UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

In re:	§	
	§	**Case No. 15-44620-rfn-11**
LIVING BENEFITS FINANCIAL	§	
GROUP, LLC, *et al.*,	§	**CHAPTER 11 CASE**
	§	
Debtors,	§	**JOINTLY ADMINISTERED**
	§	

DEBTORS' SECOND AMENDED DISCLOSURE STATEMENT REGARDING
FIRST AMENDED JOINT PLAN OF LIQUIDATION

Dated: September 15, 2017

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I. GENERAL INFORMATION

APART FROM THIS DISCLOSURE STATEMENT, NO REPRESENTATIONS CONCERNING THE DEBTOR ARE AUTHORIZED BY THE PROPONENTS. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE THE VOTE OF A CLAIMANT OR INTEREST HOLDER WHICH ARE OTHER THAN AS CONTAINED HEREIN SHOULD NOT BE RELIED UPON IN ARRIVING AT A DECISION ABOUT THE PLAN, AND SUCH ADDITIONAL INDUCEMENT SHOULD BE REPORTED TO COUNSEL FOR THE PROPONENTS, WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO AUDIT. FOR THE FOREGOING REASON, AS WELL AS BECAUSE OF THE COMPLEXITY OF THE DEBTORS' BUSINESS AND THE IMPOSSIBILITY OF MAKING ASSUMPTIONS, ESTIMATES AND PROJECTIONS WITH COMPLETE ACCURACY, THE PROPONENTS ARE UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT INACCURACY, ALTHOUGH EVERY REASONABLE EFFORT HAS BEEN MADE TO ENSURE THAT SUCH INFORMATION IS ACCURATE. CLAIMANTS ARE URGED TO REVIEW IN FULL THE PLAN AND THIS DISCLOSURE STATEMENT TOGETHER WITH ALL EXHIBITS ATTACHED THERETO PRIOR TO VOTING ON THE PLAN AND ARE URGED TO CONSULT LEGAL COUNSEL TO ENSURE COMPLETE UNDERSTANDING OF THE PLAN AND THIS DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT IS INTENDED FOR THE SOLE USE OF CLAIMANTS TO ENABLE SUCH CLAIMANTS TO MAKE AN INFORMED DECISION ABOUT THE PLAN. THIS DISCLOSURE STATEMENT IS NOT TO BE USED OR RELIED UPON FOR ANY OTHER PURPOSE.

THE PROPOSED PLAN REPRESENTS THE BEST EFFORTS OF THE PROPONENTS AND THIS IS THE PLAN IT BELIEVES THE CREDITORS MAY APPROVE.

THE PROPONENTS BELIEVE THAT THE PLAN WILL PROVIDE CLAIMANTS WITH AN OPPORTUNITY TO RECEIVE MORE THAN THEY WOULD RECEIVE IN A LIQUIDATION OF THE ESTATE'S ASSETS IN A CHAPTER 7 CASE; THEREFORE IT SHOULD BE ACCEPTED AND THE PROPONENTS URGE CLAIMANTS TO VOTE FOR THE PLAN.

THE PROPONENTS URGE EACH PARTY ENTITLED TO VOTE ON THE PROPOSED PLAN TO CAREFULLY REVIEW THE PLAN AND THIS DISCLOSURE STATEMENT BEFORE VOTING.

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT OF ANY OF THE

REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT OR IN THE PLAN, NOR DOES IT CONSTITUTE AN ENDORSEMENT OF THE PLAN ITSELF.

A. Purpose of Disclosure Statement.

Living Benefits Financial Group, LLC and Living Benefits Asset Management, LLC (collectively, the "**Debtors**") submit this Disclosure Statement pursuant to section 1125 of the United States Bankruptcy Code (the "**Bankruptcy Code**"). This Disclosure Statement is being sent to all creditors (the "**Creditors**") and interestholders (the "**Interestholders**") of the Debtors and of their bankruptcy estate (the "**Estates**"), for the purpose of disclosing information which the Bankruptcy Court has determined is material, important and necessary for such Creditors and Interestholders to arrive at a reasonably informed decision in exercising their right to vote for acceptance or rejection of the Debtors' First Amended Joint Plan of Liquidation (the "**Plan**"). The Plan was filed with the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division (the "**Bankruptcy Court**" or "**Court**") on August 9, 2017 and may be amended or modified from time to time thereafter as provided in the Bankruptcy Code.

This Disclosure Statement describes various transactions 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. Please carefully read this Disclosure Statement and the accompanying Plan in their entirety before voting on the Plan.

B. Explanation of Chapter 11 Case.

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Pursuant to chapter 11, a debtor is authorized to reorganize its business for its own benefit and that of its creditors. Chapter 11 also contemplates that a debtor, or a trustee of a debtor, may take advantage of the administrative aspects available in a chapter 11 case to realize either an orderly liquidation or reorganization of the debtor's estate.

On November 16, 2017 (the "**Petition Date**"), the Debtors filed voluntary petitions for relief under chapter 7 of title 11 of the United States Code, 11 U.S.C. §§ 101 – 1532 (the "**Bankruptcy Code**"). The Debtors have been managing their business and affairs as debtors-in-possession, pursuant to section 1107 and 1108 of the Bankruptcy Code.

Formulation of a plan of reorganization/liquidation is the principal purpose of a chapter 11 reorganization case. A plan of reorganization/liquidation sets forth the means for satisfying claims against a debtor. After a plan of reorganization/liquidation has been filed, it must be accepted by holders of claims against a debtor. Section 1125 of the Bankruptcy Code requires full disclosure before solicitation of acceptances of a plan of reorganization/liquidation. This Disclosure Statement is presented to Creditors, and parties in interest, to satisfy the requirements of section 1125 of the Bankruptcy Code.

There are two methods by which a plan can be confirmed: (1) the "acceptance" method, in which all impaired classes of claims and interests have voted in the requisite amounts to accept the plan, or (2) the "nonacceptance" or "cram down" method, in which at least one class of impaired claims or interests has voted in the requisite amounts to accept the plan and certain other

requirements are met with respect to all other impaired classes of claims and interests, such that the Bankruptcy Court is nonetheless authorized to confirm the Plan.

A claim that will not be repaid in full or as to which the legal rights are altered, or an interest that is adversely affected, is impaired. A holder of a claim or interest that is impaired by a plan is entitled to vote to accept or reject that plan if such claim or interest has been allowed or is deemed allowed under section 502 of the Bankruptcy Code, or is temporarily allowed for voting purposes under Rule 3018 of the Federal Rules of Bankruptcy Procedure.

Chapter 11 does not require that each holder of a claim against a debtor vote in favor of a plan of reorganization/liquidation in order for such plan to be confirmed by the Bankruptcy Court; rather, chapter 11 provides that acceptance is obtained by aggregating the votes of similarly situated creditors by classes. In order for a class of claims to vote to accept a plan, votes representing at least two-thirds in amount and more than one-half in number of claims actually voted in that class must be cast for acceptance of the plan. In order for a class of interests to vote to accept a plan, votes of holders of at least two-thirds in amount of the allowed interests in that class actually voted must cast a ballot for acceptance of the plan.

Regardless of the acceptance of a proposed plan by any or all of the classes of claims, the plan, to be confirmable, must comply with certain designated provisions of the Bankruptcy Code, specifically, section 1129. Section 1129 sets forth the requirements of confirmation and, among other things, requires that a plan of reorganization/liquidation be in the best interests of claimants. It generally requires that each claimant will receive or retain property of a value not less than the amount such claimant would receive if the debtor were liquidated under chapter 7 of the Bankruptcy Code.

The Bankruptcy Court may confirm a plan of reorganization/liquidation even though less than all of the classes of claims accept the plan of reorganization/liquidation. Specifically, the Bankruptcy Court must find that the plan is fair and equitable with respect to each impaired class that does not accept the plan. Confirmation of a plan of reorganization/liquidation over the objection of one or more classes of claims or interests is generally referred to as a "cram-down." With respect to a class of secured creditors, the fair and equitable test requires that a secured creditor (i) retain its lien(s) and receive cash payments equal to the allowed amount of its claims, (ii) receive the proceeds from the sale of its collateral, or (iii) realize the indubitable equivalent of its claim. With respect to a class of unsecured claims, the fair and equitable test requires that if the creditors in such class do not receive property with a value equal to the Allowed amount of their claims, no junior class can receive anything pursuant to the plan.

In the event that all impaired classes do not vote to accept the Plan, the Debtors will nonetheless seek Confirmation of the Plan through a cram-down of the objecting classes of creditors.

Additionally, pursuant to section 1126(g) of the Bankruptcy Code, a class is deemed not to have accepted a plan if such plan provides that the claims or interests of such class do not entitle the holders thereof to receive or retain any property under the plan on account of such claims or interests.

Confirmation of a plan of reorganization/liquidation generally discharges a debtor from all of its pre- confirmation debts and liabilities except as provided for in the plan of reorganization/liquidation or the order of the Bankruptcy Court confirming the plan of reorganization/liquidation. Confirmation makes the order of the Bankruptcy Court binding upon the Debtors, all claimants (including holders of inchoate or contingent claims or rights), and other parties in interest, regardless of whether or not they have accepted the plan of reorganization/liquidation.

C. Procedure for Filing Proofs of Claims and Proofs of Interest.

All proofs of claims and proofs of interests must have been filed by Claimants by the close of business on the Bar Date. Any proof of claim which was untimely filed is of no force and effect and is not entitled to distribution under the Plan. IF CLAIMANTS ARE LISTED IN THE DEBTORS' SCHEDULES AS "NON-CONTINGENT," "LIQUIDATED" AND "UNDISPUTED," A PROOF OF CLAIM NEED NOT HAVE BEEN FILED. The Debtors' Schedules are on file with the Bankruptcy Court Clerk's office and are open for inspection during the Clerk's regular hours.

If the Debtors reduce any claim shown on the Debtors' Schedules, those Claimants affected thereby will be notified and will be given an extra thirty (30) days in which to file their own Proof of Claim, if so desired.

Parties to executory contracts or leases that are rejected under the Plan (see Article VII of the Plan and the discussion below) must file claims for damages, if any, resulting from such rejection no later than the tenth (10^{th}) day following the earlier of: (a) the date of entry of an order of the Bankruptcy Court approving such rejection, or (b) the Effective Date of the Plan, unless otherwise provided by Bankruptcy Court order. The date for the hearing on Confirmation of the Plan is set for **October 18, 2017.** Assuming that the Plan is confirmed on that date, claims resulting from the rejection of an executory contracts or leases must be filed ten (10) days thereafter, or in accordance with specific Court order.

D. Voting.

1. Procedures.

Each holder of a Claim may vote on the Plan by completing, dating and signing the corresponding Ballot sent to him/her or it and by submitting the Ballot as set forth below. If you are a holder of a disputed, contingent or unliquidated Claim, you may petition the Bankruptcy Court to allow your Claim for voting purposes only by making timely application to the Bankruptcy Court pursuant to Bankruptcy Rule 3018. You should seek the advice of your own counsel as to how to accomplish this.

The following represents the Proponents' position with regard to the various classes of each Debtor:

2. Impaired Classes.

Classes 1, 4, 5 and 6 are impaired under the Plan. Therefore, the Debtors seek acceptance of the Plan by Claimants in such Classes. Each holder of a Claim in each Class may vote on the Plan by completing, dating, and filing the Ballot as set forth below.

Ballots are enclosed with this Disclosure Statement and are being sent to all parties eligible to vote on the Plan. For all Classes, Ballots must be sent to the following:

FisherBroyles, LLP
4514 Cole Avenue, Suite 600
Dallas, Texas 75205
Attn: H. Joseph Acosta

In order to be counted, Ballots must be received at the foregoing address not later **than 5:00 p.m., Central Time, U.S.A., on October 13, 2017**.[1]

3. Acceptances.

In order for there to be an acceptance of the Plan by the classes of Claimants who will be voting on the Plan, the Plan must be accepted by Claimants who hold at least two-thirds in dollar amount of the Claims as to which votes are cast and constitute more than one-half in number of holders of such Claims voting. Ballots that are signed and returned but not expressly voted either for acceptance or rejection of the Plan will be **counted as acceptances**.

4. Approval of Disclosure Statement.

The hearing to approve the Disclosure Statement is scheduled for September 13, 2017, at 1:30 p.m., before the Honorable Russell Nelms, United States Bankruptcy Judge, in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division (the "**Bankruptcy Court**"), 501 W. 10th Street, Fort Worth, Texas 76102-3643. On September 13, 2017, this Disclosure Statement was approved by the Bankruptcy Court as having adequate information on, pursuant to section 1125 of the Bankruptcy Code**.** "Adequate information" is information of a kind, and in sufficient detail, to enable a hypothetical investor typical of the holders of Claims and Interests in the Chapter 11 Cases, that would enable such hypothetical investor to make an informed judgment about the Plan.

5. Confirmation Hearing.

Pursuant to section 1128(a) of the Bankruptcy Code, a hearing on confirmation of the Plan (the "**Confirmation Hearing**") **has been scheduled to**

[1] This date is subject to further Court approval.

commence on October 18, 2017 at 1:30 p.m. Central Time, before the Honorable Russell Nelms, United States Bankruptcy Judge, in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division (the "**Bankruptcy Court**"), 501 W. 10th Street, Fort Worth, Texas 76102-3643. At the Confirmation Hearing, the Bankruptcy Court will consider whether the Plan satisfies the requirements of the Bankruptcy Code.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a chapter 11 plan. Pursuant to Local Bankruptcy Rule 3020-1, any objections to confirmation of the Plan must be filed with the Bankruptcy Court no later than **4:00 p.m. Central Time on October 16, 2017** (the "**Confirmation Objection Deadline**") and simultaneously served on the following parties:

Counsel to the Debtors:	U.S. Trustee:
H. Joseph Acosta **FISHERBROYLES, LLP** 4514 Cole Avenue, Suite 600 Dallas, Texas 75205 Facsimile: 214-614-8992 Email: joseph.acosta@fisherbroyles.com	Office of the United States Trustee for the Northern District of Texas Attn: Erin Marie Schmidt 1100 Commerce Street Room 9C60 Dallas, Texas 75242

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. If an objection to confirmation is not timely filed and served, the Bankruptcy Court may not consider it.

For the convenience of Claimants and Interestholders, this Disclosure Statement summarizes the terms of the Plan. However, the Plan and any Exhibits and Schedules thereto as the operative documents, and govern.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN AS A DESCRIPTION OF THE PLAN THE CHAPTER 11 CASES, AND NOTHING CONTAINED HEREIN SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE EVIDENCE OF THE LEGAL EFFECT OF THE PLAN ON HOLDERS OF CLAIMS OR EQUITY INTERESTS. CERTAIN INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS, BY ITS NATURE, FORWARD LOOKING, AND CONTAINS ESTIMATES, FORECASTS AND ASSUMPTIONS WHICH MAY PROVE TO BE MATERIALLY DIFFERENT FROM ACTUAL RESULTS.

II. DEFINITIONS USED IN THE DISCLOSURE STATEMENT

Various terms used in this Disclosure Statement are defined in the Plan and various additional terms are defined in this Disclosure Statement. Such defined terms are indicated by their initial letter being capitalized. For definitions contained in the Plan, see Article I of the Plan. ALL CAPITLIZED TERMS USED BUT NOT OTHERWISE DEFINED HEREIN SHALL HAVE THE MEANINGS ASCRIBED TO THOSE TERMS IN THE PLAN.

III. HISTORY OF THE DEBTORS

A. Debtors' Background.

Living Benefits Financial Group, LLC ("**LBFG**") and its wholly-owned subsidiary company, Living benefits Asset Management, LLC ("**LBAM**"), have provided a full-range of consulting services for institutional and non-institutional investors with respect to life settlements and related transactions. Life settlements involve the purchase of previously-issued life insurance policies from insured seniors prior to the maturity of their policies.

The Debtors previously had its corporate offices located at 601 Carlson Towers, Suite 1225, Minnetonka, Minnesota 55305.

While the Debtors and their predecessors previously employed up to 40 individuals in their businesses, as of the Petition Date, the Debtor had no employees, and a non-employee officer is responsible for all of the affairs of the Debtors, with a few independent contractors performing services for the Debtors. As of the Petition Date, all of the Debtors' books and records and majority of their assets were located in Spearman, Texas.

B. Factors Precipitating Commencement of the Case.

Between 2009 and 2014, the Debtors incurred debts in excess of $4,800,000, including more than $2,800,000 in loans from LBFG's current members and an additional $390,000 from former members. LBFG also owes Anchor Bank, N.A. (successor-in-interest to Voyager Bank) in excess of $488,000, which debt was assigned to LBFG from a predecessor company.

In August 2014, the Debtors' management was replaced. Subsequently, the Debtors began entering into agreements with a substantial majority of its creditors, including all of its members and Anchor Bank, for an extension of time to repay the outstanding loans. Since that time, the Debtors have not incurred significant new liabilities. Nonetheless, the Debtors have been unable to generate enough revenue to allow them to repay their outstanding debts.

Starting in 2014, the Debtors' owners were no longer willing to provide the Debtors with additional loans, and no financial institution, including Anchor Bank, was willing to extend credit to the Debtors. In October 2015, the Debtors' current management elected to file chapter 11 to provide for an orderly liquidation of the Debtors' businesses.

C. Significant Post-Petition Events.

C.1 **Commencement of the Bankruptcy Cases**: The Debtors commenced this bankruptcy case by filing its petition pursuant to chapter 11 of Title 11 of the United States Code on November 16, 2017.

C.2 **Joint Administration of Cases.** On December 23, 2017, the Court entered an order providing for the joint administration of the Debtors' Cases for administrative purposes.

C.3 **Filing of Bankruptcy Schedules and Statement of Financial Affairs**: Debtors filed its Bankruptcy Schedules and Statement of Financial Affairs on the Petition Date.

C.4 **Professionals Employed in the Bankruptcy Case:** Prior to the Petition Date, the Debtors employed the law firm of FisherBroyles, LLP (the "**Firm**") to prepare for the bankruptcy filings and serve as general bankruptcy counsel. The Bankruptcy Court entered an order approving the retention of the Firm as general bankruptcy counsel to the Debtors on February 26, 2016.

C.5 **Creditor's Committee:** No creditor's committee was appointed in this bankruptcy case.

C.6 **Kestrel Litigation.** On December 16, 2017, LBAM initiated an adversary complaint against Kestrel Aircraft Company, Inc. ("**Kestrel**"), seeking to collect over $885,000.00 in fees and expenses owed to LBAM for services provided to Kestrel. On March 23, 2017, after trial, the Court entered a take-nothing judgment against LBAM in the adversary proceeding. On June 14, 2017, after unsuccessfully prosecuting a motion to reconsider the judgment, LBAM filed a notice of appeal, appealing the final judgment to the United States District Court for the Northern District of Texas.

C.7 **Rejection of A-W Servicing Agreement:** On July 14, 2017, LBAM filed an emergency motion to reject a servicing agreement with A-W Life Services Minnesota LLC ("**A-W**"), effective as of July 12, 2017. A-W agreed to pay LBAM $85,000.00 to do so. On July 27, 2017, the Court entered an order granting LBAM's request to reject and terminate the A-W servicing agreement.

D. **Assets of the Debtors**.

The following is a brief summary of Debtors' principal assets. The information has been compiled from the Debtor's Bankruptcy Schedules and Statement of Financial Affairs; provided, however, that failure to list any specific assets in the Schedules and/or Statement of Financial Affairs or herein below does not constitute any waiver or admission. To date, no appraisals have been prepared subsequent to the Petition Date.

D.1 **Real Estate:** The Debtors do not own any real estate.

D.2 **Cash on Hand:** The Debtors have approximately $7,500.00 on hand. Post-petition, the Debtors received revenue primarily from performing services under the A-W servicing agreement and several other similar agreements.

D.3 **Accounts Receivable:** LBAM is owed over $885,000.00 from Kestrel Aircraft Company, Inc.

D.4 **Personal Property:** Debtors' Bankruptcy Schedules list the following additional personal property assets:

(a) Computer Equipment, server and television - $2000.00;

(b) Living Star software program - $500.00;

(c) General Office supplies - $250.00;

D.5 **Stock Held:** LBFG owns 100% of the stock of LBAM and the Debtors hold stock in no other operating company.

E. Liabilities of the Debtors.

Administrative Expense Claims: The only administrative priority expenses that were incurred during the Cases were those expenses of retained professionals and US Trustee fees. The Debtors incurred over $275,000.00 in legal fees and expenses administering this bankruptcy case and prosecuting LBAM's claims against Kestrel. The Firm is owed over $100,000.00 of such fees and expenses. All US Trustee fees have been paid. Otherwise, the Debtor expects to remain current on its post-petition obligations as accrued. All fees and expenses of retained professionals are subject to approval of the Bankruptcy Court.

Unsecured Priority Claim of President: No priority claims exist.

Unsecured Non-Priority Claims: The Debtors' Bankruptcy Schedules list total general unsecured claims in the amount of approximately $7,359,569.66 in the aggregate.

F. Source of Information

The financial information contained herein was prepared by the Debtors, and assisted by Debtors' bankruptcy counsel. The historical financial information was obtained from the Debtors' books and records. The estimated claims set forth in this Disclosure Statement were determined from the Debtors' books and records and the Bankruptcy Schedules.

IV. SUMMARY OF THE PLAN

THE DESCRIPTION OF THE PLAN CONTAINED IN THIS DISCLOSURE STATEMENT SUMMARIZES ONLY PORTIONS OF THE PLAN AND IS NOT, NOR IS IT INTENDED TO BE, A COMPLETE DESCRIPTION OF THE PLAN. ALL TERMS USED OR DEFINED IN THE PLAN HAVE THE SAME MEANING HEREIN UNLESS OTHERWISE NOTED.

A. Overview of the Plan.

The Debtors anticipate substantively consolidating through the Plan, liquidating their remaining assets (consisting primarily of litigation claims against Kestrel), making distributions to creditors (if possible), and winding down all of its business and affairs, pursuant to the terms in the Plan.

An overview of the Plan is set forth below. A true and correct copy of the Plan is attached hereto as Exhibit "A". If the Court confirms the Plan, and in the absence of any applicable stay, and all other conditions set forth in the Plan are satisfied, the Plan will take effect on the Effective Date, i.e., on or before the tenth (10th) day following the date upon which the Confirmation Order becomes a Final Order.

As of the Effective Date of the Plan, the Debtors shall be responsible for all payments and distributions to be made under the Plan to the holders of Allowed Claims as provided in the Plan. Each executory contract and unexpired lease to which the Debtors are a party shall be either assigned to Living Wealth Advisors or deemed rejected pursuant to the Plan.

The following is a summary of the treatment of each Class in the Plan. The following also includes estimates only of potential allowed claims based upon Debtors' Bankruptcy Schedules and proofs of claim filed to date. The Debtors make no representations regarding whether potential allowed claims will be more or less than the estimates set forth below.

B. Classification and Treatment of Claims Against and Interests in the Debtor.

B.1 Class 1 - Administrative Expenses: Each Class 1 Allowed Administrative Claim shall be paid by the Debtors from Available Cash on the Effective Date. To the extent Available Cash is insufficient to pay an Allowed Administrative Claim in full, the Claimant of such Allowed Administrative Claim shall be entitled to receive 50% of the Net Recovery, plus 100% of the Net Recovery Deduction; provided that in no event shall an Administrative Claim obtain a distribution other than from Available Cash or a recovery from Kestrel, including the Net Recovery and Net Recovery Deduction. In the event a Net Recovery is not obtained, the Firm shall still be entitled to receive any and all portions of the Net Recovery Deduction from any recovery obtained from Kestrel. Any additional requests for allowance of an Administrative Claim must be filed with the Bankruptcy Court within thirty (30) days after the Effective Date. Upon allowance of such Administrative Claim, the Administrative Claimant shall be entitled to be paid from Available Cash or from the Net Recovery, as provided herein. Any Class 1 Claims not filed within such time period will be forever barred and will not be entitled to receive any Distribution or other payment under the Plan. Any fees due pursuant to 28 U.S.C. §

1930(a)(6) shall be paid in full from Available Cash before any other Claimant is entitled to any recovery in this Class.

The Debtors anticipate paying all ordinary course of business post-petition expenses, as they come due, prior to the Effective Date. Therefore, all of the Allowed Claims in this class should constitute the fees and expenses of the Debtors' professionals.

The estimated Claims in this Class are unknown are approximately $106,500.00.

B.2 Class 2 – Priority Claims: All Allowed Claims in this Class will be paid in Cash, pursuant to 11 U.S.C § 1129(a)(9)(A) and (a)(9)(B) on the Effective Date.

The estimated Claims in this Class amount to $0.00.

B.3 Class 3 – Secured Claims: All Secured Claims listed in the Debtors' Schedules D shall be entitled to 100% recovery. Any other Allowed Secured Claim shall be treated as an Unsecured Claim under the Plan, as the value of their claims well-exceed any value of their collateral. The Plan constitutes an objection to any Allowed Secured Claim not listed in Bankruptcy Schedules D of the Debtors. No Secured Claimant shall have a lien on any Net Recovery or Net Recovery Discount, and its lien shall be stripped pursuant to section 1123(b)(5) to the extent that they claimed otherwise under any prepetition agreement

The estimated Claims in this Class are $0.00.

B.4 Class 4 – Unsecured Claims: All Unsecured Claims, including those listed in Schedules F of the Debtors' Schedules, shall receive, within 60 days after obtaining any recovery from Kestrel, a pro rata share of 50% of the Net Recovery, minus any deductions (if applicable) for Class 5 Claimants.

The estimated Claims in this Class amount to $6,398,823.16.

B.5 Class 5 – Employee Claims: Allowed Claims in Class 5 shall receive a pro rata share of 25% of any recovery obtained by Class 4 Claimants above $250,000.00.

The estimated Claims in this Class amount to $960,746.50.

B.6 Class 6 - Interestholders: All Class 6 Interests shall be extinguished and void on the Effective Date.

C. Implementation of the Plan.

C.1 Consensual Plan. The Debtors have proposed a consensual plan, where the Debtors' primary stakeholders have agreed to release their claims against the Debtors so that the Debtors' Estates may be administered more efficiently during this bankruptcy case.

C.2 Wind Down. Upon the Effective Date, the Debtors or its officers are authorized to take any and all actions, to the extent necessary, to terminate all contracts, licenses or agreements; extinguish all bank accounts; dissolve the debtor and terminate corporate existence; extinguish all stocks of the Debtors; file tax returns; and dispose of any property that is not otherwise directed by this Plan.

C.3 Releases. For all consideration provided by this Plan to Claimants and Interestholders, entry of the Confirmation Order acts as a discharge, effective as of the Effective Date, of all debts of, Claims against, liens on the Debtors or the Principals and each of their respective assets or properties, which debts, Claims, liens, and Interests arose at any time before the entry of the Confirmation Order. The discharge of the Debtors shall be effective as to each Claim, regardless of whether a proof of claim therefor was filed, whether the Claim is an Allowed Claim or whether the holder thereof votes to accept the Plan. On the Effective Date, as to every discharged Claim and Interest, any holder of such Claim or Interest shall be precluded from asserting against the Debtors, the Principals or the assets or properties of any of them, any other or further Claim or Interest based upon any document, instrument, act, omission, transaction or other activity of any kind or nature that occurred before the Confirmation Date.

C.4 Injunctions. Except as otherwise provided in the Plan or the Confirmation Order, as of the Confirmation Date, but subject to the occurrence of the Effective Date, all Persons who have held, hold or may hold Claims against or Interests in the Debtors, the Principals or the Estate are, with respect to any such Claims or Interests, permanently enjoined after the Confirmation Date from: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Debtors, the Principals, the Estates or any of their property; (ii) enforcing, levying, attaching (including any pre-judgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree or order against the Debtors, the Principals, or the Estates or any of their property; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Debtors, the Principals, or the Estates or any of their property; (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan to the full extent permitted by applicable law; (v) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors, the Principals, the Estates or any of their property; (vi) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan; provided, further, that the Releasing Parties are, with respect to Claims or Interests held by such parties, permanently enjoined after the Confirmation Date from taking any actions referred to in clauses (i) through (vi) above against the Released Parties; provided, however, that nothing contained herein shall preclude any Person from exercising its rights, or obtaining benefits, directly and expressly provided to such entity pursuant to and consistent with the terms of the Plan.

C.5 Assignment of Servicing Agreements. The Servicing Agreements with Whelan Properties, Inc., Gladstone Holdings, LLC and Mark Griggs (as identified in LBAM's Bankruptcy Schedule G) shall be assumed by the LBAM and assigned to Living Wealth Advisors, effective as of July 31, 2017. All obligations under, and benefits from, those Servicing Agreements are transferred to Living Wealth Advisors without the necessity of any further documentation other than this Plan.

C.6 Sale of Assets. Pursuant to section 1123(a)(5)(D) of the Code, Silver Shield Capital, LLC shall purchase from LBFG the following personal property: (a) the Living Star Software program, (b) data regarding individuals who have participated in life settlements and (c) the computer equipment and server (all of which are described in LBFG's Schedule B) (the "**Sold Property**"), for the amount of $500.00 in cash (the "**Purchase Price**"). The Purchase Price shall be paid to LBFG two (2) days after the Confirmation Date and shall constitute part of the Debtors' Available Cash. The Sold Property shall be transferred to Silver Shield Capital, LLC free and clear of all interests, claims, liens, security interests, obligations or any other encumbrances, pursuant to sections 1123(a)(5)(D), (a)(7) and 363(f) of the Code. The terms of this Section 5.8 are self-effectuating and no other documentation is necessary to effectuate the transfer of the ownership of the Sold Property to Silver Shield Capital, LLC.

C.7 Third-Party Actions. In partial satisfaction of the Allowed Claim of the Firm in Class 1, on the Effective Date, LBAM shall transfer and assign to the Firm all rights to, and title and interests in, the claims and causes of action asserted by LBAM in the Kestrel Litigation (the "**Transferred Claims**"), free and clear of all claims, interests, liens, setoffs and encumbrances; provided that the Firm agrees to pay the Claimants in Classes 4 and 5 fifty percent (50%) of any Net Recovery, as provided in Article III of the Plan. The Firm shall be entitled to receive fifty percent (50%) of the Net Recovery and the Net Recovery Deduction from any recoveries obtained from Kestrel before Class 4 and Class 5 Claimants are entitled to receive any Distribution. If only a Net Recovery Deduction (or any portion thereof) is obtained, Class 4 and Class 5 Claimants shall be entitled to no recovery. With respect to the transferred claims and causes of action under this Section 5.10 of the Plan, the Firm shall not be (a) a fiduciary or law firm of any Creditors or Interestholders of the Debtors, including Class 4 and Class 5 Claimants, and (b) obligated to obtain any recoveries for Claims in Classes 4 and 5. The obligations set forth herein are purely contractual, and the Firm shall only be obligated to make a Distribution to Classes 4 and 5, if it obtains a recovery above 50% of the Net Recovery and not if the Firm obtains only a Net Recovery Deduction (or any portion thereof).

C.8 Substantive Consolidation. LBFG's and LBAM's bankruptcy estates shall be merged and shall be deemed substantively consolidated for all purposes in the Plan. All Creditors of each Debtor shall be deemed a Creditor of the other Debtor and all Creditors of both Debtors shall be entitled to treatment from the combined estates of both Debtors.

V. FINANCIAL INFORMATION AND FUTURE OPERATIONS

As of July 31, 2017, the Debtors ceased operations and all business activities. Before then,

the Debtors were current on most of their regular postpetition debts, but were not current on their long-term debts and their post-petition legal fees and expenses. Since the Petition Date, the Debtors have collected revenue from their various Servicing Agreements with third-parties, including A-W, Whelan Properties, Inc., Gladstone Holdings, LLC and Mark Griggs. All of this revenue has been used to pay for the restructuring costs of the Debtors.

VI. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain possible federal income tax consequences of the Plan to the Debtors, and to the holders of Claims and Interests. It is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury Regulations, and administrative and judicial interpretations thereof which are now in effect, but which could change, even retroactively, at any time. This discussion does not address all aspects of federal, state and local tax laws that could impact the various classes of Claimants, the holders of Interests or the Debtors.

The tax discussion below assumes (i) items treated by the Debtors as its indebtedness would, if challenged, be characterized as debt for federal income tax purposes, and (ii) all of the interest which has accrued on obligations classified as debt by the Debtors was properly accrued and if deducted, was properly deducted. In addition, the tax consequences of the Plan will be subject to final determination of tax attributes, including but not limited to audits of prior or future tax returns of the Debtors. Other assumptions are stated elsewhere in this discussion.

NO RULING HAS BEEN SOUGHT OR OBTAINED FROM THE IRS WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN AND NO OPINION OF COUNSEL HAS BEEN OBTAINED BY THE DEBTORS WITH RESPECT THERETO. NO REPRESENTATIONS OR ASSURANCES ARE BEING MADE WITH RESPECT TO THE FEDERAL INCOME TAX CONSEQUENCES AS DESCRIBED HEREIN. CERTAIN TYPES OF CLAIMANTS AND INTEREST HOLDERS MAY BE SUBJECT TO SPECIAL RULES NOT ADDRESSED IN THIS SUMMARY OF FEDERAL INCOME TAX CONSEQUENCES. FURTHER, STATE, LOCAL OR FOREIGN TAX CONSIDERATIONS MAY APPLY TO A HOLDER OF A CLAIM OR INTEREST WHICH ARE NOT ADDRESSED HEREIN. BECAUSE THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND MAY VARY BASED ON INDIVIDUAL CIRCUMSTANCES, EACH HOLDER OF A CLAIM OR INTEREST AFFECTED BY THE PLAN MUST CONSULT, AND RELY UPON, HIS OR HER OWN TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE PLAN WITH RESPECT TO THAT HOLDER'S CLAIM OR INTEREST. THIS INFORMATION MAY NOT BE USED OR QUOTED IN WHOLE OR IN PART IN CONNECTION WITH THE OFFERING FOR SALES OF SECURITIES.

A. Federal Income Tax Consequences of the Plan: This section describes certain possible material federal income tax consequences to the Debtors, Debtors' Estate and holders of Claims and Interests under the Plan.

A1. Tax Consequences to the Debtor:

(a) Gain or Loss on Non-cash Payments: The Debtors will generally recognize

gain or loss on the transfer of any non-cash property in satisfaction of Claims equal to the difference between the fair market value of the property transferred and the adjusted tax basis to the Debtors in such property. However, the Debtors will not recognize gain or loss on the issuance of their own stock or debt, except to the extent of any discharge of indebtedness income, discussed below.

(b) Discharge of Indebtedness: As a general rule, the discharge of all or a portion of a debt by its holder results in a debtor's recognition of taxable income. Section 108 of the Code sets forth certain exceptions to this general rule. Section 108(e)(2) of the Code provides that a taxpayer does not recognize income from the discharge of indebtedness to the extent that satisfaction of the liability would have given rise to a deduction. Section 108(a)(1)(A) of the Code provides an exception to the recognition of income from the discharge of indebtedness when the discharge occurs in a case under the Bankruptcy Code if the taxpayer is under the jurisdiction of the court and the debt discharge is granted by the court or is pursuant to a plan approved by the court. If section 108(a)(1)(A) of the Code applies to exclude from gross income the discharged indebtedness, the "tax attributes" of the taxpayer are reduced, unless the taxpayer affirmatively elects to first reduce the tax basis of its depreciable assets. Section 108(b) of the Code reduces tax attributes in the following order: NOLs, general business credit carryovers, minimum tax credits, capital loss carryovers, basis of depreciable property, passive activity loss and credit carryovers and foreign tax credit carryovers.

If the amount of the discharge of indebtedness exceeds the tax attributes of the Debtors, such excess is nevertheless excluded from gross income and no additional tax liability arises. At this time, Debtors do not believe that Debtors or Debtors' Estates will incur any tax liability to the Internal Revenue Service as a result of the discharge of their indebtedness. In the event the Debtors determine that the implementation of the Plan will result in potential adverse tax consequences to Debtors' Estates, the Debtors reserve the right to file an amended plan prior to the Confirmation Date.

VII. LIQUIDATION ANALYSIS

The Debtors believe that the Plan affords Creditors the potential for the greatest realization from the Debtors' assets, and, therefore, is in the best interests of Creditors. The Debtors have considered alternatives to the Plan, such liquidation in the context of a chapter 7 case. In the opinion of the Debtors, such alternatives would not afford the holders of Claims a return as great as may be achieved under the Plan.

An alternative to the confirmation of the Plan would be conversion of this Case to a liquidation case under chapter 7 of the Bankruptcy Code. In order to determine whether or not the Plan complies with the "best interest of creditors" test of section 1129(a)(7) of the Code, it is necessary to perform an analysis of the liquidation of the Debtors' assets in a chapter 7.

The Debtors believe that it can liquidate its remaining assets and provide distribution to

creditors in a substantially more expedient manner than in chapter 7. The Debtors believes that if the case was converted to a chapter 7 proceeding, any distributions to holders of Claims would be substantially delayed and, in all likelihood, reduced as compared to the anticipated results of confirmation of the Plan. A chapter 7 trustee also brings an added layer of administrative costs and fees (pursuant to section 326 of the Bankruptcy Code), which under the Plan, are avoided. For example, a chapter 7 trustee would be entitled to compensation in accordance with the scale set forth in § 326 of the Bankruptcy Code, and a chapter 7 trustee would likely seek to retain new professionals, including attorneys and accountants, in order to resolve Claims and possibly to pursue claims of the Estate against other parties.

Moreover, there are the added delays associated with appointing a chapter 7 trustee. Under the Bankruptcy Rules, a new bar date for the filing of proofs of claim would have to be set, and additional Claims against the Estate that might be time-barred (because they were not filed before the applicable bar dates set in the Case) could be asserted. Thus, the Plan affords creditors the potential for the greatest realization from the Debtors' assets, and, therefore, is in the best interests of creditors.

Comparison of Plan with Chapter 7 Liquidation.

The Debtors believe that it is in the best interests of all Claimants to accept this Plan. It is anticipated that the Claimants will receive more under the Plan than Claimants would receive if all assets of the Debtors were liquidated by a chapter 7 trustee. In a chapter 7 liquidation, the amounts realized would be applied first to satisfy chapter 7 Administrative Claims, third to satisfy chapter 11 Administrative Claims, and finally to satisfy Priority Claims and General Unsecured Claims.

In a chapter 7 case, Debtors believe that after paying the Allowed Administrative Claims of the Chapter 7 Trustee and his or her professionals, there would be no funds available to pay Allowed Administrative Expense Claims, Allowed Priority Claims or Allowed Unsecured Claims.

The sums shown in the table below reflect the Debtors' estimate of the approximate amounts that the different classes of Claims are anticipated to receive under the Plan and would be likely to receive under a chapter 7 liquidation, assuming an aggregate distribution. The Debtors believe that the amounts to be received under the Plan will exceed those that could be expected under a chapter 7 liquidation of the Estates' assets, because the Debtors have obtained concessions from their Administrative Claimants to waive their claims and believe that they can obtain a Net Recovery from the Kestrel Litigation.

Class of Claims	Estimated Chapter 11 Plan Value[2]	Estimated Chapter 7 Liquidation Value

[2] The estimates in this column assume a full Net Recovery in the Kestrel Litigation, including appeals.

Class 1 – Administrative Expenses	$106,500.00	0.00
Class 2 – Priority Claims	$0.00	$0.00
Class 3 – Secured Claims	$0.00	$0.00
Class 4 – Unsecured Claims	$345,062.50	$0.00
Class 5 – Employee Claims	$31,687.50	$0.00
Class 6—Interestholder Interests	$0.00	$0.00
Total:	$483,250.00	$0.00

In sum, the Debtors believe that conversion to chapter 7 or the appointment of a chapter 7 trustee will merely serve to (i) unnecessarily increase the administrative expenses in the Cases, (ii) result in further unnecessary delay in collecting accounts receivable owing to the Estates and otherwise administering the Estates, and (iii) unnecessarily increase the likelihood of unsuccessful objections to proofs of claim and otherwise not maximize the value of the assets of the estates, due to a lack of personnel with knowledge of the relevant transactions.

Due to the numerous uncertainties and time delays associated with liquidation under chapter 7 of the Bankruptcy Code, it is not possible to predict with certainty the outcome of any chapter 7 liquidation of the Debtors or the timing of any distributions to Creditors. However, the Debtors believe that a complete liquidation of the Debtors under chapter 7 of the Bankruptcy Code would result in lesser distributions to Creditors than that provided for in the Plan and a longer delay in the administration of the Cases.

THE DEBTORS BELIEVE THAT CONFIRMATION AND IMPLEMENTATION OF THE PLAN IS PREFERABLE TO ANY OF THE ALTERNATIVES DESCRIBED HEREIN BECAUSE IT SHOULD PROVIDE GREATER RECOVERIES THAN THOSE AVAILABLE IN LIQUIDATION TO THE HOLDERS OF UNSECURED CLAIMS WHO WOULD LIKELY RECEIVE LESS THROUGH A CHAPTER 7 LIQUIDATION OR THE APPOINTMENT OF A TRUSTEE UNDER AN ALTERNATIVE PLAN OF REORGANIZATION OR LIQUIDATION. IN ADDITION, OTHER ALTERNATIVES WOULD INVOLVE DELAY, UNCERTAINTY, AND SUBSTANTIAL ADMINISTRATIVE COSTS.

VIII. VOTING PROCEDURES

ACCEPTANCE OR REJECTION OF THE PLAN WILL BE DETERMINED, PURSUANT TO THE BANKRUPTCY CODE, BASED UPON THE ALLOWED CLAIMS AND ALLOWED INTERESTS THAT ACTUALLY VOTE ON THE PLAN. THEREFORE, IT IS IMPORTANT THAT CLAIMANTS EXERCISE THEIR RIGHT TO VOTE TO ACCEPT OR REJECT THE PLAN.

A. Classes Entitled to Vote on the Plan: All members of Impaired Classes who hold Allowed Claims are entitled to vote to accept or reject the Plan. Section 1124 of the Bankruptcy Code generally provides that a class of claims or interests is considered to be Impaired under a chapter 11 plan unless the plan does not alter the legal, equitable and contractual rights of the holders of such claims or interest.

B. Persons Entitled to Vote on the Plan: Only holders of Allowed Claims and holders of Disputed Claims which have been temporarily allowed for voting purposes are entitled to vote on the Plan. For purposes of the Plan, an Allowed Claim is a Claim against the Debtors which (a) has been scheduled by the Debtors as undisputed, noncontingent, and liquidated and as to which no objection has been filed within the time allowed for the filing of objections, (b) as to which a timely proof of claim or application for payment has been filed and as to which no objection has been filed within the time allowed for filing of objections, (c) has been Allowed by Final Order, or (d) has been Allowed under the Plan or has not been disallowed under the Plan. The Plan constitutes an objection to certain claims that otherwise have been allowed.

C. Vote Required for Class Acceptance: During the Confirmation Hearing, the Bankruptcy Court will determine whether the Classes voting on the Plan have accepted the Plan by determining whether sufficient acceptances have been received from the holders of Allowed Claims actually voting in such Classes. A Class of Claims will be determined to have accepted the Plan if the holders of Allowed Claims in the Class casting votes in favor of the Plan (i) hold at least two-thirds of the total amount of the Allowed Claims of the holders in such Class who actually vote and (ii) constitute more than one-half in number of holders of the Allowed Claims in such Class who actually vote on the Plan.

As a condition to Confirmation, the Bankruptcy Code requires that each Impaired Class of Claims or Interests accept the Plan, subject to the "cramdown" exception of § 1129(b) described herein. To effectuate the § 1129(b) exception, at least one impaired Class of Claims must accept the Plan.

D. Voting Instructions:

(a) Ballots and Voting: Holders of Allowed Claims entitled to vote on the Plan have been sent a Ballot, together with instructions for voting, with this Disclosure Statement. Claimants should read the Ballot carefully and follow the instructions contained therein. In voting for or against the Plan, please use only the Ballot(s) that accompanies this Disclosure Statement.

IF YOU ARE A MEMBER OF A CLASS ENTITLED TO VOTE ON THE

PLAN AND DID NOT RECEIVE A BALLOT, OR IF YOUR BALLOT IS DAMAGED OR LOST, OR IF YOU HAVE ANY QUESTIONS CONCERNING VOTING PROCEDURES, YOU SHOULD CONTACT COUNSEL FOR THE DEBTORS:

H. Joseph Acosta
FISHERBROYLES, LLP
4514 Cole Avenue, Suite 600
Dallas, Texas 75205
Facsimile: 214-614-8992
Email: joseph.acosta@fisherbroyles.com

THE VOTING DEADLINE IS 5:00 P.M., CENTRAL DAYLIGHT TIME, ON OCTOBER 13, 2017. IN ORDER TO BE COUNTED, BALLOTS MUST BE ACTUALLY RECEIVED BY COUNSEL FOR THE DEBTORS ON OR BEFORE 4:00 P.M., CENTRAL DAYLIGHT TIME, ON THE VOTING DEADLINE AT THE ADDRESS SET FORTH IN THE BALLOT INSTRUCTIONS WHICH ACCOMPANY THE BALLOT. EXCEPT TO THE EXTENT ALLOWED BY THE BANKRUPTCY COURT, BALLOTS RECEIVED AFTER THE VOTING DEADLINE MAY NOT BE ACCEPTED OR USED IN CONNECTION WITH THE DEBTORS' REQUEST FOR CONFIRMATION OF THE PLAN OR ANY MODIFICATION THEREOF.

IX. CRAMDOWN OR MODIFICATION OF THE PLAN

A. "Cramdown:" Request for Relief under Section 1129(b): In the event any Impaired Class of Claims shall fail to accept the Plan in accordance with section 1129(a) of the Bankruptcy Code, the Debtors shall request the Bankruptcy Court to confirm the Plan in accordance with the provisions of section 1129(b) of the Bankruptcy Code. The Court may confirm a plan, even if it is not accepted by all Impaired Classes, if the Plan has been accepted by at least one impaired Class of Claims and the Plan meets the "cramdown" provisions set forth in section 1129(b) of the Code. The "cramdown" provisions require that the Court find that a plan "does not discriminate unfairly" and is "fair and equitable" with respect to each non-accepting impaired Class. In the event that all impaired Classes do not vote to accept the Plan, the Debtors will request that the Bankruptcy Court nonetheless confirm the Plan pursuant to the provisions of section 1129(b) of the Bankruptcy Code.

The Court may find that the Plan is "fair and equitable" with respect to a Class of non-accepting impaired Interests only if (a) the holder of an Interest will receive or retain under the Plan property of a value as of the Plan's Effective Date equal to the greatest of any fixed liquidation preference or redemption price or the value of such Interest or (b) the holder of any Interest that is junior to such Interest will not receive or retain any property under the Plan.

The Court may find that the Plan is "fair and equitable" with respect to a Class of non-accepting impaired Unsecured Claims only if (a) each impaired Unsecured Creditor receives or

retains under the Plan property of a value as of the Effective Date of such Plan equal to the amount of its Allowed Claim, or (b) the holder of any Claim or Interest that is junior to the Claims of the dissenting Class will not receive or retain any property under the Plan.

The Court may find that the Plan is "fair and equitable" with respect to a Class of non-accepting Secured Claims, only if, under the Plan (a) the holder of each Secured Claim in such Class retains such holder's lien and receives deferred cash payments totaling at least the Allowed amount of such Secured Claim and having a value, as of the Effective Date of the Plan, equal to or in excess of the value of such holder's interest in the Estates' interests in the collateral for the Secured Claim, (b) the collateral for such Secured Claim is sold, the lien securing such Claims attached to the proceeds, and such liens on proceeds are afforded the treatment described under clause (a) or (c) of this sentence, or (c) the holders of such Secured Claims realize the "indubitable equivalent" of their claims.

If all of the provisions of section 1129 are met, the Court may enter an order confirming the Plan.

B. The Plan Meets the "Best Interest of Creditors" Test: The "best interest of creditors" test requires that the Court find that the Plan provides to each non-accepting holder of a Claim or Interest treated under the Plan a recovery which has a present value at least equal to the present value of the distribution that such person would receive from the debtor if the debtor were liquidated under chapter 7 of the Code. An analysis of the likely recoveries and affect on Creditors in the event of liquidation under chapter 7 of the Code is contained herein.

C. The Plan is Feasible: The Bankruptcy Code requires that, as a condition to confirmation of a plan, the Court find that confirmation is not likely to be followed by a liquidation or a need for further financial reorganization except as proposed in the Plan. The Debtors' proposed Plan provides for the full liquidation of the Debtors' assets and the winding down of their affairs. Thus, there will be no need to file another bankruptcy case.

D. The Plan Meets the Cramdown Standard With Respect to Any Impaired Class of Claims Rejecting the Plan: The Plan satisfies the provisions for cramdown under §1129(b)(2) of the Code. It is expected that 100% of Classes 1 through 5 Claimants shall vote for the Plan, pursuant to their consensual agreement. Additionally, while not required, no Claimant or Interestholder with lesser priority than Classes 4 and 5 Claimants shall receive any value in respect of their claims.

E. Modification or Revocation of the Plan; Severability: Subject to the restrictions on modifications set forth in § 1127 of the Bankruptcy Code and any applicable notice requirements, the Debtors reserve the right to alter, amend or modify the Plan before its substantial consummation. The Debtors also reserve the right to withdraw the Plan prior to the Confirmation Date. If the Debtors withdraws the Plan, or if Confirmation does not occur, then the Plan shall be null and void in all respects, and nothing contained in the Plan will: (1) constitute a waiver or release of any Claims or rights against, or any Interest in, the Debtors; or (2) prejudice in any manner the rights of the Debtors. If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the

request of the Debtors, has the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

X. RISK FACTORS

A. Factors Relating to Chapter 11 and the Plan: The following is intended as a summary of certain risks associated with the Plan, but is not exhaustive and must be supplemented by the analysis and evaluation of the Plan and this Disclosure Statement made by each Claimant as a whole in consultation with such Claimant's own advisors.

B. Insufficient Acceptances: The Plan may not be confirmed without sufficient accepting votes. Each impaired Class of Claims and Interests receiving a distribution under the Plan is given the opportunity to vote to accept or reject the Plan. The Plan will be accepted by a Class of impaired Claims if the Plan is accepted by Claimants in such Class actually voting on the Plan who hold at least two-thirds (2/3) in amount and more than one-half (½) in number of the total Allowed Claims of that Class which actually vote. The Plan will be accepted by a Class of impaired Interests if it is accepted by holders of Interests in such Class actually voting on the Plan who hold at least two-thirds (2/3) in amount of the total Allowed Interests of the Class which actually vote. Only those members of a Class who vote to accept or reject the Plan will be counted for voting purposes.

If any impaired Class of Claims under the Plan fails to provide acceptance levels sufficient to meet the minimum Class vote requirements but at least one impaired Class of Claims accepts the Plan, then, subject to the provisions of the Plan, the Debtors intend to request confirmation of the Plan under section 1129(b) of the Bankruptcy Code.

C. No Net Recovery. While the Debtors firmly believe that they have asserted meritorious claims in the Kestrel Litigation, there is a possibility that a federal appellate court may agree with the Bankruptcy Court's award of a take-nothing judgment against Kestrel. In such event, no Claimants in Classes 1, 4 and 5 will receive a Distribution. There is also a possibility that the Firm will settle with Kestrel for less than the Net Recovery, in which case only Class 1 Claimants will receive a Distribution.

XI. RECOMMENDATION OF DEBTORS

The Debtors believe that the Plan is in the best interests of all Creditors. Accordingly, the Debtors recommend that you vote for acceptance of the Plan and hereby solicit your acceptance of the Plan.

Dated: September 15, 2017

Respectfully submitted,

Living Benefits Financial Group, LLC and Living Benefits Asset Management, LLC,

/s/ Marcia Shieldknight
Marcia Shieldknight,
Manager of Debtors

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ATTORNEYS FOR DEBTORS AND DEBTORS-IN-POSSESSION

Exhibit "A"

Debtors' First Amended Joint Plan of Liquidation
[separately enclosed]