

Eric A. Liepins
ERIC A. LIEPINS, P.C.
12770 Coit Road
Suite 1100
Dallas, Texas 75251
Ph. (972) 991-5591
Fax (972) 991-5788

ATTORNEYS FOR DEBTOR

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

IN RE	§	
	§	
DATASTARUSA, INC	§	
	§	Case no.17-41826 -11
	§	
DEBTOR	§	

DISCLOSURE STATEMENT OF DATASTARUSA, INC PURSUANT TO SECTION 1125
OF THE BANKRUPTCY CODE DATED JANUARY 31, 2018

**TO: ALL PARTIES-IN-INTEREST, THEIR ATTORNEYS OF RECORD AND TO THE
HONORABLE UNITED STATES BANKRUPTCY JUDGE:**

I
INTRODUCTION

Identity of the Debtors

DatastarUSA, Inc.,(“Debtor”) filed a voluntary Chapter 11 case in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division ("Court") on August 24, 2017. Debtor operates a company provide wiring and cabling services to the IT industry. Debtor purposes to remain in business and provide a dividend to its creditors.

Purpose of Disclosure Statement; Source of Information

Debtor submits this Disclosure Statement (“Disclosure Statement”) pursuant to Section 1125 of the Code to all known Claimants of Debtor for the purpose of disclosing that information which the Court has determined is material, important, and necessary for Creditors of Debtor in order to arrive at an intelligent, reasonably informed decision in exercising the right to vote for acceptance or

rejection of the Debtor's Plan of Reorganization dated January 31, 2018 ("Plan"). This Disclosure Statement describes the operations of the Debtor contemplated under the Plan. You are urged to study the Plan in full and to consult with your counsel about the Plan and its impact upon your legal rights. Any accounting information contained herein has been provided by the Debtor.

Explanation of Chapter 11

Chapter 11 is the principal reorganization chapter of the Code. Pursuant to Chapter 11, a debtor is authorized to reorganize its business for its own benefit and that of its creditors and equity interest holders. Formulation of a plan of reorganization is the principal purpose of a Chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against and interests in the debtor. After a plan of reorganization has been filed, it must be accepted by holders of claims against, or interests in, the debtor. Section 1125 of the Code requires full disclosure before solicitation of acceptances of a plan of reorganization. This Disclosure Statement is presented to Claimants to satisfy the requirements of Section 1125 of the Code.

Explanation of the Process of Confirmation

Even if all Classes of Claims accept the Plan, its confirmation may be refused by the Court. Section 1129 of the Code sets forth the requirements for confirmation and, among other things, requires that a plan of reorganization be in the best interests of Claimants. It generally requires that the value to be distributed to Claimants may not be less than such parties would receive if the debtor were liquidated under Chapter 7 of the Code.

Acceptance of the plan by the Creditors and Equity Interest Holders is important. In order for the plan to be accepted by each class of claims, the creditors that hold at least two thirds (2/3) in amount and more than one-half (1/2) in number of the allowed claims actually voting on the plan in such class must vote for the plan and the equity interest holders that hold at least two-thirds (2/3) in amount of the allowed interests actually voting on the plan in such class must vote for the plan. Chapter 11 of the Code does not require that each holder of a claim against, or interest in, the debtor vote in favor of the plan in order for it to be confirmed by the Court. The plan, however, must be accepted by: (i) at least the holder of one (1) class of claims by a majority in number and two-thirds (2/3) in amount of those claims of such class actually voting; or (ii) at least the holders of one (1) class of allowed interests by two-thirds (2/3) in amount of the allowed interests of such class actually voting.

The Court may confirm the plan even though less than all of the classes of claims and interests accept it. The requirements for confirmation of a plan over the objection of one or more classes of claims or interests are set forth in Section 1129(b) of the Code.

Confirmation of the plan discharges the debtors from all of their pre-confirmation debts and liabilities except as expressly provided for in the plan and Section 1141(d) of the Code. Confirmation

makes the plan binding upon the debtors and all claimants, equity interest holders and other parties-in-interest, regardless of whether or not they have accepted the plan.

Voting Procedures

Unimpaired Class. Claimants in Class 1 and 8 are not impaired under the Plan. Such Class is deemed to have accepted the Plan.

Impaired Classes. The Classes 2 through 7 Claimants are impaired as defined by Section 1124 of the Code. The Debtor is seeking the acceptance of the Plan by Claimants in Classes 2 through 7. Each holder of an Allowed Claim in Class 2 through 7 may vote on the Plan by completing, dating and signing the ballot sent to each holder and filing the ballot as set forth below.

For all Classes, the ballot must be returned to Eric A. Liepins, 12770 Coit Road, Suite 1100, Dallas, Texas 75251. In order to be counted, ballots must be **RECEIVED** no later than at the time and on the date stated on the ballot.

Best Interests of Creditors Test

Section 1129(a)(7) of the Code requires that each impaired class of claims or interests accept the Plan or receive or retain under the Plan on account of such claim or interest, property of a value as of the Effective Date of the Plan, that is not less than the amount that such holder would so receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code. If Section 1111(b)(2) of the Bankruptcy Code applies to the claims of such class, each holder of a claim of such class will receive or retain under the Plan, on account of such claim, property of a value, as of the Effective Date of the Plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims. In order for the Plan to be confirmed, the Bankruptcy Court must determine that the Plan is in the best interests of the Debtor's creditors. Accordingly, the proposed Plan must provide the Debtor's creditors with more than they would receive in a Chapter 7 liquidation. It is anticipated that in a Chapter 7 liquidation, the Debtor's creditors, other than the secured creditors, would receive less than is provided for in this Plan. Accordingly, since the Plan proposes a substantial dividend to all creditors, such creditors are receiving more than they would receive in a Chapter 7 liquidation. Accordingly, the Plan satisfies the requirements of Section 1129(a)(7).

Cramdown

The Court may confirm the Plan even though less than all of the classes of claims and interests accept it. The requirements for confirmation of a plan over the objection of one or more classes of claims or interests are set forth in Section 1129(b) of the Code.

II

REPRESENTATIONS

[Note: Paragraphs in brackets to be included after the Bankruptcy Court approves this Disclosure Statement.]

[This Disclosure Statement is provided pursuant to Section 1125 of the Code to all of the Debtor's known Creditors and other parties in interest in connection with the solicitation of acceptance of its Plan of Reorganization, as amended or modified. The purpose of this Disclosure Statement is to provide such information as will enable a hypothetical, reasonable investor, typical of the holders of Claims, to make an informed judgment in exercising its rights either to accept or reject the Plan. A copy of the Plan is attached hereto as Exhibit "A".]

[After a hearing on notice, the Court approved this Disclosure Statement as containing information of the kind and in sufficient detail adequate to enable a hypothetical, reasonable investor typical of the classes being solicited to make an informed judgment about the Plan.]

The information contained in this Disclosure Statement has been derived from the Debtors, unless specifically stated to be from other sources.

NO REPRESENTATIONS CONCERNING DEBTOR ARE AUTHORIZED BY DEBTOR OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT. THE DEBTOR RECOMMENDS THAT ANY REPRESENTATION OR INDUCEMENT MADE TO SECURE YOUR ACCEPTANCE OR REJECTION OF THE PLAN WHICH IS NOT CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN REACHING YOUR DECISION ON HOW TO VOTE ON THE PLAN. ANY REPRESENTATION OR INDUCEMENT MADE TO YOU NOT CONTAINED HEREIN SHOULD BE REPORTED TO THE ATTORNEYS FOR DEBTORS WHO SHALL DELIVER SUCH INFORMATION TO THE COURT FOR SUCH ACTION AS MAY BE APPROPRIATE.

ANY BENEFITS OFFERED TO THE CREDITORS ACCORDING TO THE PLAN WHICH MAY CONSTITUTE "SECURITIES" HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE FEDERAL SECURITIES AND EXCHANGE COMMISSION ("SEC"), THE TEXAS SECURITIES BOARD, OR ANY OTHER RELEVANT GOVERNMENTAL AUTHORITY IN ANY STATE OF THE UNITED STATES. IN ADDITION, NEITHER THE SEC, NOR ANY OTHER GOVERNMENTAL AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN. ANY REPRESENTATIONS TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. FOR THE FOREGOING REASON, AS WELL AS BECAUSE OF

THE IMPOSSIBILITY OF MAKING ASSUMPTIONS, ESTIMATES AND PROJECTIONS INTO THE FUTURE WITH ACCURACY, DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS COMPLETELY ACCURATE, ALTHOUGH EVERY REASONABLE EFFORT HAS BEEN MADE TO ENSURE THAT SUCH INFORMATION IS ACCURATE. THE APPROVAL BY THE COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE COURT OF THE PLAN OR GUARANTEE THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

DEBTOR BELIEVES THAT THE PLAN WILL PROVIDE CLAIMANTS WITH AN OPPORTUNITY ULTIMATELY TO RECEIVE MORE THAN THEY WOULD RECEIVE IN A LIQUIDATION OF THE DEBTOR'S ASSETS, AND SHOULD BE ACCEPTED. CONSEQUENTLY, DEBTOR URGES THAT CLAIMANTS VOTE FOR THE PLAN.

DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS CORRECT, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN. THIS DISCLOSURE STATEMENT CONTAINS ONLY A SUMMARY OF THE PLAN. THE PLAN WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT IS AN INTEGRAL PART OF THIS DISCLOSURE STATEMENT, AND EACH CREDITOR AND INTEREST HOLDER IS URGED TO CAREFULLY REVIEW THE PLAN PRIOR TO VOTING ON IT.

III

FINANCIAL PICTURE OF THE DEBTORS

Financial History and Background of the Debtor

DataStarUSA was incorporated in 1981 and began operating business in 1985 providing Network Infrastructure Services, including structured cabling and technology deployment. The Company grew the business at its highest revenue of \$20MM and employed up to 100 positions.

Beginning with the 2008-2009 financial recession, the Debtor was forced to begin downsizing. In addition, the Debtor lost revenue from two large and main customers. Due to the loss, we were unable to maintain our banking relationship so we had to engage into a factoring relationship. This caused the Debtor to be unable to support many of our customers.

Unfortunately, DataStarUSA has been extremely loyal to its employees and did not downsize quickly enough and due to the lack of revenue, the company took significant financial losses.

In late 2017 a judgment creditor garnished a large account receivable due the Debtor causing the filing of this bankruptcy in order to attempt to restructure the Debtor's obligations and maintain operations.

Post petition operations and Major Events

Since the filing of the case, the Debtor has maintained operations. The Debtor has been working to increase revenues. During the opening months of the case, the Debtor was involved in substantial litigation with the judgment creditor and was unable to develop new business. The Debtor has now been able to secure new purchase orders and is moving toward reestablishing a profitable business.

Future Income and Expenses Under the Plan

Under the Debtor's Plan, the Debtor will continue in operation and make payments to its creditors over time. Projections of the Debtor's income and expenses for the next year are attached hereto as Exhibit B.

IV.

ANALYSIS AND VALUATION OF PROPERTY

The Debtor's assets consist of inventory, accounts receivable and some office furniture. The value of the inventory is approximately \$25,000. The accounts receivable currently have been averaging \$30,000. The office furniture has limited value. A Liquidation Analysis is attached hereto as Exhibit C.

V.

SUMMARY OF PLAN OF REORGANIZATION

The Reorganized Debtor will continue in business. The Plan will break the existing claims into 8 categories of Claimants. These claimants will receive cash payments on the Effective Date.

Satisfaction of Claims and Debts: The treatment of and consideration to be received by holders of Allowed Claims or interests pursuant to this Articles V and VI of this Plan shall be the sole an exclusive means for full settlement, release and discharge of their respective Claims, Debts, or interests. On the Confirmation Date, the Reorganized Debtors shall assume all duties, responsibilities and obligations for the implementation of this Plan.

Class 1 Claimants (Allowed Administrative Claims of Professionals and US Trustee) are unimpaired and will be paid in cash and in full on the Effective Date of this Plan. Professional fees are subject to approval by the Court as reasonable. Debtor's attorney's fees approved by the Court

and payable to the law firm of Eric A. Liepins, P.C. will be paid immediately following the later of Confirmation or approval by the Court out of the available cash. Debtor believes the amount of this Class will not exceed \$15,000. . This case will not be closed until all allowed Administrative Claims are paid in full. Section 1930 fees shall be paid in full prior to the Effective Date. Debtor will make quarterly payments to the U.S. Trustee and maybe required to file post-confirmation operating reports until this case is closed. The Class 1 Claimants are not impaired under this Plan.

Class 2 Claimants (Allowed Ad Valorem Tax Creditor Claims) are impaired and shall be satisfied as follows: The Allowed Amount of all Ad Valorem Tax Creditor Claims shall be paid out of the continued operations of the Debtor. Denton County has filed a Proof of Claim in the amount of \$1,876.19. Collin County has filed a Proof of Claim in the amount of \$11,871.27. The Ad Valorem taxing authorities will be entitled to receive post-petition pre-confirmation interest on their claims at the statutory rate of 1% per month. The Debtor shall pay the Allowed Ad Valorem Tax Claim in 60 equal monthly installments commencing on the Effective Date. The monthly payment to Denton County will be approximately \$67. The monthly payment to Collin County will be approximately \$289. The Ad Valorem Taxing Authorities shall retain their liens, if any, to secure their Tax Claims until paid in full.

The Class 2 Claimants are impaired under this Plan.

Class 3 Claimants (Allowed IRS Secured and Priority Tax Creditor Claims) are impaired and shall be satisfied as follows: The Allowed Amount of all Secured and Priority Tax Creditor Claims of the Internal Revenue Service (“IRS”) shall be paid out of the revenue from the continued operations of the business. The Secured and Priority Tax Creditor Claims are alleged to be in approximate amount of \$99,776. The Debtor is currently making adequate protection payments to the IRS in the amount of \$1,331. These payments shall be credited against any amounts owed to the IRS. The Allowed Secured and Priority Claims of the IRS shall be paid over 60 months period commencing on the Effective Date, with interest at a rate of 4% per annum. If all the amounts in the Proofs of Claim were allowed the monthly payment would be \$1,331. The IRS shall retain their liens against the property of the Debtor, but shall release their liens, if any, when paid in full as called for by this Plan.

a. **Events of Default.** The occurrence of any of the following shall constitute an event of default under the Plan:

1) **Failure to Make Payments.** Failure on the part of Debtor to pay fully when due any payment required to be made in respect of the Plan Debt. However, due to the size and ongoing nature of the IRS’s claim, upon a default under the plan, the administrative collection powers and the rights of the IRS shall be reinstated as they existed prior to the filing of the bankruptcy petition, including, but not limited to, the assessment of taxes, the filing of a notice of Federal (or state) tax lien and the powers of levy, seizure, and as provided under the Internal Revenue Code. As to the IRS:

(A) If the Debtor or its successor in interest fails to make any plan payment, or deposits of any currently accruing employment or sales tax liability; or fails to make payment of any tax to the Internal Revenue Service within 10 days of the due date of such deposit or payment, or if the Debtor or its successor in interest failed to file any required federal or state tax return by the due date of such return, then the United States may declare that the Debtor is in default of the Plan. Failure to declare a default does not constitute a waiver by the United States of the right to declare that the successor in interest or Debtor is in default.

(B) If the United States declares the Debtor or the successor in interest to be in default of the Debtor's obligations under the Plan, then the entire imposed liability, together with any unpaid current liabilities, may become due and payable immediately upon written demand to the Debtor or the successor in interest.

© If a payment is not made within 14 days of such demand, then the Internal Revenue Service may collect any unpaid liabilities through the administrative collection provisions of the Internal Revenue Code. The IRS shall only be required to send two notices of default, and upon the third event of Default the IRS may proceed to collect on all amounts owed without recourse to the Bankruptcy Court and without further notice to the Debtor. The collection statute expiration date will be extended from the Petition Date until substantial default under the Plan. All payments will be sent to: IRS, attn: Faye Garrett, 1100 Commerce Street, Mail Code 5024 DAL, Dallas, Texas 75242.

(D) The Internal Revenue Service shall not be bound by any release provisions in the Plan that would release any liability of the responsible persons of the Debtor to the IRS. The Internal Revenue Service may take such actions as it deems necessary to assess any liability that may be due and owing by the responsible persons of the Debtor to the Internal Revenue Service; but the Internal Revenue Service shall not take action to actually collect from such persons unless and until there is a default under the Plan and as set forth above.

The Class 3 Claimants are impaired under this Plan.

Class 4 Claimants (Texas Comptroller and Texas Workforce Commission) are impaired and shall be satisfied as follows: the Texas Comptroller has filed two (2) Proofs of Claim asserting priority claims. The first Proof of Claim asserts a priority amount of \$1,066.89 for Franchise Tax and the second Proof of Claim asserts a priority amount of \$8,607.99 for Sales Tax. The Debtor shall pay the priority amounts in the Comptroller's Proof of Claim in full with interest at the rate of 4.75% per annum in 36 equal monthly payments commencing on the Effective Date. The Debtor believes the monthly payment amount on the Comptroller's priority claims will be approximately \$342.

The Texas Workforce Commission has file a priority Proof of Claim for Unemployment Taxes in the amount of \$577.63. The Debtor shall pay this claim in full with interest at the rate of 4.75% per annum in 2 equal monthly payments commencing on the Effective Date. The Debtor believes the monthly payment amount to the Texas Workforce Commission will be \$289.

A failure by the Reorganized Debtor to make a payment to the Texas Workforce Commission and Comptroller pursuant to the terms of the Plan shall be an Event of Default. If the reorganized debtor fails to cure an Event of Default as to such payments within ten (10) days after receipt of written notice of default from the Texas Workforce Commission and/or the Comptroller then the Texas Workforce Commission and/or Comptroller may (a) enforce the entire amount of its claim; (b) exercise any and all rights and remedies the Texas Workforce Commission or Comptroller may have under applicable state law; and/or © seek such relief as may be appropriate in the Court. The reorganized debtor shall have the opportunity to cure two (2) times over the life of the plan. In the event of the third default, the Texas Workforce Commission and/or the Comptroller may proceed with the state law remedies for collection of all amounts due under state law.

Class 4 Claimants are impaired under this Plan.

Class 5 Claimants (Allowed Secured Claim of Steve Speidel) is impaired and shall be satisfied as follows: On or about May 19, 2016 Steve Speidel (Speidel”) obtained a judgment in the Eighteenth Judicial Circuit Court for the State of Illinois against the Debtor in the amount of \$132,517.17 plus attorneys fees (“State Court Judgment”). On or about May 17, 2017 Speidel served a Garnishment Summons against HCL America, Inc. (“HCL”) to collect on the State Court Judgment. At the time of the service of the Garnishment Summons HCL was holding \$86,623.94 owed to Debtor. Speidel and the Debtor have been in a dispute concerning the legal effect of the Illinois Garnishment on HCL. Speidel had filed a Proof of Claim asserting a secured claim in the amount of \$86,623.14 and an unsecured claim in the amount of \$27,205.71. In the event Speidel is successful in the pending dispute concerning the claim for the \$86,623.94 secured claim, Speidel shall have a Class 5 claim in the amount of \$86,623.94 and an unsecured Class 8 claim in the amount of \$27,205.71. The Class 5 Claim shall be paid in full with interest at the rate of 3% per annum in 60 equal payments of \$1,557 commencing on the Effective Date. In the event Speidel is not successful as a secured creditor, Speidel shall have a Class 7 Claim in the amount of \$132,517

The Class 5 creditor is not impaired under this Plan.

Class 6 Claimants (General Unsecured Creditors of \$5,000 or less) are impaired and shall be satisfied as follows: All General Unsecured Creditors with Allowed Claims of \$5,000 or less shall be paid 20% of their Allowed Claim in three equal payments. The first payment 60 days after the Effective Date, the second payment 60 day thereafter and the third 60 days thereafter. Based upon the Debtor’s Schedules the total amount of Class 17 creditors should not exceed \$20,000.

The Class 6 Creditors are impaired under this Plan.

Class 7 Claimants (General Unsecured Creditor of \$5,001 or more) are impaired and shall be satisfied as follows: All Allowed General Unsecured Creditors with Allowed Claims of \$5,001 or more shall receive their pro rata share of 60 monthly payments of \$2,500 commencing 90 days after the Effective Date. The General Unsecured Creditors over \$5,001 would expect to receive a total distribution of 15% of their Allowed Class 7 Claim.

The Class 7 Creditors are impaired under this Plan.

Class 8 Claimants (Current Ownership) are not impaired and shall be satisfied as follows: The Allowed Equity Interest Holder Claims shall retain their stock in the Reorganized Debtor.

The Class 8 Claimant is not impaired under the Plan.

ARTICLE VI **MECHANICS/IMPLEMENTATION OF PLAN**

Debtor shall continue its operations to fund the Plan.

As specified in Section 1125(e) of the Bankruptcy Code, persons that solicit acceptances or rejections of this Plan and/or that participate in the offer, issuance, sale or purchase of securities offered or sold under this Plan, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, are not liable on account of such solicitation or participation for violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejection of this Plan or the offer, issuance, sale or purchase of securities.

ARTICLE VII. **FEASIBILITY OF PLAN**

The Plan is premised on the Debtor's ability to maintain operations at a level sufficient to fund the payments required under this Plan. Based upon the projections of the Debtor, Debtor believes the Plan to be feasible.

ARTICLE VIII. **RETENTION OF JURISDICTION**

The Bankruptcy Court's jurisdiction shall be retained under the Plan as set forth in Article XIV of the Plan.

This Plan shall be the sole and exclusive remedy for any Creditor of the Debtor dealt with herein, so long as Debtor is not in default under the Plan.

ARTICLE IX.
ALTERNATIVES TO DEBTOR'S PLAN

If the Debtor's Plan is not confirmed, the Debtor's bankruptcy case may be converted to a case under Chapter 7 of the Code, in which case a trustee would be appointed to liquidate the assets of the Debtor for distribution to its Creditors in accordance with the priorities of the Code. In this case the Debtor's primary assets consist of inventory and accounts receivable. The Debtor currently owe tax creditors and asserted secured creditor claim in excess of the value of its assets. The Debtor does not believe a liquidation of the Property would provide the creditors with a greater return than is being paid under the Plan.

ARTICLE X
RISKS TO CREDITORS UNDER THE DEBTOR'S PLAN

Claimants and Equity Interest Holders should be aware that there are a number of substantial risks involved in consummation of the Plan. The Plan contemplates that there will be excess funds to pay Creditor Claims. The major risk associated with the Plan, is the Debtor's ability to maintain operations at the level set forth in the projections.

ARTICLE XI.
TAX CONSEQUENCES TO THE DEBTOR

Implementation of the Plan may result in federal income tax consequences to holders of Claims, Equity Interest Holders, and to the Debtor. Tax consequences to a particular Creditor or Equity Interest Holder may depend on the particular circumstances or facts regarding the Claim of the Creditor or the interests of the Equity Interest Holder. Under this Plan all creditor will not be paid in full. CLAIMANTS ARE URGED TO CONSULT THEIR OWN TAX ADVISOR AS TO THE CONSEQUENCES OF THE PLAN TO THEM UNDER FEDERAL AND APPLICABLE STATE AND LOCAL TAX LAWS.

Under the terms of this Plan, the creditor's should not suffer any negative tax consequences as a result of the Plan because all creditors will be paid in full the amounts owed to them.

ARTICLE XII.
PENDING OR ANTICIPATED LITIGATION

Debtor has evaluated potential claims which may be brought pursuant to the Bankruptcy Code or other laws. The Debtor is not aware of any such claims that could be brought that would benefit the estate at this time.

Dated: January 31, 2018.

Respectfully submitted,

DATASTARUSA, Inc.

/s/ Jon Marshall
 By: Jon Marshall
 Its: President

EXHIBIT C - LIQUIDATION ANALYSIS

Assets	Chapter 7	Chapter 11
Inventory	20,000	30,000
A/R	30,000	30,000
Cash	15,000	15,000
Office Furniture	1,000	2,500
Liabilities		
Administrative	15,000	15,000
Taxes		
property	12,000	12,000
IRS	99,000	99,000
Comptroller	12,000	12,000
Unsecured	1,000,000	1,000,000
Dividend to Unsecured	0%	15 -20 %