

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

In re:

TOTAL COMM SYSTEMS, INC.,

Debtor.

Chapter 11

Case No. 16-15530 (ELF)

**AMENDED DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF
THE BANKRUPTCY CODE DESCRIBING THE PLAN OF REORGANIZATION
PROPOSED BY DEBTOR AND DEBTOR-IN-POSSESSION
TOTAL COMM SYSTEMS, INC.**

BIELLI & KLAUDER, LLC

Thomas D. Bielli, Esquire
David M. Klauder, Esquire
Cory P. Stephenson, Esquire
1500 Walnut Street, Suite 900
Philadelphia, PA 19102
Phone: (215) 642-8271
Fax: (215) 754-4177
tbielli@bk-legal.com
dklauder@bk-legal.com
cstephenson@bk-legal.com

Counsel to the Debtor

I. INTRODUCTION

Total Comm Systems, Inc., the Debtor and Debtor-in-Possession (the “Debtor”), provides this amended disclosure statement (the “Disclosure Statement”) to all of its known Creditors entitled to the same pursuant to Section 1125 of Title 11 of the United States Code (the “Bankruptcy Code”), as amended, in connection with the Amended Plan of Reorganization Proposed by Debtor and Debtor-in-Possession Total Comm Systems, Inc. (the “Plan”). A copy of the Plan accompanies this Disclosure Statement. The purpose of the Disclosure Statement is to provide creditors of the Debtor with such information as may be deemed material, important, and necessary in order to make a reasonably informed decision in exercising the right to vote on the Plan. The capitalized items used in this Disclosure Statement, if not defined herein, shall have the same meaning as indicated in the Plan.

NO REPRESENTATIONS CONCERNING THE DEBTOR-IN-POSSESSION (INCLUDING THOSE RELATING TO FUTURE OPERATIONS, THE VALUE OF ASSETS, ANY PROPERTY, OR CREDITORS AND OTHER CLAIMS) INCONSISTENT WITH ANYTHING CONTAINED HEREIN HAVE BEEN AUTHORIZED.

On August 3, 2016, the Debtor commenced a bankruptcy case by filing a voluntary petition under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Pennsylvania under Case No. 16-15530 (ELF). Since the Petition Date, the Debtor has continued as a debtor-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

On December ____, 2016 the Debtor filed the Plan, along with this Disclosure Statement in support. Through the Plan, the Debtor seeks to reorganize by making payments to its creditors

and satisfying, to the extent listed in the Plan and to the extent they are allowed, the Claims of its Creditors.

A. Purpose of this Document.

This Disclosure Statement summarizes what is in the Plan and provides certain information relating to the Plan by describing the process that the Court follows in determining whether or not to confirm the Plan.

READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO KNOW ABOUT:

- (1) WHO CAN VOTE OR OBJECT;**
- (2) THE PROPOSED TREATMENT OF YOUR CLAIM (i.e., what your Claim will receive if the Plan is confirmed) AND HOW THIS TREATMENT COMPARES TO WHAT YOU WOULD RECEIVE IN LIQUIDATION;**
- (3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING THE BANKRUPTCY;**
- (4) WHAT THE COURT WILL CONSIDER WHEN DECIDING WHETHER TO CONFIRM THE PLAN;**
- (5) THE EFFECT OF CONFIRMATION; AND**
- (6) THE FEASIBILITY OF THE PLAN.**

This Disclosure Statement cannot tell you everything about your rights. You should consider consulting your own attorney to obtain more specific advice on how this Plan will affect you and what is the best course of action for you.

Be sure to read the Plan as well as the Disclosure Statement. The Plan is the legally operative document regarding the treatment of Claims and Interests and the terms and conditions

of the Debtor's reorganization. Accordingly, to the extent that there are any inconsistencies between the Plan and Disclosure Statement, the Plan's provisions govern.

Bankruptcy Code Section 1125 requires a disclosure statement to contain "adequate information" concerning the Plan. The term "adequate information" is defined in Bankruptcy Code Section 1125(a) as "information of a kind, and in sufficient detail . . . that would enable such a hypothetical investor of the relevant class to make an informed judgment about the plan . . ." such that the member of the Class could make an informed judgment about accepting or rejecting the plan. The Bankruptcy Court has determined that the information contained in this Disclosure Statement is adequate, and it has approved this document in accordance with Bankruptcy Code Section 1124.

This Disclosure Statement is provided to each Creditor whose Claim has been scheduled by the Debtor or who has filed a proof of claim against the Debtor and to each interest holder of record as of the date this Disclosure Statement is approved. Under the Bankruptcy Code, your acceptance of the Plan may not be solicited unless you receive a copy of this Disclosure Statement prior to or concurrently with such solicitation.

B. Brief Explanation of Chapter 11

Chapter 11 is the reorganization section of the Bankruptcy Code. Pursuant to Chapter 11, a Debtor is permitted to reorganize its affairs for its own benefit and the benefit of its creditors.

The objective of a Chapter 11 case is the formulation of a plan of reorganization of the Debtor and its affairs. Creditors are given an opportunity to vote on any proposed plan, and the plan must be confirmed by the Bankruptcy Court to be valid and binding on all parties. Once the plan is confirmed, all Claims against the Debtor which arose before the Chapter 11 proceeding was initiated are extinguished unless specifically preserved in the Plan.

C. Disclaimers

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN, AND NOTHING CONTAINED IN IT SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE PLAN OR OTHER LEGAL EFFECTS OF THE REORGANIZATION ON DEBTOR, HOLDERS OF CLAIMS OR INTERESTS, OR THE REORGANIZED DEBTOR. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF AND THE STATEMENTS AND REPRESENTATIONS CONTAINED HEREIN ARE MADE SOLELY BY OR AT THE INSTANCE OF PLAN PROPONENT.

NO REPRESENTATIONS CONCERNING THE PLAN ARE AUTHORIZED BY THE PLAN PROPONENT OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. THE PLAN PROPONENT DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY.

CERTAIN INFORMATION PROVIDED BY ITS NATURE IS FORWARD LOOKING, CONTAINS ESTIMATES AND ASSUMPTIONS WHICH MAY PROVE TO BE FALSE OR INACCURATE, AND CONTAINS PROJECTIONS WHICH MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE OUTCOMES. SUCH ESTIMATES AND ASSUMPTIONS ARE MADE FOR INFORMATIONAL PURPOSES ONLY. PLEASE NOTE THAT THE APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A RULING ON THE MERITS, FEASIBILITY, OR DESIRABILITY OF THE PLAN.

THIS DISCLOSURE STATEMENT DOES NOT PURPORT TO BE A COMPLETE

DESCRIPTION OF THE PLAN, THE FINANCIAL STATUS OF THE DEBTOR, THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, OR OF OTHER MATTERS THAT MAY BE DEEMED SIGNIFICANT BY CERTAIN CLAIMANTS OR INTEREST HOLDERS. THIS DISCLOSURE STATEMENT IS AN ATTEMPT TO SET FORTH, IN SUFFICIENT DETAIL, INFORMATION ADEQUATE TO ENABLE CLAIMANTS AND INTEREST HOLDERS TO MAKE AN INFORMED JUDGMENT ABOUT THE PLAN PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE. HOWEVER, CERTAIN MATERIAL TERMS OF THE PLAN ARE NOT SUMMARIZED HEREIN AND CLAIMANTS ARE STRONGLY URGED TO REVIEW THE PLAN IN ITS ENTIRETY IN ADDITION TO THIS DISCLOSURE STATEMENT BEFORE DETERMINING HOW TO VOTE ON THE PLAN. IF THE LANGUAGE IN THIS DISCLOSURE STATEMENT IS INCONSISTENT WITH THE LANGUAGE OF THE PLAN, THE LANGUAGE OF THE PLAN CONTROLS.

II. VOTING PROCEDURE

The Bankruptcy Court reviewed this Disclosure Statement and entered an Order determining that these documents contained “adequate information” such that Creditors can meaningfully evaluate the Plan. A copy of the Order approving the Disclosure Statement is attached. Only after Creditors have had an opportunity to vote on the Plan will the Court consider the Plan and determine whether it should be approved or confirmed.

All Creditors entitled to vote on the Plan may cast their vote for or against the Plan by completing, dating, signing and causing the Ballot Form accompanying this Disclosure Statement to be returned to the following address in the enclosed envelope:

Thomas D. Bielli, Esquire

BIELLI & KLAUDER, LLC
1500 Walnut Street, Suite 900
Philadelphia, PA 19102

BALLOTS MUST BE RECEIVED ON OR BEFORE **5:00 P.M. ON _____, 2017**, TO BE COUNTED IN THE VOTING. BALLOTS RECEIVED AFTER THIS TIME WILL NOT BE COUNTED IN THE VOTING UNLESS THE COURT SO ORDERS. THE DEBTOR RECOMMENDS A VOTE "FOR ACCEPTANCE" OF THE PLAN.

A. Persons Entitled to Vote on Plan

Only the votes of Classes of Claimants and Interest holders which are Impaired by the Plan are counted in connection with confirmation of the Plan. Generally, and subject to the specific provisions of Section 1124 of the Bankruptcy Code, this includes Creditors who, under the Plan, will receive less than payment in full of their Claims.

In determining the acceptance of the Plan, a vote will only be counted if submitted by a Creditor whose Claim is duly scheduled by the Debtor as undisputed, non-contingent and unliquidated, or who has timely filed with the Court a proof of claim which has not been objected to or disallowed prior to computation of the votes on the Plan. The Ballot Form does not constitute a proof of claim. If you are in any way uncertain if your Claim has been correctly scheduled, you may check the Debtor' Schedules which are on file in the Bankruptcy Court, but it is suggested that you file a proof of claim. The Clerk of the Bankruptcy Court will not provide this information by telephone.

B. Hearing on Confirmation

The Bankruptcy Court will set a hearing to determine whether the Plan has been accepted by the requisite number of Creditors and whether the other requirements for confirmation of the

Plan have been satisfied. Each Creditor will receive, either with this Disclosure Statement or separately, the Bankruptcy Court's Notice of Hearing on Confirmation of the Plan.

C. Acceptances Necessary to Confirm Plan

At the scheduled Confirmation Hearing, the Bankruptcy Court must determine, among other things, whether the Plan has been accepted by each Impaired Class. Under Section 1126 of the Bankruptcy Code, an Impaired Class is deemed to have accepted the Plan if at least 2/3 in dollar amount and more than 1/2 in number of the Allowed Claims of Class members who have voted to accept or reject the Plan have voted for acceptance of the Plan. Further, unless there is acceptance of the Plan by all members of an Impaired Class, the Bankruptcy Court must also determine that under the Plan, Class members will receive property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Class members would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date of the Plan.

D. Confirmation of the Plan Without the Necessary Acceptances

The Plan may be confirmed even if it is not accepted by all of the Impaired Classes if the Bankruptcy Court finds that the Plan: (1) does not discriminate unfairly against such Class or Classes; (2) such Class or Classes will receive or retain under the Plan not less than the amount the Claimant would receive if the Debtor were liquidated under Chapter 7; and (3) is fair and equitable as to such Class or Classes as set forth in Section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code requires that, among other things, the Claimants must either receive the full value of their Claims or, if they receive less, no Class with junior priority may receive anything. If the Class of Unsecured Claims does not accept the Plan and the Plan does not propose to pay the Class its Allowed Claims in full, no junior Class may retain its

equity interest, unless the shareholders contribute new money related to their participation in equity. In short, this provision provides that Creditors are entitled to priority over stockholders against the property of an insolvent corporation, to the extent of its debts. The stockholder's interest in the property is subordinate to the rights of the Creditors; first of Secured and then of Unsecured Creditors.

The Debtor may, at its option, choose to rely upon this provision to seek confirmation of the Plan if it is not accepted by an Impaired Class or Classes of Creditors.

III. BACKGROUND OF THE DEBTOR

A. History and Cause of Bankruptcy

On August 3, 2016 (the "Petition Date"), the Debtor filed a voluntary petition pursuant to chapter 11 of the Bankruptcy Code. Pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code, the Debtor remains in possession of its property and control of its business as a debtor-in-possession. On August 3, 2016, Bielli & Klauder, LLC ("BK") filed an application to be retained as counsel for the Debtor. Additionally, on August 26, 2016, the Debtor filed an application to employ Bambach Enterprises LLC d/b/a Bambach Advisors ("Bambach") to serve as the Debtor's financial advisor. No trustee or examiner has been appointed in this Chapter 11 case. As of the date that the Plan and this Disclosure Statement was filed, no creditors' committee has been appointed in this Chapter 11 case by the United States Trustee. As a result of obligations of the Debtor which are secured by the Debtor's receivables, a reorganization under Chapter 11 for the Debtor's affairs became the most attractive alternative.

The Debtor provides its clients in the communications industry with engineering, construction, installation, and maintenance services. The Debtor's employees are experienced and capable with respect to current relevant technology and practices while actively working to

incorporate and develop the latest innovations that will provide the Debtor's clients with the best possible results. The Debtor's past success was based on continuously growing reputation as a company that delivers to meet and exceed its clients' expectations due to the Debtor's consistence performance.

The Debtor's operations are broken down into several divisions. One is Total Comm Engineering, which provides consulting services for systems engineering, drawings, transmission engineering, path alignment, licensing, detail engineering, factory build out, civil engineering recommendations, TSM work, and engineering staffing. Another division is Total Comm Construction, which provides excavation of raw land, pours concrete for slabs, builds rooftop applications, installs electrical systems to power its construction projects, erects various tower configurations, sets shelters in place, installs alternate fuel sources, erects security fencing, and provides other various building services. The third division is Total Comm Installation, which provides installation services for various specialized communications systems and subsystems, such as 1630 CSX, RDI 3100, 4000S, 1603/1612, FES301, MDR-8000, OC3/3DS3/ETH/T1, TSM 8000/2532, Omni Switch 6624, 1692 WDM, fiber, two-way, and cabling; Total Comm Installation also tests, troubleshoots, and performs acceptance tests for the systems. The fourth division is Total Comm Maintenance, which performs emergency response services for systems under contract, preventative maintenance services, and systems upgrades for clients. The different divisions of the Debtor allow the Debtor to provide a diverse catalogue of services while maintaining an organized and focused set of employees for each series of tasks and services in each field in which the Debtor operates.

The Debtor filed its case because of its lack of available, liquid funds to continue its services to its clients. Historically, the Debtor has entered into factoring agreements in order to

finance its operations when its available funds did meet its needs. In essence, these agreements permitted the Debtor to sell or assign the right to future payment of an unpaid account receivable to a third party, in exchange for a lump sum. Some of these agreements permitted the third party to seek payment from the Debtor if the clients failed to pay on-time or in full; some did not; some were secured and some were not. Unfortunately, over time, these relationships impacted the Debtor's ability to use its cash – for example, if the Debtor's clients did not timely or fully pay the third party factor, the factor might assert a lien in the Debtor's cash – and once more the Debtor needed more liquid cash to continue operations. Ultimately, the Debtor determined that a bankruptcy was necessary if it was to continue its business going forward.

B. Management of the Debtor

The Debtor is corporation which will continue to manage its own affairs through its president and its board of directors.

C. Significant Events During the Bankruptcy

1. Bankruptcy Proceedings

- i.** The Debtor filed a Voluntary Chapter 11 Petition on August 3, 2016.
- ii.** The Debtor filed an application to employ BK as its counsel on August 3, 2016.
- iii.** The Debtor filed an application to employ Bambach as its financial advisor on August 26, 2016.
- iv.** The Debtor filed an adversary proceeding, *Total Comm Systems, Inc. v. J D Factors, LLC, et al.*, Adv. No. 16-00262 ELF, on August 8, 2016 (the “Adversary Proceeding”) to determine the

validity, priority, and extent of liens of Class 1 and Class 3 Creditors, and to avoid certain preferential transfers of such Creditors (*see* the treatment for Class 1 and Class 3, *infra*). As of the date of the Plan and Disclosure Statement, the known defendants had been served, a pretrial scheduling order was in place, and the Adversary Proceeding was pending determination.

- v. The Debtor filed a motion for a preliminary and permanent injunction in the Adversary Proceeding, seeking to prevent J D Factors, LLC (“J D Factors”) from contacting the Debtor’s clients for payment directly to J D Factors post-petition, and for other relief. Ultimately, the parties resolved the injunction issues, and J D Factors was dismissed from the Adversary Proceeding, with prejudice. The Debtor has obtained debtor-in-possession funding from two sources. The first is J D Factors, with which the Debtor had a factoring agreement pre-petition and which, post-petition, the Court permitted to continue the factoring relationship. The treatment of J D Factors’s Claim is described in detail *infra*. The second is Capital Area Communications, Inc., which received authority to provide the sum of \$150,000.00 to the Debtor post-petition in exchange for a secured position on the Debtor’s assets after the Internal Revenue Service, J D Factors, and the Commonwealth of Pennsylvania, Department of Revenue; any assets already subject to a lien were not included in CAC’s blanket

lien. As described more fully in Section IV, Class 7, *infra*, CAC will have its loan converted to preferred stock in the Debtor, to be repaid over time subject to certain restrictions.

D. Secured Claims

The bulk of the Debtor's debt is for Secured Claims where the Debtor's accounts receivable serve as the collateral. The Debtor's largest Creditor is J D Factors, which holds Secured Claims representing over 68% of the total Claims against the Debtor. The Debtor incurred these Claims through a factoring agreement that was necessary in order to assure that the Debtor had a steady stream of reliable income.

CAC likewise has a Secured Claim against the Debtor's assets (*see supra* Section III.C.v). Other entities have potentially Secured Claims and/or partially Secured Claims against the Debtor's assets. As of the Petition Date, the Debtor believes that at least some portion of these potentially and/or partly Secured Claims is or should be deemed unsecured, and has filed an adversary complaint to (in part) determine the validity, extent, and priority of these entities' liens on the Debtor's assets. Moving forward under the Plan, the Debtor will satisfy its obligations to J D Factors, CAC, and its other Creditors which hold claims secured by the Debtor's receivables.

IV. SUMMARY OF PLAN OF REORGANIZATION

A. What Creditors Will Receive Under the Proposed Plan

The Plan classifies Claims in various Classes. The Plan states whether each Class of Claims is Impaired or Unimpaired. The Plan provides the treatment each Class will receive. The following is a brief summary of the Plan and is qualified in its entirety by the full text of the Plan itself. The Plan, if confirmed, will be binding upon the Debtor and its Creditors. Pursuant to the

Plan, the Debtor will make monthly distributions to its Secured Creditors, Unsecured Priority Creditors, and Unsecured Creditors throughout the life of the Plan. All payments will be made from the Debtor's future earnings. All Creditors are urged to carefully read the Plan.

B. Unclassified Claims

Certain types of Claims are not placed into voting Classes. They are not considered Impaired and they do not vote on the Plan because they are automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such, the Proponent has not placed the following Claims in a Class:

1. Administrative Expenses and Fees

Administrative expenses are Claims for fees, costs or expenses of administering the Debtor's Chapter 11 case, which are allowed under the Bankruptcy Code section 507(a)(1), including all professional compensation requests pursuant to Sections 330 and 331 of the Bankruptcy Code. Section 1129(a)(9)(A) of the Code requires a plan to provide for payment of all administrative tax liabilities in full as of the effective date of a plan, without the need for such taxing authority to file an Administrative Claim.

i. Time for Filing Administrative Claims

The holder of an Administrative Claim, other than (i) a Fee Claim or (ii) a liability incurred and paid in the ordinary course of business by the Debtor, must file with the Bankruptcy Court and serve on the Debtor and its counsel, notice of such Administrative Claim within ninety (90) days after the Effective Date. Such notice must include at minimum (i) the name of the holder of the Claim, (ii) the amount of the Claim, and (iii) the basis of the Claim. Failure to file this notice timely and properly shall result in the Administrative Claim being forever barred and discharged.

ii. Time for Filing Fee Claims

Administrative Claims, including professional fees, are currently estimated to be approximately \$90,000.00. Each professional Person who holds or asserts an Administrative Claim that is a Fee Claim incurred before the Effective Date shall be required to file with the Bankruptcy Court a fee application no later than sixty (60) days after the Effective Date. Failure to file the fee application timely shall result in the Fee Claim being forever barred and discharged.

iii. Allowance of Administrative Claims

An Administrative Claim with respect to which notice has been properly filed pursuant to Section 5.1 (a) the Plan shall become an Allowed Administrative Claim if no objection is filed within thirty (30) days of the filing and service of notice of such Administrative Claim. If an objection is filed within such (30) day period, the Administrative Claim shall become an Allowed Administrative Claim only to the Extent allowed by Final Order.

iv. Payment of Allowed Administrative Claims

Administrative Claims, including professional fees, are estimated to be approximately \$90,000.00. The only outstanding Administrative Claims are those of Debtor's professionals. Each holder of an Allowed Administrative Claim shall receive (i) the amount of such holder's Allowed Claim upon the Effective Date, (ii) such other treatment as may be agreed upon in writing by the Debtor and such holder as long as no payment is made thereon prior to the Effective Date so long as such modification of treatment made by the Debtor and any holder of an Allowed Administrative Claim does not impair any other Class, or (iii) as may be otherwise ordered by the Court, provided that an Administrative Claim representing a liability incurred in the ordinary course of business by the Debtor may be paid in the ordinary course of business.

All Administrative Claims will be paid from the Debtor's future earnings. It is expected that the current holders of Administrative Claims will agree to other treatment on payment of their Allowed Claims such that full payment will not necessary on the Effective Date. As such, the Debtor does not anticipate any payments being made on the Effective Date.

v. **Professionals Fees Incurred After the Effective Date**

Any professional fees incurred by the Reorganized Debtor after the Effective Date must be approved by the Debtor and, thereafter, paid. Neither Bankruptcy Court approval, nor consent of Creditors whose Claims may be impaired by the payment of post-confirmation Professional Fees, is required. Any dispute which may arise with regard to professional fees after the Effective Date shall be submitted to the Bankruptcy Court, which shall retain jurisdiction to settle these types of disputes.

2. Priority Tax Claims.

Priority Tax Claims are certain unsecured income, employment, and other taxes, along with applicable interest, described by Bankruptcy Code sections 507(a)(8) and 511. As of the time of the filing of this Disclosure Statement, Priority Tax Claims are estimated to be \$475,687.84. Each holder of a Priority Tax Claim will be paid in full, in regular equal installment payments of cash of a total value, as of the Effective Date of the Plan, equal to the Allowed amount of such Claim; over a period ending not later than sixty (60) months after the Petition Date; with interest accruing at a rate of 4%; and in a manner not less favorable than the most favored Nonpriority Unsecured Claim provided for by the Plan (other than cash payments made to a Class of Creditors under Bankruptcy Code Section 1122(b)), upon the later of the effective date of this Plan, or the date on which such Claim is allowed by a Final Order. Each

Holder of a Priority Unsecured Tax Claim shall retain its claim until paid in full according to the Plan.

3. Priority Non-Tax Claims.

Priority Non-Tax Claims in this Case arise under Bankruptcy Code Sections 507(a)(3), (4), (5), (6), and (7) for the Debtor's employees' wages, salaries, and other associated benefits not paid within 180 days prior to the Petition Date. As of the filing of this Plan, the Debtor estimates that Priority Non-Tax Claims total approximately \$35,220.90. Each holder of a Priority Non-Tax Claim will be paid in full, in equal regular monthly installment payments of cash of a total value, as of the effective date of the Plan, equal to the Allowed amount of such Claim; over a period ending not later than seventy-two (72) months after the date of the Petition Date; with interest accruing at the rate of 3%; and in a manner not less favorable than the most favored nonpriority Unsecured Claim provided for by the Plan (other than cash payments made to a Class of Creditors under Bankruptcy Code Section 1122(b)), upon the later of the effective date of this Plan, or the date on which such Claim is allowed by a Final Order.

Treatment of Classes of Claim

The Plan divides Claims and Interests into various separate Classes. Under the Plan, there are eight (8) separate Classes of Creditors (Classes 1 through 8).

Class 1. Secured Claim of J D Factors. Class 1 consists only of J D Factors, and is Impaired. The Class 1 Creditor holds a pre-petition Secured Claim against the Debtor based on a factoring agreement relating to the Debtor's accounts receivable.

As of the Petition Date, J D Factors' secured Claim was \$3,317,014.49, collateralized by the Debtor's then-existing accounts receivable. Subsequent to the Petition Date, the Court permitted the Debtor to enter into post-petition debtor-in-possession factoring, as well as

permitted the use of the Debtor's cash collateral to which J D Factors' liens may have attached. This post-petition use of cash and additional financing was approved in an amount of up to \$450,000.00. As of the date of this filing, the total post-petition obligation is approximately \$752,751.91. This subsequent financing and use of cash, along with the J D Factors pre-petition Claim, is the "J D Factors Secured Claim," and both pre-petition and post-petition funds are deemed secured and in first lien position.

However, the Debtor believes that its accounts receivable total less than the amount of the J D Factors Secured Claim; specifically, the Debtor estimates its accounts receivable which would be subject to the Secured Claim of J D Factors at \$1,125,598.54.

The J D Factors Secured Claim shall be treated as follows:

- a. The J D Factors Secured Claim will be reduced via payments from third parties on invoices which were factored pre- and post-petition during the post-petition period, leaving approximately \$2,700,000.00 remaining on the J D Factors Secured Claim;
- b. Monthly payments in the amount of \$49,750.00 will be made for the allowed amount of the J D Factors Secured Claim; this amount shall be offset against post-petition rebates, with any rebates from existing factoring repayments which are greater than the monthly payment amount to reduce the next scheduled monthly payment (s);
- c. Monthly payments will commence the first day of the first calendar month after the Effective Date and continuing for thirty-six (36) months with interest accruing at the rate of 3.5%;

- d. A balloon payment for the balance of the J D Factor Secured Claim, plus interest accruing at a rate of 3.5%, shall be due and payable on the first Business Day of the thirty-seventh (37th) calendar month after the Effective Date;
- e. The Class 1 Creditor will maintain any lien, encumbrance, and/or security interest in the Property or assets of the Debtor until the conclusion of this Plan;
- f. The Debtor contemplates continuing to finance its operations post confirmation by entering into a post confirmation factoring arrangement with the Class 1 Creditor on terms similar to the DIP Factoring arrangement and for which all of the Post-Confirmation Debtor's assets will be pledged as collateral. In addition, the Post-Confirmation factoring will provide that the J D Factor Secured Claim referenced above shall be cross defaulted, accelerated and due in full, in the event the Post-Confirmation factoring is in default, terminated, replaced or paid in full at any time prior to the thirty-seventh (37th) calendar month after the Effective Date; and
- g. To the extent that any amount of the Class 1 Claim is unsecured, it shall be paid as a General Unsecured Claim (*see* Class 6, *infra*). The Debtor estimates the unsecured portion of the J D Factors Claim at approximately \$0.

Since J D Factors will receive less than the entire amount of the J D Factors Secured Claim, it is Impaired under the Plan. All payments to J D Factors will be made through the monthly Distributions described in the Plan.

Class 2. Secured IRS Tax Claim. Class 2 is Unimpaired. The Class 2 Claimant is the Internal Revenue Service, which holds a claim of approximately \$70,000.00 secured by property of the Debtor; this Claim primes the Claim of J D Factors. This Claim will be treated as follows:

- a. Regular equal monthly payments will be made for the Allowed Class 2 Claim; and
- b. Monthly payments of the Allowed Class 2 Claim will commence the first day of the first calendar month after the Effective Date and continue monthly with interest accruing at the rate of 4% such that the Allowed Class 2 Claim is paid within forty-eight (48) months of the Petition Date; and
- c. The Class 2 Creditor will maintain any lien, encumbrance, and/or security interest in the Property or assets of the Debtor until the conclusion of this Plan as they relate to the Secured Claims; and
- d. The Class 2 Creditor shall retain its Class 2 Claim until paid in full pursuant to the Plan.

Class 3. Other Secured Claims. Class 3 is Unimpaired. Class 3 Claimants are Creditors with secured positions in the Debtor's property. The extent of Class 3 Creditors' Secured Claims and Unsecured Claims is unknown at this time, and on August 8, 2016, the Debtor filed the Adversary Proceeding to determine the validity, priority, and extent of any liens

or security interests of Class 3 Claimants (and the Class 1 Claimant, which was subsequently dismissed from the Adversary Proceeding).

Class 3 Claims shall be treated as follows:

- a. Following a final determination of the allowed amount of each Class 3 Secured Claim, regular equal monthly payments will be made for the Allowed Secured amount of the Class 3 Claims; and
- b. Monthly payments of the Allowed Secured Class 3 Claims will commence the first day of the first calendar month after the Effective Date and continuing for seventy-two (72) months with interest accruing at the rate of 3.5%; and
- c. The Class 3 Creditors will maintain any lien, encumbrance, and/or security interest in the Property or assets of the Debtor until the conclusion of this Plan as they relate to the Secured Claims; and
- d. To the extent that any amount of a Class 3 Claim is unsecured, it shall be paid as a General Unsecured Claim (*see* Class 6, *infra*).

As a result of the treatment of the Class 3 Creditors under the Debtor's Plan, Class 3 Claimants will receive the full amount of their respective Allowed Secured Claims. All payments to Class 3 Claimants will be made through the monthly Distributions described in the Plan.

Class 4. Secured Tax Claims. Class 4 is Unimpaired. Class 4 Claimants are holders of Secured Tax Claims with secured positions in the Debtor's property. The Class 4 Claimants are the State of New Jersey, the Commonwealth of Pennsylvania (which holds two Secured Tax Claims, one for Revenue and one for Unemployment Compensation), and the Virginia Department of Taxation. Class 4 Claims total approximately \$237,663.96 and shall be treated as

follows:

- a. Following a final determination of the allowed amount of each Class 4 Secured Claim, regular equal monthly payments will be made for the Allowed Secured amount of the Class 4 Claims; and
- b. Monthly payments of the Allowed Class 4 Claims will commence the first day of the first calendar month after the Effective Date and continue monthly with interest accruing at the rate of 4% such that the Allowed Class 4 Claims are paid within sixty (60) months of the Petition Date; and
- c. The Class 4 Creditors will maintain any lien, encumbrance, and/or security interest in the Property or assets of the Debtor until the conclusion of this Plan as they relate to the Secured Claims; and
- d. Each Holder of a Class 4 Claim shall retain its claim until paid in full according to this Plan.

Class 5. Critical Vendor Claims. Class 5 is Impaired and is comprised of those Claims held by a vendor offering materials or services upon which the Debtor's business depends and for which the Debtor's business would be critically, negatively impacted if the Debtor had to replace the vendor. Class 5 is comprised of: (a) Tower Systems, Inc., (b) Tetra Tech, Inc.; (c) Fo-Cal; (d) Xcel Energy, Inc.; (e) CommStructures, Inc.; (f) Downs Electric, Inc.; (g) Countryside Lawn and Landscape, Inc.; (h) BlueCross BlueShield; (i) Sunbelt Rentals; (j) United Rentals; and (k) TRS.

- a. Class 5 Claims total approximately \$242,589.34, though one Class 5 Claim is disputed. The Debtor shall treat Class 5 Claims as a "convenience class" which may be paid in full within six months of the

Effective Date so long as such claims are (a) \$8,500.00 or less, or (b) the Class 5 Creditor chooses to reduce its Claim to a maximum of \$8,500.00.

The Debtor has set aside the sum of \$242,589.34 to pay Class 5 Claims, which shall be treated as follows: To the extent that Class 5 Claims total less than \$8,500.00.00, the Debtor may (at the Debtor's sole discretion) pay such claims in full within six months of the Effective Date, but shall have no obligation to do so for any Class 5 Claimant; and

- b. Any Class 5 Claimant may voluntarily reduce its Claim to \$8,500.00.00 in order to opt in to the payment contemplated in subsection (a), and (at the Debtor's sole discretion) receive payment in the full amount of up to \$8,500.00 00 in full satisfaction and release of such Claim, within six months of the Effective Date; however, the Debtor shall have no obligation to do so for any Class 5 Claimant; and
- c. Any Class 5 Claimants receiving payments in excess of \$8,500.00.00 shall be paid the full dollar amount of each Class 5 Allowed Claim, with equal monthly payments to commence the first day of the first calendar month after the Effective Date and continuing for seventy-two (72) months.
- d. .

Class 6. Unsecured Claims. Class 6 is Impaired. Class 6 Claims total approximately \$1,401,168.04, not including any amounts of Class 1, 3, and/or 4 Claims which may be determined to be unsecured and which will also be included in Class 6 Claims. Those amounts have yet to be determined.

The Debtor shall set aside \$941,410.00 to pay Class 6 Claims, thus creating a distribution

of approximately 68.19% per dollar amount of each Class 6 Claim (not including unsecured portions of other Classes' Claims). The Debtor shall make equal monthly payments on account of each Allowed Class 6 Claim. Payments will commence the first day of the first calendar month after the Effective Date and continue for seventy-two (72) months. The treatment and consideration to be received by holders of Class 6 Allowed Claims pursuant to this Plan shall be in full settlement, satisfaction, release, and discharge of their respective Claim.

Class 7. DIP Lender Claim. Class 7 consists of CAC. The Class 7 Claimant's Claim totals approximately \$150,000.00 stemming from a post-petition debtor-in-possession loan. The Class 7 Claimant shall receive the following rights on account of the loan (subject to a reservation of rights by J D Factors):

- a. Upon Plan confirmation, CAC shall receive preferred shares in the Debtor, and its secured position in the Debtor's assets shall automatically terminate. These preferred shares shall not be subject to a liquidation preference. Further, CAC, as shareholder of preferred stock, shall be deemed to hold twenty percent (20%) of all outstanding voting stock in the Debtor for voting purposes.
- b. CAC shall not sell its preferred shares for at least thirty-six (36) months, except
 - i. upon the repayment of the balloon payment to J D Factors as detailed *supra*, with payment of preferred shares to be subordinated to the repayment of J D Factors's Term Loan; or
 - ii. so long as no default of the J D Term Loan exists, the Debtor redeems the preferred stock in the amount of \$150,000.00 in principal, plus

20% interest per annum, within twenty-four (24) months of the Confirmation Date.

- c. The Debtor may redeem the preferred stock before twenty-four (24) months expires, so long as (1) the Debtor is not in default of the J D Factors Term Loan, and (2) the Debtor pays, at a minimum, interest for twelve (12) months of the loan.

A copy of the proposed amended shareholders' agreement for the Debtor, which includes the terms for this transaction, will be supplied for Court review and approval. The J D Factors Term Loan is tied to, cross-collateralized with, and cross-defaulted with, post-confirmation financing. If this post-confirmation financing is terminated or paid off with replacement financing, the Term Loan will be accelerated.

Class 8. Equity Holders. Class 8 is Impaired. Class 8 consists of all equity, ownership, or stock interests in the Debtor including all warrants, options, or rights to acquire shares whether issued or not and whether contained in a single document or part of a loan document or debt instrument. Holders of Class 8 Claims shall not receive a distribution under the Plan, and shall maintain their equity interests. Class 8 Claims shall contribute new value in the amount of \$50,000.00, the proceeds of which shall be used to pay the priority secured claim of IRS.

C. Implementation of the Plan

1. Execution of Documents. Prior to the Effective Date, the Debtor is authorized and directed to execute and deliver all documents and to take and to cause to be taken all action necessary or appropriate to execute and implement the provisions of this Plan.

2. Alterations, Amendments or Modifications. This Plan may be altered, amended, or modified by the Proponent before or after the Confirmation Date, as provided in Section 1127 of the Bankruptcy Code.

3. Final Decree. After final distributions are made, the Debtor shall file a motion to close the Case and request that a final decree be issued. The Debtor shall file all interim and final Plan implementation reports and pay any fees to the Office of the United States Trustee.

4. Retention and Enforcement of Claims. Pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code, the Reorganized Debtor shall retain and may enforce any and all Claims of the Debtor on behalf of, and as a representative of, the Debtor or its estate, including, without limitation, all Claims arising or assertable at any time under the Bankruptcy Code, including under Sections 510, 542, 543, 544, 545, 547, 548, 549, 550, 552 and 553 thereof.

5. Actions Taken to Decrease Expenses and Increase Income. The Debtor will continue its operations while evaluating and potentially eliminating the provision of any services which do not clearly demonstrate the best possible use of the Debtor's resources. Currently, the Debtor's primary concern is stabilizing its income stream and continuing its operations. The Debtor's Plan will be funded through its continuing operations, so the Debtor will take advantage of any opportunity that will optimize its operations and generate a net profit while maintaining the Debtor's overall health. *See Exhibit B.*

V. LIQUIDATION ANALYSIS AND FEASIBILITY

On a liquidation basis, in the context of an auction or conversion of the above-referenced case to a Chapter 7, the Debtor believes the Property owned by the Debtor will not achieve a value in excess of the amounts currently owed to J D Factors plus the secured amounts owed to

the Class 2 Claimants. The reason for this is that the Debtor's greatest asset is, in essence, its continuing operations. Even immediately after the Petition Date, the Debtor continued to enter into agreements with its clients in the ordinary course of its business, which will generate income. If provided an opportunity to reorganize its debt, the Debtor believes that it can successfully reorganize and even fund its Plan payments through its continued operations. All Creditors will therefore benefit most if the Debtor is able to continue its operations. If the Debtor is forced to liquidate, said liquidation would result in a zero distribution for Unsecured Creditors after costs of sale and Administrative Claims that is significantly lower than the payoff set forth in the Debtor's Plan. *See* Liquidation Analysis prepared by Debtor attached hereto as Exhibit A.

Notwithstanding acceptance of the Plan by the requisite majority of holders of Claims in any Class, the Bankruptcy Code must still independently determine that the Plan is not likely to be followed by the need for further financial reorganization of the Debtor (the "Feasibility Test"). For the Plan to meet the Feasibility Test, the Bankruptcy Court must find that the Debtor will possess the resources necessary to meet its obligations under the Plan. The Debtor's current and go-forward projections of its income and expenses are attached hereto as Exhibit B. The expenses listed herein include all of the payments contemplated by the Plan.

VI. PROVISIONS GOVERNING DISTRIBUTIONS, DISCHARGE AND GENERAL PROVISIONS

A. Distributions

The Debtor shall be the disbursing agent ("Disbursing Agent") herein. The Disbursing Agent shall have the sole and exclusive right to make the distributions required by the Plan. The Disbursing Agent may hold or invest the funds in one or more accounts, provided that all

investments shall be made in accordance with Section 345 of the Bankruptcy Code. The disbursing Agent shall serve without bond and shall receive no compensation for its duties as the Disbursing Agent.

1. Delivery of Distributions

Distributions and deliveries to holders of Allowed Claims will be made at the addresses set forth on the proofs of claim filed by the holders (or at the last known address). If any holder's distribution is returned as undeliverable, no further distributions to the holder will be made unless and until the Debtor is notified of the holder's then current address, at which time all missed distribution will be made to the holder without interest. All Claims for undeliverable distributions must be made to the Disbursing Agent on or before the later of (i) the first anniversary of the Effective Date, or (ii) ninety (90) days after the respective distribution was made. After that date, all unclaimed property will become property of the Reorganized Debtor, and the Claim of any holder with respect to such property will be discharged and forever barred.

2. Means of Cash Payment

Cash payments made pursuant to the Plan will be in United States funds, by check drawn on a domestic bank, or by wire transfer from a domestic bank. All distributions will be made by the Disbursing Agent.

3. Time Bar to Cash Payments

Checks issued by the Debtor in payment of Allowed Claims will be null and void if not negotiated within ninety (90) days of the date of its issuance. Requests for re-issuance of any check shall be made to the Disbursing Agent by the holder of the Allowed Claim to which the check originally was issued. Any Claim relating to a voided check must be made on or before the later of (i) the first anniversary of issuance, or (ii) ninety (90) days after the date the check

was voided. After that date, all Claims relating to a voided check will be discharged and forever barred and shall be revested in the Reorganized Debtor.

4. Setoffs

The Debtor may, but will not be required to, set off against any Claim and the payments to be made pursuant to the Plan in respect of the Claim, any Claims of any nature whatsoever the Debtor may have against the Claimant, but neither the failure to do so nor the allowance of any Claim hereunder will constitute a waiver or release by the Debtor of any such Claim the Debtor may have against such Claimant. Nothing in this Section shall limit setoff rights provided by law of the Commonwealth of Pennsylvania, Department of Revenue.

2. Release of Certain Individuals

Except for Federal and State trust fund tax claims, upon confirmation of the Plan, the Debtor's President shall be released from any potential individual liability arising from or related to the Debtor's pre-petition actions.

Further, upon full payment of any Claim as provided in the Plan, each Claimant is deemed to have released the Debtor, the Debtor-in-Possession, and/or any of the Debtor's principals, shareholders, or officers from any liability relating to any Claim or the basis therefor.

3. De Minimis Distributions

No payment of less than twenty-five dollars (\$25.00) will be made by the Disbursing Agent to any Creditor unless a request is made in writing to the Reorganized Debtor to make such a payment by the Effective Date of the Plan.

4. Saturday, Sunday or Legal Holiday

If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be

completed on the next succeeding Business Day, but will be deemed to have been completed as of the required date.

B. Confirmation/Miscellaneous

1. Except as may be otherwise provided herein, upon the Confirmation Date, all Claims against the Debtor and Debtor-in-Possession shall be satisfied, discharged, and released in full; and all holders of Claims and Creditors shall be precluded from asserting against the Debtor, its assets, properties, or interests, any other future Claim based upon any transaction or occurrence of any nature that occurred prior to the Confirmation Date.

2. As to claims of the Internal Revenue Service, discharge of any tax debt under this Plan shall not be effective until paid in full.

3. Upon confirmation, title to all assets and properties whatsoever of the Debtor and the Debtor-in-Possession shall be retained by and revested in the Reorganized Debtor free and clear of Claims, Liens, encumbrances, security and equitable interests, except as may be otherwise provided by this Plan. The order confirming the Plan shall be a judicial determination of the discharge of the liabilities of a Claim against the Debtor and Debtor-in-Possession, except only as may be otherwise provided for this Plan. Confirmation of the Plan shall satisfy all Claims arising out of any Claim settled and satisfied under the terms of the Plan.

4. After the Effective Date, the Reorganized Debtor shall be entitled to operate its business and utilize its property without any restrictions of the Bankruptcy Code and without any supervision of the Bankruptcy Court.

4. No default shall be declared under this Plan, unless any payment due under this Plan shall not have been made within thirty (30) days after written notice to the Debtor and counsel for the Debtor of failure to make payment when due under the Plan. As to defaults

regarding Tax Claims, if the debtor defaults, the taxing authority will give notice to the Debtor of the default. Upon notice of default, the debtor will have thirty (30) days to cure the default. If the Debtor fails to cure the default, the taxing authority may immediately exercise its administrative rights to fully collect the remaining debt.

VII. EFFECTS OF CONFIRMATION

A. Term of Injunctions or Stays

Unless otherwise provided, all injunctions or stays provided for in Chapter 11 cases pursuant to Section 362(a) of the Bankruptcy Code or otherwise, shall remain in full force and effect until the Effective Date at which time the injunction under Article IX of the Plan a shall be in force.

B. Failure to Pay Taxes.

Notwithstanding any other language in this Section, a taxing authority's pursuit of the Debtor for Debtor's failure to pay tax liabilities arising post-petition shall not violate any provisions of the Plan.

VIII. CRAMDOWN PROVISIONS AND CONFIRMATION REQUEST

If sufficient votes to confirm said Plan are not received to confirm the Plan, the Debtor requests confirmation of the Plan pursuant to the provisions of Section 1129(b) of the Bankruptcy Code. Further, if sufficient votes to confirm the Plan are not received, the Debtor's Shareholder and President, Michael Pollitt, may provide a new value cash infusion in an amount to be determined at that time.

IX. MODIFICATION OF THE PLAN

A. Pre-Confirmation Modification

At any time before the Confirmation Date, the Plan may be modified by the Proponent, provided that the Plan, as modified, does not fail to meet the requirements of Sections 1122 and 1123 of the Bankruptcy Code. If there is a modification of the Plan, then the Plan as modified shall become the Plan.

B. Pre-consummation Modification

At any time after the Confirmation Date of the Plan, but before substantial consummation of the Plan, the Plan may be modified by the Proponent, provided that the Plan, as modified, does not fail to meet the requirements of Sections 1122 and 1123 of the Bankruptcy Code. The Plan, as modified under this Section, becomes a Plan only if the Court, after notice and hearing, confirms such Plan, as modified, under Section 1129 of the Bankruptcy Code.

C. Non-Material Modifications

At any time, the Proponent may, without the approval of the Court, so long as it does not materially or adversely affect the interest of Creditors, remedy any defect or omission, or reconcile any such inconsistencies in the Plan or in the Confirmation Order, as such matters may be necessary to carry out the purposes, intent, and effect of this Plan.

X. CAUSES OF ACTION

A. Litigation

The Debtor reserves the right to initiate or continue any litigation or adversary proceeding permitted under the Bankruptcy Code and applicable Bankruptcy Rules with respect to any Cause of Action, except if provided to the contrary herein.

B. Powers

The Debtor shall have the right to settle, compromise, sell, assign, terminate, release, discontinue or abandon any Cause of Action from time to time in its discretion.

XI. OBJECTIONS TO CLAIMS

A. Objection to Claims

Notwithstanding the occurrence of the Confirmation Date or the Effective Date, the Debtor may object to the Allowance of any Claim not previously allowed by Final Order whether or not a proof of claim has been filed, whether or not the Claim has been filed, and whether or not the Claim has been scheduled as non-disputed, non-contingent and liquidated. All such objections shall be filed within sixty (60) days of the Effective Date.

B. Contested Claims

Notwithstanding any other provision of the Plan or this Disclosure Statement, a Contested Claim will be paid only after allowance by the Court or upon stipulation of the Debtor and the Claimant involved, as approved by the Court. If allowed, the Contested Claim will become an Allowed Claim and shall be paid on the same terms as if there had been no dispute. The need for resolution of Contested Claims will not delay other payments under the Plan. No distribution shall be made on account of a Contested Claim until it is Allowed.

XII. CHOICE OF LAW

Except to the extent superseded by the Bankruptcy Code or other federal law, the rights, duties and obligations arising under the Plan shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania, without regard to the choice of law rules thereof.

XIII. EXCULPATION

Following the Effective Date, neither the Debtor's employees or agents, nor any professional persons employed by any of the foregoing parties, shall have or incur any liability or obligation to any entity for any action taken at any time or omitted to be taken at any time in

connection with or related to the formation, preparation, dissemination, implementation, confirmation or consummation of the Plan, the Disclosure Statement, or any agreement or document created or entered into, or any action taken or omitted to be taken in connection with the Plan or this Chapter 11 case; provided, however, that the provisions of this Article shall have no effect on the liability of any entity that would otherwise result from action or omission to the extent that such action or omission is determined in a Final Order to have constituted gross negligence or willful misconduct.

XIV. MISCELLANEOUS

A. Payment of Statutory Fees

All fees payable pursuant to Section 1930 of title 28 of the United States Code, as determined by the Court at a hearing pursuant to Section 1128 of the Bankruptcy Code, will be paid on or before the Effective Date. Moreover, all post-confirmation quarterly fees shall be paid by the Reorganized Debtor as and when they become due until the Bankruptcy Case is closed.

B. Discharge of Debtor and Effect of Confirmation Order.

Except as provided in Section 1141(d) of the Bankruptcy Code and as otherwise provided in the Plan, the provisions of the Plan and the Confirmation Order shall bind the Reorganized Debtor and all holders of Claims and will be a judicial determination of discharge of the Debtor from all debts that arose before the Confirmation Date and any liability on a Claim that is determined under Section 502 of the Bankruptcy Code as if such Claim had arisen before the Confirmation Date, whether or not a proof of claim based on any such debt or liability is filed under Section 501 of the Bankruptcy Code and whether or not a Claim based on such debt or liability is allowed under Section 502 of the Bankruptcy Code and whether or not such holder is

impaired under the Plan and whether or not such holder has accepted the Plan, and shall terminate all rights, Claims of such holder, except as provided in the Plan.

Notwithstanding the forgoing, the discharge granted by Bankruptcy Code Section 1141(d) is modified as to the Secured and/or Priority Tax Claim(s) provided for in this Plan, and the discharge of any Secured and/or Priority Tax Claim(s) under this Plan shall not be effective until all Secured and/or Priority Tax Claim(s) provided for in the Plan have been paid in full.

C. Severability

Should any provision in this Plan be determined to be unenforceable, that determination will in no way limit or affect the enforceability and operative effect of any other provision of the Plan.

D. Successors and Assigns

The rights and obligations of any Person named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the successors and assigns of that Person.

E. Binding Effect

The Plan will be binding upon and inure to the benefit of the Debtor, its Creditors, and their respective successors and assigns.

F. Governing Provisions

Where a provision of the Plan contains a summary or description of one or more provisions of any of the documents attached to the Plan as an Exhibit that conflicts or appears to conflict with any such provision of an Exhibit, the Exhibit governs. Further, if a provision of this Disclosure Statement differs with the equivalent provision of the Plan, the Plan's language governs.

G. Filing of Additional Documents

On or before substantial consummation of this Plan, the Debtor will file with the Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

H. Withholding and Reporting Requirements

In connection with the Plan and all instruments issued and distributions made pursuant to the Plan, the Debtor will comply with all withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority and all distributions made pursuant to the Plan will be subject to any such withholding and reporting requirements.

I. Possible Tax Ramifications. Each Creditor concerned with how the Plan may affect their tax liability should consult their own tax advisors, accountants, and/or attorneys as to the specific tax consequences to such person of any term of the Plan, including the application and effect of federal, state, and local income and other tax laws before determining whether to accept or reject the Plan. The following are possible tax consequences of the Plan: (1) tax consequences to the Debtor of the Plan may include be affected by any sale of property and the discharge of Claims; and (2) tax consequences to Creditors of the Plan may be affected by any discharges and/or by the receipt of any distributions under the Plan.

J. Risk Factors. There is the possibility that the Bankruptcy Court will not confirm the Plan, in which case the Debtor may be required to dismiss its Case or convert to a chapter 7 case. In addition, while not entirely contingent, the Plan is at contingent on the continuing operation of the Debtor. If any significant changes in the Debtor's operations occur, there may be a risk that this Plan may not be confirmable and that either the Plan will need to be modified or the Debtor seeks relief other than confirmation of a Chapter 11 Plan.

TOTAL COMM SYSTEMS, INC.

Date: December 30, 2016

/s/ Michael H. Pollitt

Michael H. Pollitt

President

BIELLI & KLAUDER, LLC

/s/ Thomas D. Bielli

Thomas D. Bielli, Esquire

David M. Klauder, Esquire

Cory P. Stephenson, Esquire

1500 Walnut Street, Suite 900

Philadelphia, PA 19102

Phone: (215) 642-8271

Fax: (215) 754-4177

tbielli@bk-legal.com

dklauder@bk-legal.com

cstephenson@bk-legal.com

Counsel to the Debtor