Order will disband the Official Committee of Unsecured Creditors on or as of the Effective Date.

F. Dissolution and Liquidation. Dissolution of Debtor Under State Law. The Debtor will ask the Attorney General of the Commonwealth of Massachusetts for a waiver of the requirement that the Debtor obtain a decree of dissolution under Massachusetts law. To the extent necessary, the Debtor will file a dissolution proceeding in a Massachusetts state court of competent jurisdiction and obtain any required Decree of Dissolution.

X. Executory Contracts and Unexpired Leases.

The Plan Article captioned *Executory Contracts and Unexpired Leases* governs the assumption, assumption and assignment and rejection of executory contracts and unexpired real estate leases which are referred to collectively as “contracts.” The Debtor rejected the lease of its business premises shortly after the Asset Sale because it no longer needed the Premises. The Landlord may not file a lease rejection claim at this time. The Debtor does not believe that it is a party to any executory contracts or unexpired real estate leases, but will reject any executory contracts and unexpired leases to which the Debtor is a party on the Effective Date. Although a counterparty to a rejected contract will have a General Unsecured Claim against the Debtor based on the rejection, which must be filed within 30 days from the Effective Date or be forfeited, the Debtor assumed for the purposes of this Disclosure Statement and the Plan that there will be no rejection claims.

XI. Proceedings and Causes of Action.

General.

Plan Article VIII titled “Proceedings and Causes of Action” governs the retention of Proceeding and Causes of Action by the Debtor following Confirmation and the prosecution, settlement and release or relinquishment of them. The Confirmation of the Plan will result in the approval of the King Settlement and the complete discharge, release and relinquishment of all

Causes of Action which the Debtor and the estate and Robert or Ellen King have or may have against each other for, upon or by reason of any matter, cause or thing from the beginning of the world until the Effective Date of the Plan, except for a breach of, or default under the Plan. BNE will release all of its Causes of Action against the Debtor and the estate for, upon or by reason of any matter, cause or thing from the beginning of the world until the Effective Date of the Plan, except for a breach of, or default under the Plan. Except for potential objections to claims, the Debtor has no knowledge of any other Cause of Action against any other person or entity, but will amend this Disclosure Statement and the Plan if the Debtor learns of any Causes of Action (other than a claim objection) before the Effective Date of the Plan.

XII. Claims Objections and Payment of Dividends Generally.

This Article establishes the procedures for resolving disputes pertaining to claims and the payment of dividends on Allowed Claims. The Debtor shall object to the claims held or asserted by creditors listed in Schedule F to the Debtor's Petition listed as "Debt from 2008," which are no longer enforceable in this Case or any other judicial proceeding due to the expiration of the statute of limitations. If the Debtor should discover any reason to object to any other claim or claims, the Debtor will request leave to do so from the Bankruptcy Court.

. To the extent that the Plan provides expressly for the allowance of a claim in whole or in part by the entry of the Confirmation Order, the Debtor will not object to the claim or portion of the claim to be allowed by the Confirmation of the Plan.

The Debtor will pay the dividends becoming due under the Plan by mailing a check to the allowed creditor. Dividend checks will be mailed to the addresses given by allowed creditors in (i) their Proofs of Claim or (ii) a Notice of Change of Address filed with the Bankruptcy Court and delivered to the Debtor. Since "undeliverable dividends" will go back into the "Pot" for re-distribution to other Allowed Creditors, all creditors should make sure that they notify the Bankruptcy Court and the Debtor of any change of address.

XIII. Generally Applicable Implementation Provisions.

This Article summarizes the provisions generally applicable to the implementation of the Plan, which will become a contract between the Debtor, the Debtor, the Beneficiaries and other

creditors and parties in interest known as “Plan Parties.” The Plan obligates the Debtor and each Plan Party to implement the Plan – pay, perform and satisfy their financial liabilities and other obligations to each other under the Plan and execute any Plan documents required by the Plan. Confirmation may impose on Plan Parties the implied contractual duties of good faith and fair dealing arising under state law. The Debtor and the Plan Parties must do, execute or cause to be done and executed all further acts and documents as may be reasonably necessary to implement the Plan in the form included in the Appendix or a form mutually acceptable to the Debtor and the Plan Party or Parties to the document which conforms to the specific requirements of the Plan and is otherwise in a form generally accepted by parties to a similar transaction. In addition, the entry of the Confirmation Order will authorize the Debtor to do or take, or cause to be done or taken, close or cause to be closed and execute or cause to be executed any other act, action, document or transaction, which the Debtor reasonably believes to be necessary for the successful implementation of the Plan or incidental thereto.

XIV. General Provisions Pertaining to Treatment of Unsecured Claims.

In an effort to avoid repetition and accidental inconsistencies, the Plan article titled Generally Applicable Treatment Provisions contains provisions that relate to the treatment of more than one Class. The Debtor has intentionally omitted Class 1. As a result, there should be no Allowed secured claims in this Case.

This part of the Plan sets basic rules applicable to all Classes of Creditors. The Debtor reserves in the Plan the right to object to any claim within the period of time permitted by the Plan or Confirmation Order. Among other things, this part of the Plan allows creditors in any Class to accept less favorable treatment than that proposed in the Plan.

PART FIVE

THE DEBTOR AND RELEVANT BUSINESS AND CASE HISTORY

This Part does not have a Plan counterpart. It is intended to provide Plan Parties with pre-petition information regarding the ownership and management of the Debtor and the primary reason or reasons that the Debtor sought protection under the Bankruptcy Code and a summary of the significant events that occurred during the Case.

XV. History of Debtor, Including Primary Cause or Causes of Bankruptcy.

The Debtor, a Massachusetts charitable corporation, was engaged in the business of publishing booklets and pamphlets intended to help businesses become more efficient and effective, such as “Problem Solving.” Its contracts with authors for the exclusive right to copyright and publish their materials in exchange for the payment of royalties that vary from author to author and the popularity of the booklets (the “Author Agreements”). The Debtor has generally lost money over the last 7 years. Its revenues declined from \$1,284,990 to \$1,066,918 during 2012-13 to 2014-15. Bk. Pet., SoFA, ¶ 1. The Debtor’s liabilities (\$539,673.34) exceeded the value of its property (\$183,719) by approximately \$409,954.34. Bk. Pet., Schedule Summary. As a result, the Board of Directors did not think that the Debtor could find a buyer for the property of the estate that would invest the money and energy necessary to continue the work of the Debtor until John Hamilton, then the Chairman of the Board of Directors expressed an interest in buying the Purchased Assets although the Purchase Price has increased since that time. Robert E. King objects to the suggestion that he was responsible for the losses. Instead, the losses stemmed from a transition in the marketplace and also the great recession. Robert E. King took it upon himself to obtain financing at personal risk to himself and his assets to keep the company operating and the employees employed. He remains steadfast that the company did not need to file for bankruptcy protection, as evidenced by its revenues while in chapter 11. In response to Robert E. King’s statement regarding the need for bankruptcy protection, the Debtor concedes that the Debtor performed well under the leadership of Mr. Salsbury during this Case.

The Board of Directors wanted the Debtor to continue in business. They decided to file this Case to ensure that the proceeds of a sale would be distributed equitably. Robert E. King has advised the Debtor’s Counsel that he intended to bid for the Purchased Assets. Given the short period of time between Mr. Hamilton’s preliminary offer and the Petition Date, the Debtor did not advertise the Purchased Assets for sale.

As of the Petition Date, the Debtor valued its property at \$183,719 on a current, fair value basis, exclusive of unliquidated, contingent claims that the Debtor holds or may hold against Robert E. King, a former Chief Executive Officer of the Debtor and Robert N. King. The Debtor has no real estate other than its leasehold interest in its business premises that has no value. The

Debtor's personal property included on the Petition Date: (1) cash, \$59,639, (2) old computers, an old copying machine, new computers and office furniture, \$7,000 and (3) accounts receivable as of the end of May, \$96,000. Bk. Pet., Sch. B. The Debtor also has the balance of the retainer held by the Debtor's Counsel, approximately \$13,500, which is not included in the cash included in Schedule B. Given the circumstances, including the Debtor's defaults in making royalty payments to authors, the Debtor's two trademarks, copyright agreements with authors and mailing list had an "Unknown" value.

To fund losses that occurred under Robert E. King's management and as a result of his misconduct, Robert E. King caused the Debtor to borrow the money from BNE, which is the subject of its claim. The Debtor borrowed \$200,000 from BNE on January 16, 2004. On information and belief, Robert E. King pledged Certificates of Deposit as security for the repayment of the loans. Robert E. King disputes and vigorously denies these statements made by the Debtor. In particular, Robert E. King steadfastly asserts that he did not mismanage the company.

On or about February 5, 2015, the Board of Directors terminated Robert E. King for a number of reasons, including without limitation, (1) having the Debtor pay his own and relative's personal expenses or reimbursing them, including those incurred in attending Notre Dame football games, (2) having the Debtor make an unauthorized \$100,000 loan to an author, Greg Watson, disguised as an advance royalty payment, and (3) letting his son sell a Web Domain name valued at \$20,000. The Debtor shrunk from a \$10m/year business with 32 employees to \$1m/year business with 5 employees. The Debtor became insolvent as a result of his management. The Debtor believes that it will be able to state a breach of fiduciary claim for deepening the insolvency of the Debtor. According to his attorney, Robert E. King denies the statements made by the Debtor and will vigorously dispute any formal claims made by it. In particular, Mr. King steadfastly asserts that he did not mismanage the company, he did not take improper expenses, and if forced to litigate these issues is confident he would prevail. He had successfully started and run the company for 37 years. However, the economics of the situation and his desire to not harm the other unsecured creditors means that he begrudgingly supports the proposed plan in general as the only economically rationale decision. Further delay or objection merely increases the administrative expenses and dilutes the payments to him and to the other

creditors.

XVI. Significant Events During Case.

A. Appointment of Committee.

On or about August 10, 2015, the United States Trustee appointed an Official Committee of Unsecured Creditors known as the “Committee” to act as a representative of the unsecured creditors in this Case. The Committee retained Attorney Peter Tamposi, who is sometimes referred to as Committee Counsel in this Disclosure Statement and the Plan. The Committee participated actively in this Case. Most importantly, the Committee actively supported the Debtor throughout the Asset Sale process.

B. The Asset Sale.

On September 9, 2015, the Debtor filed its Sale Motion requesting permission to sell substantially all of the property of the estate to the Asset Buyer, PlanBase, Inc.

Robert E. King objected to the sale for a variety of reasons. After diligent and good faith negotiations, however, the Debtor and the objecting parties resolved the objections.

Early in this Case, the Debtor sought permission to sell the Sale Assets to Planbase, Inc., which eventually became the Asset Buyer. Planbase had offered to the Debtor \$90,000 in cash, increased or decreased by adjustments and pro-rations, and assume approximately \$219,000 in contractual liabilities for the Sale Assets. The Bankruptcy Court granted the Debtor’s Sale Procedures Motion¹ and Sale Motion.² The proposed Asset Purchase Agreement at it then existed is attached to the Sale Motion as Exhibit A, but is not included in the Appendix. The Sale Order – the Order which authorized the Debtor to sell the Sale Assets – required the Debtor to conduct an auction if the Debtor received a Qualified Overbid – a

¹ Motion for Order (a) Approving Procedures for the Sale of All or Substantially All of the Property of the Estate Free and Clear of Liens, Claims and Interests and Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; (b) Approving Stalking Horse Protection Offered Buyer; and (c) Approving Form of Notice of Sale [Doc. 27].

² Debtor’s Motion for Order Authorizing Sale of All or Substantially All of the Property of the Estate Free and Clear of Liens, Claims and Interests and Assumption and Assignment of Certain Executory Contracts [Doc. 26]

credible offer to pay more for the Sale Assets than the amount offered by Planbase. The Debtor exercised the Debtor's business discretion in favor of allowing Robert E. King to bid for the Sale Assets after a great deal of discussion with the Committee. In the Debtor's Sale Report to the Bankruptcy Court [Ex. E]³, the Debtor summarized the advertising, decisions and events that led to the sale of the Sale Assets to Planbase through and including the completion of the auction.

On December 8, 2015, the Debtor held the auction. Planbase and Robert E. King bid actively. Planbase bid a total of \$359,535.53, plus the accounts receivable adjustment provided for in the Asset Purchase Agreement, during the third round of the bidding process. Robert E. King declined to submit another bid. As a result, the Debtor declared Planbase the "Successful Bidder" and designated Robert E. King a "Back-up Bidder."

After the Bankruptcy Court approved the Sale Report and entered the Sale Order, the Debtor and Planbase amended the Asset Purchase Agreement to conform to the terms of the Successful Bid by increasing the Purchase Price. The Asset Buyer and the Debtor then closed the Asset Sale following the Asset Auction. The Asset Buyer paid the Debtor \$163,214.81 in cash for the Sale Assets as a result of the adjustments and pro-rations provided for in the Asset Purchase Agreement. The Asset Buyer also (1) assumed and agreed to satisfy approximately \$219,000 in contractual liabilities and (2) hired the Debtor's employees and assumed the Debtor's liabilities to its employees for accrued vacation and sick pay. As a result, no claims will be allowed counterparties to the assumed contracts or employees.

PART SIX

SIGNIFICANT REMAINING ESTATE PROPERTY AND VALUE

This Part has no counterpart in the Plan. It describes and values the Debtor's significant property on a reorganization and liquidation basis based on the proposed use of the property under the Plan and the assumptions made by the Debtor. It also provides Plan Parties with the

³ Debtor in Possession's Report Regarding Sale of All or Substantially All of the Property of the Estate Free and Clear of Liens, Claims and Interests and Assumption and Assignment of Certain Executory Contracts [Doc. 85].

projected distributions from a liquidation of the significant property. This part also discusses the feasibility of, and risks inherent in the Plan. Finally, this part explains why the Debtor believes that the Plan satisfies the best interests of creditors test.

XVII. Significant Remaining Property, Value and Plan Use.

A. Scope and Liquidation Analysis and Summary. This Article describes for Plan Parties the property of the estate, the proposed use of the property under Plan and the projected reorganization and liquidation values of the property. The Debtor sold all of its accounts receivable, inventory, equipment, fixtures and other general intangibles to the Asset Buyer, except for the Remaining estate Property. As of September 9, 2016, the Debtor held approximately \$242,050.60 in cash that will be used to pay the dividends due Allowed Creditors under the Plan. The 401(k) contributions of the Debtor's former employees do not constitute property of the estate and will be "rolled over" in accordance with instructions given by the employees. Except for the cash on hand, the Remaining estate Property is limited to its corporate and trade name and Causes of Action against BNE, Robert E. King and Robert N. King.

B. Cash and Plan Use.

As of September 9, 2016, the Debtor had approximately \$242,050.60 in the pot, which represents the Net Asset Sale Proceeds plus the Debtor's Counsel's remaining retainer. Any cash derived from the Retained Proceedings and Causes of Action will be added to the pot. The money in the pot, which is known as the Available Cash, will be paid out to Allowed Creditors on a Class-by-Class basis in accordance with their seniority. For the purposes of this Disclosure Statement, the reorganization and liquidation values of the cash is identical.

C. Remaining Estate Property. Based on the information available to the Debtor on the Disclosure Date, the Debtor believes that the property of the estate includes the Proceedings and Causes of Action described in Disclosure Statement Article X, "Proceedings and Causes of Action" and the Plan Article bearing the same title. The Debtor will retain for the benefit of the estate the Causes of Action against Bank of New England, Robert E. King and Robert N. King, which are the Causes of Action that may affect materially the amount of dividends paid to General Unsecured Creditors. The Debtor in the exercise of the Debtor's business judgment decided not to project the potential Net Cash Recoveries of the Proceedings

and Causes of Action because the potential defendants will receive or have access to this Disclosure Statement. The Cause of Action against Robert N. King based on his sale of a domain name may result in a judgment of \$20,000 – \$25,000, but collection will likely be an issue unless a court should issue a restitution order. Creditors should understand that the principal purpose of the Proceedings filed or to be filed against Bank of New England and Robert E. King is to avoid any security interests held by BNE and any General Unsecured Claim held by BNE and eliminate or reduce any General Unsecured Claim held by Robert E. King. For the purposes of this Disclosure Statement, the Debtor assumed that Bank of New England and Robert E. King will accept the Plan settlement offer in lieu of litigating with the Debtor, which means that the General Unsecured Creditors holding Allowed Claims will likely be paid in full, without interest.

D. Hypothetical Liquidation Assumptions, Analysis and Conclusion.

1. In order to compare the dividends to be paid pursuant to the Plan with a hypothetical liquidation of the Remaining estate Property, the Debtor had to make a number of assumptions. The Debtor relied primarily on the experience of the Debtor's Counsel since the Debtor and its Board have no experience with liquidations conducted pursuant to Chapter 7 of the Bankruptcy Code. The Debtor believes that the assumptions are reasonable under the circumstances. Among other things, the Debtor made the following assumptions, which are material to the liquidation analysis:

a. The hypothetical liquidation of the Remaining estate Property would be done by a Chapter 7 trustee appointed by the United States Trustee from its Panel pursuant to Chapter 7 of the Bankruptcy Code.

b. The conversion of this reorganization Case to a Chapter 7 liquidation case will inevitably result in the appointment of a Chapter 7 trustee. The Chapter 7 Debtor will charge creditors the statutory fee on all monies disbursed or turned over to parties in interest in the Chapter 7 case, whether the Debtor collected the money or not. The fee is: 25% of the first \$5,000, 10% of the next \$45,000, 5% from \$50,001 to \$1,000,000 and 3% of the balance. The Debtor assumed for the purposes of this Disclosure Statement that the statutory fee will be \$12,279.22. In essence, the estate will pay the Chapter 7 trustee for the much of the work already done by the Debtor's Counsel.

c. A Chapter 7 trustee will also retain counsel. It will likely be the

trustee himself or a law firm which employs the Debtor. Attorneys retained by Chapter 7 trustees are generally paid on an hourly basis in addition to the statutory fee paid to the trustee. Any attorney representing the Chapter 7 Trustee will have to learn the facts underlying this Case and the Proceedings and Causes of Action. The Debtor assumed for the purposes of this Disclosure Statement that the process of educating the trustee's counsel, including developing an understanding of the laws of the Commonwealth of Massachusetts regarding the dissolution of charitable corporations, will be at least \$25,000. Again, the estate will incur an additional cost for work already done.

d. The Debtor and its Board are better equipped to prosecute or settle the Causes of Action against Bank of New England, Robert E. King and Robert N. King because of their knowledge of the Robert E. King and Robert N. King and the facts underlying the Causes of Action. The Board recognizes its fiduciary duties to creditors and has demonstrated its sensitivity to the need to protect the best interests of creditors throughout this Case. The Plan settlement offer reflects the Debtor's business judgment that an early, inexpensive settlement is in the best interests of the estate as a whole. Given the legal and factual complexity of the Causes of Action to be asserted against Robert E. King, the Debtor believes that it is better equipped and positioned to resolve any necessary litigation on terms that are in the best interests of the estate quickly. Although it is difficult to quantify the cost difference, the Debtor projects a cost saving of \$25,000.

2. Based on the assumptions, the Debtor expects that creditors holding Allowed Claims will receive more money under the Plan than through the hypothetical liquidation of the property of the estate. The primary difference is the additional cost and expense that would be incurred as a direct and largely unavoidable result of the conversion of this reorganization Case to a Chapter 7 case. The Debtor doubts that Bank of New England will be paid any dividend based on a secured claim or General Unsecured Claim under the Plan or in the hypothetical liquidation. Administrative Expense Creditors holding Allowed Claims should be paid in full in either case as long as the Bankruptcy Court avoids any unperfected security interests held by Bank of New England. The General Unsecured Creditors holding Allowed Claims may be paid as much as 100% and not less than 17% under the Plan, but will not likely receive more than 12% through the hypothetical liquidation. Even Robert E. King and BNE receive more money under the Plan than in the hypothetical liquidation because of the additional

cost and expense attributable to the duplicative work that would have to be done.

PART SEVEN
CONFIRMATION GENERALLY, FEASIBILITY,
BEST INTERESTS OF CREDITORS AND CRAM DOWN

XVIII. Confirmation Generally.

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. The requirements for confirmation of the Plan are that:

1. The Plan is feasible,
2. The Plan is accepted by all impaired Classes of claims and equity interests, and
3. To the extent that any holder of a claim or interest in an impaired Class does not vote for the Plan, it will receive or retain under the Plan property of a value that is not less than the amount that would have been received or retained if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

Even if an impaired voting Class rejects the Plan, the Bankruptcy Court may confirm the Plan by “cramming it down” if the Plan satisfies all of the requirements of Bankruptcy Code Section 1129(a), except (a)(8), and "does not discriminate unfairly" and is "fair and equitable" as to such Class.

XIX. Risk and Feasibility.

A. Plan Is Feasible. The Plan is feasible. The Debtor has the Net Asset Sale Proceeds that will be used to fund the Plan. It has ceased transacting business, which eliminates the possibility that operating losses will reduce substantially the Net Asset Sale Proceeds. The King Settlement safeguards the Debtor and the estate from significant litigation costs. At this time, the Debtor expects to pay General Unsecured Creditors at least a meaningful, partial dividend by Thanksgiving, 2016 assuming the approval of the King Settlement.

B. Risk Factors and Analysis. From the standpoint of creditors other than the Subordinated Creditors, the Plan subjects them to almost no risk. Their only risk is that they might not be paid in full due to administrative costs and expenses being higher than anticipated. An example would be the emergence of an unknown and unexpected 401(k) Plan or tax liability. Even then, the “loss” would likely fall on the Subordinated Creditors. As a result, the Debtor believes that the Plan is virtually risk free to Administrative Expense and General Unsecured Creditors holding Allowed Claims.

XX. BEST INTERESTS OF CREDITORS, ACCEPTANCE AND CONFIRMATION

A. Plan Is in the Best Interests of Creditors.

Confirmation of the Plan is in the best interests of creditors within the meaning of the Bankruptcy Code. Determining whether or not the Plan satisfies the “best interests test” requires a comparison of the dividends are expected to receive under the Plan to the distributions that impaired creditors would receive in a hypothetical liquidation. Exhibit D, Comparison of Projected Plan Dividends to Projected Liquidation Distributions Based on Estimated Allowed Claims is based on Exhibit A. It assumes that undisputed claims listed in Exhibit A will be Allowed in the Estimated Allowed Amount given for each such claim in the Exhibit and incorporates the hypothetical liquidation assumptions made, and conclusions expressed in Disclosure Statement Article XVI, *Significant Remaining Property, Value and Plan Use*. As shown by Exhibit D, creditors holding Allowed Claims will recover more under the Plan than they would in a Chapter 7 liquidation.

B. Acceptance of Plan.

Pursuant to Section 1126(c) of the Bankruptcy Code, a Class of impaired claims has accepted a plan of reorganization when such plan has been accepted by creditors (other than an entity designated under Section 1126(e) of the Bankruptcy Code) that hold at least two-thirds in aggregate dollar amount of Allowed Claims in such Class and more than one-half in number of the Allowed Claims of such Class held by creditors (other than any entity designated under Section 1126(e) of the Bankruptcy Code) that have actually voted to accept or reject the plan. Section 1126(e) of the Bankruptcy Code allows the Bankruptcy Court to designate the votes of

any party that did not vote in good faith or whose vote was not solicited or procured in good faith or in accordance with the Bankruptcy Code. Holders of claims who fail to vote are generally not counted as either accepting or rejecting the plan.

C. Cramdown and Absolute Priority.

Section 1129(b) of the Bankruptcy Code permits a Bankruptcy Court to confirm a plan even if an impaired voting Class rejects the plan or a creditor objects to its confirmation through a procedure commonly known as "cram down," so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each Class of claims or equity holders that is impaired under, and has not accepted, the plan. The Debtor will seek nonconsensual confirmation of the Plan with respect to each Class of claims that is entitled to vote to accept or reject the Plan if such Class rejects the Plan. The Debtor reserves the right to alter, amend, modify, revoke or withdraw the Plan or any Plan Exhibit or schedule, including amending or modifying it to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary. Given the treatment of all Classes of claims and interests under the Plan, the Debtor believes that the Plan satisfies "cramdown" requirements for the nonconsensual confirmation of the Plan.

**PART EIGHT
ADDITIONAL DISCLOSURES**

XXI. Tax Matters.

A. Charitable Corporation Status. The Debtor is a qualified charitable corporation under Section 503(c)(1). No Proofs of Claim were filed by the Internal Revenue Service, the New Hampshire Department of Revenue Administration or the Massachusetts Department of Revenue before the Bar Date.

B. Status of Federal and State Tax Returns. The Debtor has filed all of the federal and state tax returns due through the Disclosure Date. Notwithstanding Confirmation, the Debtor will have to file final federal and state tax returns.

C. Tax Consequences to Creditors. The confirmation and implementation of the Plan may result in federal income and/or state tax consequences to creditors. The tax

consequences may and more probably than not will vary among the creditors because of their unique business and tax considerations and the claim itself. Consequently, creditors are urged to consult with their tax advisors in order to determine the tax implications of the Plan under federal and state law.

XXII. Claims by Insiders.

To the best of the Debtor's knowledge after reasonable inquiry, no claims have been acquired by any insider since the Petition Date.

XXIII. Bar Date.

The Bar Date set by the Bankruptcy Court has passed. The Debtor will object to any Proofs of Claim filed after the Bar Date.

XXIV. Proof of Claim and Effect.

A properly and timely filed Proof of Claim is prima face evidence of the validity and amount of each claim asserted in the Proof. Each such claim will be allowed in the type and amount specified in the Proof in the absence of a timely objection by the Debtor or another party in interest with standing to object that is sustained by the Bankruptcy Court. The Confirmation Order will set the dates by which the Debtor must file claim objections. If the Debtor does not object to a Proof of Claim or a claim that is not listed as disputed, contingent or unliquidated in the Bankruptcy Schedules within the period of time set by the Bankruptcy Court, the Debtor Proof of Claim or listed claim shall be allowed without further Order of the Bankruptcy Court.

XXV. Qualifications and Limitations

A. Primary Source of Information. The information contained in this Disclosure Statement came from the Debtor's management and its books of account and other business and financial records.

B. Dating of Information and Statements. All of the statements contained in this Disclosure Statement are being made as of the Disclosure Date unless otherwise stated in the body of this Disclosure Statement.

C. Limited Use of Disclosure Statement. Only Plan Parties are intended to receive and use the information contained in this Disclosure Statement. It has been prepared by the Debtor to provide Plan Parties with adequate information to permit them to make an informed decision about the merits of the Plan. Although the Bankruptcy Court determined that this Disclosure Statement provides adequate information, its Order approving the Disclosure Statement does not mean and should not be interpreted to mean that the Bankruptcy Court has endorsed or determined that the Plan will or will not be successful or that creditors should vote for it.

D. No Approval of Securities Regulators. No benefits offered to Plan Parties under the Plan have been approved or disapproved by the SEC, NASD or any other governmental authority. Neither the SEC, NASD nor any other governmental authority has passed, or will pass upon the merits of the Plan except for the Bankruptcy Court.

E. No Other Representations. 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.

F. Projections. Much of the information contained herein consists of projections of future performance of a very complicated and uncertain business. The Debtor has made a reasonable effort to insure that the assumptions, estimates, financial projections and predictions have a reasonable basis in fact. Under no circumstances should any Plan Party view this Disclosure Statement or the estimates, information and projections given herein or provided hereby as a guaranty, representation or warranty of success.