H. Joseph Acosta,
SBN 24006731
FISHERBROYLES, LLP
Highland Park Place
4514 Cole Avenue, Suite 600
Dallas, Texas 75205
Tel: 214-614-8939
Fax: 214-614-8992

ATTORNEYS FOR DEBTOR AND DEBTOR IN POSSESSION

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	
	§	**CASE NO. 17-34117-SGJ**
BO EX VENTURES, LLC,	§	
	§	**CHAPTER 11 CASE**
Debtor.	§	
	§	

DEBTOR'S FIRST AMENDED DISCLOSURE STATEMENT REGARDING FIRST AMENDED PLAN OF REORGANIZATION

Dated: February 23, 2018

TABLE OF CONTENTS

I. GENERAL INFORMATION

APART FROM THIS DISCLOSURE STATEMENT, NO REPRESENTATIONS CONCERNING THE DEBTOR ARE AUTHORIZED BY THE PROPONENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE THE VOTE OF A CLAIMANT OR INTERESTHOLDER 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 PROPONENT, 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 DEBTOR'S BUSINESS AND THE IMPOSSIBILITY OF MAKING ASSUMPTIONS, ESTIMATES AND PROJECTIONS WITH COMPLETE ACCURACY, THE PROPONENT IS 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 AND INTERESTHOLDERS TO ENABLE SUCH CLAIMANTS OR INTERESTHOLDERS 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 PROPONENT AND THIS IS THE PLAN IT BELIEVES THE CREDITORS AND INTERESTHOLDERS MAY APPROVE.

THE PROPONENT BELIEVES THAT THE PLAN WILL PROVIDE CLAIMANTS AND INTERESTHOLDERS 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 PROPONENT URGES CLAIMANTS AND INTERESTHOLDERS TO VOTE FOR THE PLAN.

THE PROPONENT URGES 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.

Bo Ex Ventures, LLC (the "**Debtor**") submits 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 Debtor and of its bankruptcy estate (the "**Estate**"), 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 Debtor's First Amended Plan of Reorganization (the "**Plan**"). The Plan was filed with the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "**Bankruptcy Court**" or "**Court**") on February 22, 2018, 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 3, 2017 (the "**Petition Date**"), the Debtor filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 – 1532 (the "**Bankruptcy Code**"). The Debtor has been managing its business and affairs as a debtor-in-possession, pursuant to section 1107 and 1108 of the Bankruptcy Code.

Formulation of a plan of reorganization 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, Interestholders 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 Debtor 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 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 Debtor, all Claimants (including holders of inchoate or contingent claims or rights), all Interestholders and other parties in interest, regardless of whether or not they have accepted the plan of reorganization.

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 or Interestholders by the close of business on the Bar Date. The Plan extends the Bar Date for governmental entities until May 3, 2018. Any proof of claim that was untimely filed is of no force and effect and is not entitled to distribution under the Plan. IF CLAIMANTS ARE LISTED IN THE DEBTOR'S SCHEDULES AS "NON-CONTINGENT," "LIQUIDATED" AND "UNDISPUTED," A PROOF OF CLAIM NEED NOT HAVE BEEN FILED. The Debtor's Schedules are on file with the Bankruptcy Court Clerk's office and are open for inspection during the Clerk's regular hours.

If the Debtor reduces any claim shown on the Debtor's Schedules as part of an amendment thereto, 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 March 28, 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 or Interest 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

Proponent's position with regard to the various classes of the Debtor:

2. Impaired Classes.

Classes 1, 2, 4, 5 and 7 are not5impaired under the Plan. Therefore, the Debtor only seeks acceptance of the Plan by Claimants in Classes 3 and 6. Each holder of such impaired 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
Highland Park Place
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 **March 26, 2018**.

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.

Prior to distribution to Creditors and Interestholders, this Disclosure Statement was conditionally approved by the Bankruptcy Court as having adequate information, 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. Final Court approval of the Disclosure Statement will be sought at the Confirmation Hearing (as defined below).

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**

commence on March 29, 2018 at 9:30 a.m. Central Time, before the Honorable Stacey Jernigan, United States Bankruptcy Judge, in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "**Bankruptcy Court**"), 1100 Commerce Street, Dallas, Texas 75242-1496. At the Confirmation Hearing, the Bankruptcy Court will consider whether the Plan and Disclosure Statement satisfy 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. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be filed with the Bankruptcy Court no later than **5:00 p.m. Central Time** on December 26, 2018 (the "**Confirmation Objection Deadline**") and simultaneously served on the following parties:

Counsel to the Debtor:	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: Lisa Lambert 1100 Commerce Street, Room 976 Dallas, Texas 75242 Email: lisa.l.lambert@usdoj.gov

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 AND THE CHAPTER 11 CASE, AND NOTHING CONTAINED HEREIN SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTOR 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 DEBTOR

A. Debtor's Background.

Formed in July 2009, the Debtor is in the business of providing IT management solutions to clients throughout Dallas and Houston, Texas. While the Debtor maintains several locations, it is headquartered in Dallas, Texas. The Debtor currently has 14 employees and an outside consultant.

The Debtor's current headquarters are located at 17766 Preston Road, Dallas, Texas 75252.

While the Debtor previously operated at a location in Dallas, Texas, located at 17,400 Dallas, Parkway, Dallas, Texas 75287, and a location in Houston, Texas, located at 500 Century Plaza Drive, Houston, Texas 77073, after the Petition Date the Debtor rejected the leases at such locations and is now operating from its headquarters in Dallas, Texas. The Debtor has not entered into any postpetition lease to replace the two rejected leases, but is still operating in Dallas and Houston, Texas. The Debtor is currently availing itself of free rent at its headquarters, which is owned by two members of the Debtor, Robert Yates and Alex Vantarakis. The Debtor is incurring no rent in Houston, Texas. As of the Petition Date, all of the Debtor's books and records and majority of their assets were located in Dallas, Texas.

B. Factors Precipitating Commencement of the Case.

Starting in September 2016, the Debtor became involved in a dispute with a former member of the Debtor who attempted to compete with the Debtor and attempted to attract the employees of the Debtor to form his competing business. In October 2016, the Debtor filed suit against this former business partner, and in February 2017, the Debtor obtained a temporary restraining order against this former business partner, which TRO was subsequently converted to a temporary injunction. Not perturbed by the Debtor's suit, the former member filed a separate suit against the Debtor in Houston, Texas.

The dispute with the Debtor's former member caused substantial disruption to the Debtor's business for a several reasons. First, because the former business partner had contacted the Debtor's customers and told them that the Debtor was going out of business, the Debtor's management and personnel were forced to spend a fair amount of time addressing the misinformation being disseminated and addressing new concerns raised by the Debtor's customers. Second, the Debtor lost employees and customers as a result of the former member's

interruption in the Debtor's business, which impact hurt the Debtor's revenues substantially. Third, the Debtor was forced to expend a substantial amount of time and legal expenses in litigating with its former member in two forums, Dallas and Houston.

As a result of the dispute with the Debtor's former business partner, the Debtor's gross annual revenues fell approximately $1.75 million from the prior year. The Debtor has now been forced to seek bankruptcy protection to preserve its chances of remaining a going concern.

C. Significant Post-Petition Events.

Commencement of the Bankruptcy Case. The Debtor commenced this bankruptcy case by filing its petition pursuant to chapter 11 of the Bankruptcy Code on November 3, 2017 (the "**Petition Date**").

Filing of Bankruptcy Schedules and Statement of Financial Affairs. Debtor filed its Bankruptcy Schedules and Statement of Financial Affairs ("**SOFA**") on the Petition Date. On December 15, 2017, the Debtor amended its Schedules and SOFA after its 341 meeting of creditors, held on December 8, 2017.

Proposed Sale of Assets. Shortly after the Petition Date, on November 6, 2017, the Debtor filed an emergency motion to establish bidding and sale procedures and sell substantially all of its assets (the "**Sale Motion**") [Dkt. No. 4]. The Debtor had two interested parties that expressed an interest in purchasing such assets. The primary objective of the Sale Motion was to preserve the going concern value of the Debtor and preserving the jobs of its employees. On November 9, 2017, Gary Folkes and ProIT Consulting, LLC (collectively, the "**Folkes Parties**") filed an objection to the Sale Motion. Based, in part, on the objection, the Debtor elected to withdraw the Sale Motion and attempt to negotiate a settlement with the Folkes Parties. Because the negotiations with the Folkes Parties proceeded rapidly and resolved many of the primary issues related to the Bankruptcy Case, the Debtor no longer needed a sale to preserve its going concern value.

Professionals Employed in the Bankruptcy Case: Shortly before the Petition Date, the Debtor employed the law firm of FisherBroyles, LLP (the "**Firm**") to prepare for the bankruptcy filing and serve as general bankruptcy counsel. The Bankruptcy Court entered an order approving the retention of the Firm as general bankruptcy counsel to the Debtor on December 21, 2017 [Dkt. No. 48].

Motion to Lift Automatic Stay. On November 9, 2017, at the same time that the Folkes Parties filed their objection to the Sale Motion, they also filed a motion to lift the automatic stay (the "**Lift Stay Motion**") [Dkt. No. 21] to proceed with certain pre-bankruptcy litigation against the Debtor, pending in Houston, Texas. As part of the agreement to withdraw the Sale Motion, the Debtor and the Folkes Parties accelerated their pursuit of a settlement of their dispute, and the Folkes Parties agreed to withdraw the Lift Stay Motion.

Motions to Reject Dallas and Houston Leases. Due to the Debtor experiencing a

significant reduction in revenues during the last several years, the Debtor decided to utilize the bankruptcy to downsize their operations. Accordingly, on November 6, 2017, shortly after the Petition Date, the Debtor filed motions [Dkt. Nos. 7 and 8] to reject multi-facility leases in their Dallas and Houston locations of operation (the "**Rejected Leases**"). The Court entered orders ("**Rejection Orders**") [Dkt. Nos. 35 and 36] granting both rejection motions on December 7, 2017.

Motions to Approve Settlement with Landlords of Rejected Leases. In contemplation of the Rejection Orders, the Debtor entered into negotiations to resolve any default or rejection damages claims that the landlords of the Rejected Leases could assert in the Bankruptcy Case. On December 5, 2017, the Debtor filed two motions to approve settlements with such landlords [Dkt. Nos. 33 and 34]. The settlement with the landlords resolved approximately $95,000.00 in unsecured claims for less than $10,000.00 in out-of-pocket cash of the Debtor.

Motion to Approve Settlement with the Folkes Parties. Prior to the Petition Date, the Debtor commenced certain litigation against the Folkes Parties in Collin County, Texas and the Folkes Parties commenced certain litigation against Debtor in Houston, Texas. The litigation in Houston was scheduled for trial on November 3, 2017, the same day that the Debtor file bankruptcy. After the Petition Date, on December 19, 2017, the Debtor and the Folkes Parties entered into a settlement that resolved all disputes between the parties. This settlement was significant, because (a) it resolved all pre-petition litigation with the Folkes Parties that had significantly disrupted the Debtor's operations and revenues and (b) released the Debtor from a long-term obligation to the Folkes Parties, in the approximate amount of $790,000.00. The long-term obligation arose from a sale by the Folkes Parties of their membership interests in the Debtor. The Debtor refuted the long-term obligation in light of the Folkes Parties' attempt to compete with Debtor, which the Debtor argued was in violation of certain covenants under the sale. The settlement agreement with the Folkes Parties also required the parties to cease from disparaging one another, even though the Folkes Parties were released from their covenants not to compete. Finally, the settlement agreement required the Debtor to pay the Folkes Parties $120,000.00 upon obtaining Bankruptcy Court approval. On December 19, 2017, after entry into the settlement agreement with the Folkes Parties, the Debtor filed a motion to approve the settlement (the "**Folkes Settlement Motion**") [Dkt. No. 42]. On January 15, 2018, Aaron Smart, a separate party in prepetition litigation with the Debtor ("**Smart**"), filed an objection to the Folkes Settlement Motion [Dkt. No. 58]. The hearing on the Folkes Settlement Motion was scheduled for On February 1, 2018, in connection with a separate settlement agreement with Smart, Smart withdrew its objection to the Folkes Settlement Motion [Dkt. No. 66]. On February 8, 2018, in light of the withdrawal of Smart's objection, the Court entered an order granting the Folkes Settlement Motion. In accordance with the settlement agreement, the Folkes Parties have now been paid in full and have released all claims against the Debtor.

Motion to Approve Settlement with Aaron Smart. Prior to the Petition Date, on February 24, 2016, Smart, a former employee of the Debtor, commenced certain litigation against the Debtor in Houston, Texas, claiming that (a) he owned a 5% membership interest in the Debtor, (b) the Debtor and its principals incorrectly withheld profits from Smart, and (c) Smart was not under any obligation not to compete with the Debtor. On October 12, 2016, the

state court presiding over such lawsuit granted Smart a summary judgment, providing that Smart did own a 5% ownership interest in the Debtor and the non-compete obligations imposed on Smart were too broad. The summary judgment, however, did not provide the effective date of when Smart became an owner in the Debtor. At various times during the litigation, Smart has claimed that he was owed in excess of $200,000.00 in respect of his ownership interest in the Debtor. After the Petition Date, on or about January 31, 2018, the Debtor and Smart entered into a settlement agreement to resolve all of their disputes against one another. The settlement agreement with Smart provides that (a) Smart will relinquish his membership interest in the Debtor, (b) all litigation between the parties will be dismissed, (c) all claims amongst the parties will be released, (d) none of the parties shall disparage the other and (e) the Debtor shall pay Smart $60,000.00, after Bankruptcy Court approval and over a 90-day period. After entry into the settlement with Smart, on January 31, 2018, the Debtor filed a motion to approve such settlement (the "**Smart Settlement Motion**") [Dkt. No. 65.] The deadline to object to the Smart Settlement Motion will expire on February 24, 2018. Given that the settlement resolves another substantial piece of litigation against the Debtor, which litigation would have cost more than any settlement payment by the Debtor, the Debtor does not anticipate any challenge to the settlement.

Motion to Approve Settlement with Carl Keef, Jr. Prior to the Petition Date, on or about September 30, 2015, the Debtor agreed to purchase the assets and business of Lightspeed Consulting, LLC ("**Lightspeed**"), an Austin-based company that was wholly-owned by Carl Keef, Jr. ("**Keef**"). Pursuant to the sale, the Debtor agreed to assume certain obligations of Lightspeed, including certain obligation owed to Keef. As of the Petition Date, the Debtor estimated that the outstanding obligations owed to Keef were approximately $55,244.93. However, at several times after the sale, the Debtor has challenged the value it received from Keef and Lightspeed for Lightspeed's assets. On or about February 8, 2018, the Debtor and Keef entered into a settlement agreement that resolved all of Keef's claims against the Debtor. Pursuant to such settlement, which is subject to Court approval, the Debtor has agreed to pay Keef $10,000.00 within 30 days of Court approval. In return, Keef has agreed to release the Debtor from any further obligations owed to Keef in connection with the sale of Lightspeed's business. The deadline to object to the motion to approve the Keef settlement is March 1, 2018. Given the settlement's substantial savings in obligations owed to Keef, the Debtor does not anticipate an objection to its motion to approve such settlement.

Chapter 11 Plan and Disclosure Statement. On December 21, 2017, the Court entered an agreed scheduling order [Dkt. No. 50], requiring the Debtor to file a chapter 11 plan and disclosure statement by March 2, 2018. The agreed scheduling order also requires the Debtor to confirm such plan by April 16, 2018. Contemporaneously herewith, the Debtor is filing its First Amended Plan of Reorganization, dated February 22, 2018, which treats the remaining Claimants and Interestholders in the Bankruptcy Case.

D. Assets of the Debtor.

The following is a brief summary of Debtor's 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:** Debtor does not own any real estate.

D.2 **Cash on Hand:** The Debtor is projected to have approximately $200,482 at the end of February 2018. Post-petition, the Debtor continues to receive substantial revenues from its operations.

D.3 **Accounts Receivable:** The Debtor's account receivables fluctuate on a monthly basis, but generally stay current. As of the January 31, 2018, the Debtor had accounts receivables of approximately $197,817.71.

.

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

(a) Inventory - $5,678.00;

(b) Office Furniture - $10,000.00;

(c) Kia 8 motor vehicle - $13,000.00;

(d) Equipment – $90,000.00; and

(e) Vendor returns - $1,190.62

D.5 **Stock Held:** Debtor holds no stock in any other company.

E. Liabilities of the Debtor.

Administrative Expense Claims: The only administrative priority expenses that were incurred during the Cases were those expenses of retained professionals and US Trustee fees. 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.

Secured Claim. The Vant Group, Inc. holds a secured claim against the Debtor, ion the amount of approximately $494,000.00, excluding interest and other charges.

Priority Claims: Two creditors hold priority claims in the amount of $25,700.00, in the aggregate, based on wages earned during 180 days prior to the Petition Date.

Unsecured Non-Priority Claims: The Debtor's Bankruptcy Schedules list total

general unsecured claims in the amount of approximately $214,300.52, in the aggregate, plus approximately $160,300.00 in unsecured claims held by insiders.

F. Source of Information

The financial information contained herein was prepared by the Debtor, and assisted by Debtor's bankruptcy counsel. The historical financial information was obtained from the Debtor's books and records. The estimated claims set forth in this Disclosure Statement were determined from the Debtor's 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 Debtor anticipates making distributions to Creditors, pursuant to the terms in the Plan. The settlement payments pursuant to the settlements with the Folkes Parties, Smart, Keef and the landlords of the Rejected Leases will be made pursuant to the terms of the respective settlements with those parties, as approved by the Bankruptcy Court.

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 fifteenth (15th) day following the date upon which the Confirmation Order becomes a Final Order.

As of the Effective Date of the Plan, the Debtor 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 Debtor is a party shall be deemed assumed 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 Debtor's Bankruptcy Schedules and proofs of claim filed to date. The Debtor 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 Debtor from Available Cash on the Effective Date. 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. 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 Debtor anticipates 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 Debtor's professionals.

The estimated Claims in this Class are approximately $35,000.00.

B.2 **Class 2 – Secured Claim of The Vant Group, Inc.**: The terms of the secured loan of The Vant Group, Inc. shall be reinstated in full, without any default, as of the Effective Date.

The estimated Claims in this Class are $494,000.00.

B.3 **Class 3 – Priority Claims:** All Allowed Claims in this Class shall be cancelled and extinguished.

The estimated Claims in this Class are $25,700.00.

B.4 **Class 4 – De Minimus Unsecured Claims:** All Allowed Unsecured Claims in the amount of $5,000 or less shall be paid in full within 30 days after the Effective Date.

The estimated Claims in this Class are approximately $29,739.39.

B.5 **Class 5 – General Unsecured Claims:** All Unsecured Claimants within Class 5 shall obtain 100% recovery as follows: (a) the terms of the prepetition, unsecured loan by BBVA Compass Bank to the Debtor, in the amount of $44,068.62, shall be reinstated in full, with no default, as of the Effective Date; (b) American Express Bank, FSB shall be issued an unsecured promissory note by the Debtor, in the principal amount of $30,929.54, that will mature within 90 days after the Effective Date and bear 2.99% annual interest and be paid in equal monthly installments; and (c) Grable Martin Fulton shall be issued an unsecured promissory note by the Debtor, in the principal amount of $108,734.83, that will bear 2.99% annual interest and be paid in equal monthly installments of $3,000.00 until fully satisfied. Notwithstanding anything provided herein or in any loan documents or notes with any Unsecured Creditor in Class 5, the Debtor may, in its sole discretion, prepay any amount owed to any Creditor in Class 5 prior to the maturity of any debt created through Class 5. All guarantees on any prepetition or postpetition loans to the Debtor shall be cancelled and extinguished. Other than the Creditors specifically identified within Section 3.3.5 of the Plan, no other Allowed

Unsecured Claims shall be treated in Class 5.

The form of unsecured promissory note to be used by the Debtor to satisfy Class 5 Claimants is attached hereto as Exhibit "B."

The estimated Claims in this Class are approximately $184,561.13.

B.6 Class 6 – Deficiency Claims of Priority Claimants: Any deficiency claim by any Creditor in Class 3 shall be cancelled.

The estimated Claims in this Class are approximately $160,300.00.

B.7 Class 7 - Interestholders: All Interestholders of the Debtor shall maintain their ownership interests, except as otherwise modified pursuant to any settlement approved by the Bankruptcy Court.

C. Implementation of the Plan.

C.1 Consensual Plan. The Debtor believes it has proposed a consensual plan, where the Debtor's primary stakeholders have agreed to release their claims against the Debtor, the Principals and the Estate so that the Debtor's Estate may be administered more efficiently during this bankruptcy case.

C.2 Going Concern. Upon the Effective Date, the Debtor or its officers shall continue to operate the Reorganized Debtor as a going concern. The Debtor will be required to implement the terms of the Plan in full. Creditors and Interestholders, whether or not they voted on the Plan, shall be bound by the Plans terms.

C.3 Ownership. All pre-confirmation owners of the Debtor shall maintain their ownership interests in the Debtor, except as otherwise modified by any approved settlement agreement with the Debtor.

C.4 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 Debtor and each of its assets or properties, which debts, Claims, liens, and Interests arose at any time before the entry of the Confirmation Order. The discharge of the Debtor 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 Debtor or its assets or properties 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.5 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 Debtor, its Principals or the Estate (collectively, the "**Releasing Parties**") 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 Debtor, the Principals, the Estates (collectively, the "**Released Parties**") 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 Debtor, 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 Debtor, 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 Debtor, 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 or their respective property; 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.6 Debtor Distributions: Except as otherwise provided in the Plan, on the Effective Date of the Plan and thereafter, the Debtor shall be responsible for making all distributions required by the Plan to the holders of Allowed Claims under the Plan.

C.7 Protection and Releases of Certain Parties in Interest: Provided the respective affiliates, directors, officers, managers representatives, agents, attorneys, and advisors of the Debtor act in good faith, they will not be liable to any holder of a Claim, or other party with respect to any action, forbearance from action, decision, or exercise of discretion taken from the Petition Date to the Effective Date in connection with (i) the actions of the debtor as a debtor in possession; (ii) the proposal or implementation of any of the transactions provided for, or contemplated in, the Plan; or (iii) the administration of the Plan or the assets and property to be distributed pursuant to the Plan; other than for fraud, willful misconduct or gross negligence. The Debtor and its respective affiliates, representatives, attorneys, financial advisors, and agents may rely upon the opinions of counsel, certified public accountants, and other experts or professionals employed by the Debtor and such reliance will conclusively establish good faith. In any action, suit or proceeding by any holder of a Claim or other

party in interest contesting any action by, or non-action of the Debtor or its respective affiliates, representatives, attorneys, financial advisors, and agents as not being in good faith, the reasonable attorneys' fees and costs of the prevailing party will be paid by the losing party and as a condition to going forward with such action, suit, or proceeding at the outset thereof, the plaintiff(s) thereto will be required to provide appropriate proof and assurances of their capacity to make such payments of reasonable attorneys' fees and costs in the event they fail to prevail.

C.8 Pre-Confirmation Settlement Agreements. The counter-parties to settlement agreements entered into with the Debtor between the Petition Date and Confirmation Date shall receive no distributions under the Plan. These counter-parties include YMA Technology, Inc., 500 Century Plaza, LP, Gary Folkes, ProIT Consulting, LLC, Aaron Smart, and Carl Keef, Jr. (collectively, the "**Settling Parties**"). The claims of all of the Settling Parties are disallowed and extinguished pursuant to their respective settlements with the Debtor. All of the settlements with the Settling Parties will have been approved by the Bankruptcy Court by the date of the Confirmation Hearing on the Plan. Any and all consideration to be paid to the Settling Parties shall be made in accordance with the terms of their respective settlements with the Debtor, which settlement terms are authorized and enforceable after the Confirmation Date. To be clear, the Plan does not disturb any of the settlements with the Settling Parties.

C.9 Avoidance Actions. The Reorganized Debtor shall be transferred all rights to all claims and causes of action against any Creditor who has received a prepetition transfer that is avoidable under Chapter 5 of the Bankruptcy Code.

V. FINANCIAL INFORMATION AND FUTURE OPERATIONS

The financial information described below has not been subjected to an audit. The financial projections are forward-looking projections and are based upon numerous assumptions, including business, economic, and other market conditions. Many of these assumptions are beyond the control of the Debtor and are inherently subject to substantial uncertainty. Such assumptions involve significant elements of subjective judgment which may or may not prove to be accurate, and consequently, no assurances can be made regarding the analyses or conclusions derived from analyses based upon such assumptions.

The Debtor has prepared a 7-month projection of its expected financial performance before and after the Effective Date (the "**Forecast**"). The Forecast is attached to the Disclosure Statement as Exhibit "C" hereto. Based on this Forecast, the Debtor has been able to accumulate approximately $315,574.00 in cash as of January 31, 2018. The majority of this cash will be used to make settlement payments to the Settling Parties (as defined in Article IV.C.7 above) and make distribution to Creditors under the Plan.

Pursuant to the Forecast, the Debtor projects net monthly income for every month through June 2018. The Debtor fully expects this trend to continue even after June 2018, when a majority of its Plan obligations will have been satisfied. Furthermore, the Debtor projects that it

will, at all time, possess over $75,000.00 in cash, even after making distributions under the Plan and to the Settling Parties. Indeed, through May 2018, the Debtor projects to hold over $100,000.00 in Available Cash.

Based on the Forecast, the Debtor does not anticipate that it will ever need to file bankruptcy again. The Debtor further believes that the Plan successfully completes a reorganization of all of the Debtor's prepetition obligations and allows the Debtor to maintain profitability in the future. Based on the Forecast, the Proponent strongly believes that the Plan is feasible, pursuant to section 1129 of the Bankruptcy Code.

VI. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain possible federal income tax consequences of the Plan to the Debtor, 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 Debtor.

The tax discussion below assumes (i) items treated by the Debtor 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 of the Debtor 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 Debtor. 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 DEBTOR 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 INTERESTHOLDERS 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 Debtor, its 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 Debtor 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 Debtor in such property. However, the Debtor will not recognize gain or loss on the issuance of its 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 Debtor, such excess is nevertheless excluded from gross income and no additional tax liability arises. At this time, Debtor does not believe that the Debtor or its Estate will incur any tax liability to the Internal Revenue Service as a result of the discharge of their indebtedness. In the event the Debtor determines that the implementation of the Plan will result in potential adverse tax consequences to Debtor's Estate, the Debtor reserves the right to file an amended plan prior to the Confirmation Date.

VII. LIQUIDATION ANALYSIS

The Debtor believes that the Plan affords Creditors the potential for the greatest realization from the Debtor's assets, and, therefore, is in the best interests of Creditors. The Debtor has considered alternatives to the Plan, such as liquidation in the context of a chapter 7 case. In the opinion of the Debtor, 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 Debtor's assets in a chapter 7 case.

The Debtor believes that an effective reorganization, as proposed in the Plan, will provide that maximum recovery to Creditors. The Debtor 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 or eliminated 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 Debtor's assets, and, therefore, is in the best interests of creditors.

Comparison of Plan with Chapter 7 Liquidation.

The Debtor believes 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 Debtor 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, Debtor believes 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 Debtor's 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 Debtor believes that the amounts to be received under the Plan will exceed those that could be expected under a chapter 7 liquidation of the Estate's assets, because the Debtor has obtained concessions from certain Secured and Unsecured Claimants, including extending the maturity of certain claims.

Class of Claims	Estimated Chapter 11 Plan Value	Estimated Chapter 7 Liquidation Value[1]
Class 1 – Administrative Expenses	$35,000.00	0.00
Class 2 – Secured Claims	$494,000.00, plus interest	$250,000.00
Class 3 – Priority Claims	$0.00	$0.00
Class 4 – De Minimus Unsecured Claims	$29,739.39	$0.00
Class 5 – General Unsecured Claims	$184,561.13, plus interest.	$0.00
Class 6 – Deficiency Claims of Priority Claimants	$0.00	$0.00
Class 7—Interestholder Interests	$0.00	$0.00
Settling Parties	$208,486.68	$8,687.00[2]
Total:	$951,787.20, plus interest	$258,687.00

Chapter 11 clearly provides a higher distribution to creditors than would be provided if

[1] The estimates for a chapter 7 liquidation assume the following: (a) a new layer of administrative expenses by the trustee, (b) new, unsatisfied chapter 11 administrative claims relating to the regular operations of the business, (c) utilizing the Debtor's current assets, i.e., cash and accounts, to provide virtually all of the distributions to creditors, (d) there would be insufficient assets to pay anyone other than the secured creditor, The Vant Group, Inc., (d) a chapter 7 trustee would not be able to collect all of the Debtor's outstanding accounts receivable, because the Debtor would not be a going concern, and (e) a chapter 7 trustee would have insufficient assets to honor most of the settlements with the Settling Parties.

[2] This amount includes security deposits held by the Debtor's former landlords.

the Case were converted to chapter 7. **Significantly, it is worth noting that the settlements with the Settling Parties avoided over $1 million in liabilities, which could be re-asserted against the Debtor if a chapter 7 trustee did not honor the payment obligations under those settlements, which is likely to occur.** Considering this additional liability, there is no question that the Debtor's Plan is in the best interest of all creditors.

In sum, the Debtor believes 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 Bankruptcy Case, (ii) result in further unnecessary delay in collecting accounts receivable owing to the Estate and otherwise administering the Estate, 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 Debtor or the timing of any distributions to Creditors. However, the Debtor believes that a complete liquidation of the Debtor 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 Case.

THE DEBTOR 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 NOTHING 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 Debtor that (a) has been scheduled by the Debtor 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 DEBTOR:

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 MARCH 26, 2018. IN ORDER TO BE COUNTED, BALLOTS MUST

BE ACTUALLY RECEIVED BY COUNSEL FOR THE DEBTOR 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 DEBTOR'S 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 Debtor 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 Debtor 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 Debtor's proposed Plan substantially restructures and reduces the Debtor's liabilities, allowing the Debtor to become profitable in the future. Thus, there will be no need to file another bankruptcy case.

D. Consensual Plan. Only Classes 3 and 6 are impaired under the Plan and it is expected that the Claimants in these Classes will vote for the Plan, pursuant to their consensual agreement. The remaining unimpaired Claimants or Interestholders are deemed to have voted in favor of the Plan. Thus, the Plan is fully consensual and should be approved. The Debtor does not anticipate that it will be required to confirm the Plan pursuant to the cramdown provisions in section 1129(b) of the Bankruptcy Code.

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 Debtor reserves the right to alter, amend or modify the Plan before its substantial consummation. The Debtor also reserves the right to withdraw the Plan prior to the Confirmation Date. If the Debtor 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 Debtor; or (2) prejudice in any manner the rights of the Debtor. 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 Debtor, 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 Debtor intends to request confirmation of the Plan under section 1129(b) of the Bankruptcy Code.

C. Business Risks: As with any business venture, risks are an inherent part of the process and success cannot be guaranteed. The Plan contains assumptions about the future success of the Debtor's business that may not be realized. It should be noted that while the Debtor believes that all financial projections have a sound basis in historical fact, all risk factors cannot be anticipated, and some events develop in ways that were not foreseen and that many or all of the assumptions which have been used in connection with this Disclosure Statement and the Plan will not transpire exactly as assumed. Some or all of such variations may be material. While significant efforts have been made to be reasonable in this regard, there can be no assurance that subsequent events will bear out the analyses set forth herein

XI. RECOMMENDATION OF DEBTOR

The Debtor believes that the Plan is in the best interests of all Creditors. Accordingly, the Debtor recommends that you vote for acceptance of the Plan and hereby solicits your acceptance of the Plan.

Dated: February 23, 2018

Respectfully submitted,

Bo Ex Ventures, LLC,

/s/ Robert Yates
Robert Yates,
Managing Member and CEO

H. Joseph Acosta, Esq.
FISHERBROYLES, LLP
Highland Park Place
4514 Cole Avenue, Suite 600
Dallas, Texas 75205
(214) 614-8939
(214) 614-8992 FAX

ATTORNEYS FOR DEBTOR AND DEBTOR-IN-POSSESSION

Exhibit "A"

Debtor's First Amended Plan of Reorganization

[Filed at Docket No. 73 – A File-Stamped Copy of Debtor First Amended Plan of Reorganization is Being Separately Provided Contemporaneously Herewith]

Exhibit "B"

Form of Unsecured Promissory Note

PROMISSORY NOTE

Principal Amount:_____ March___, 2018

FOR VALUE RECEIVED, pursuant to the confirmed Original Plan of Reorganization, dated February 15, 2018, of Bo Ex Ventures, LLC (the "**Maker**"), the Maker hereby promises to pay to the order of_____(the "**Holder**") the principal amount of _____ ($_____), together with interest thereon at the annual rate of 2.99% (collectively, the "**Debt**"). The Maker shall repay the principal and interest evidenced by this Promissory Note in full by _____2018 (the "**Maturity Date**"). Prior to the Maturity Date, the Maker shall make equal monthly payments to the Holder in partial satisfaction of the Debt, in the amount of $_____, commencing on April 1, 2018, and continuing every consecutive month thereafter until the Debt is paid in full; provided that the last payment will include all principal and interest accrued under this Promissory Note.

In the event of any default in the payment of interest or principal when due hereunder, the Holder may give written notice thereof to the Maker at its then current business address. In the event that any such default is not cured within ten (10) days of receipt of such written notice by the Maker, the Holder may, at its option, declare the entire unpaid principal balance hereof and any accrued interest thereon immediately due and payable without further notice. Any failure by the Holder to exercise this option shall not constitute a waiver of the right to exercise such option at a later date.

The Maker agrees to pay this Promissory Note and, in the event of default, all costs of collection, including reasonable attorney's fees, and waives demand, presentment, protest and notice of dishonor, and exonerates the Holder from any and all duty and obligation to make demand on anyone for nonpayment thereof and consents to the extension, renewal, exchange, surrender or release by the Holder.

This Promissory Note shall be deemed a contract made under, and this Promissory Note and the rights, obligations and duties of the parties hereunder shall be governed by, the laws of the State of Texas.

The Maker shall have the right to prepay this Promissory Note or any part thereof without the prior written consent of the Holder.

This Promissory Note is unsecured, there being no collateral pledged by the Maker to secure the payment obligations hereunder.

BO EX VENTURES, LLC

By:_____

Robert Yates, President

Exhibit "C"

Debtor's Forecast

	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
Opening Balance (Trustee Report)	$ 247,400	$ 296,556	$ 315,574	$ 200,482	$ 128,241	$ 111,649	$ 107,057
Money In							
VOIP	21,086.46	21,321.25	21,000.00	21,000.00	21,000.00	21,000.00	21,000.00
Hardware	$ 21,942	$ 14,072	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000
MRR	123,622.95	130,105.63	110,000.00	110,000.00	110,000.00	110,000.00	110,000.00
Hourly Billing	3,216.25	3,603.75	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
Project Labor	11,509.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
Other	$ -						
Total Money In	**$ 181,377**	**$ 175,103**	**$ 165,000**	**$ 165,000**	**$ 165,000**	**$ 165,000**	**$ 165,000**
Money Out							
COGS							
Hardware	$ 15,663	$ 11,800	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000
MRR	$ 50,000	67,000.00	67,000.00	67,000.00	67,000.00	67,000.00	67,000.00
Hourly	$ 4,594	$ 4,594	$ 4,594	$ 4,594	$ 4,594	$ 4,594	$ 4,594
Project	$ 9,773	$ 9,773	$ 9,773	$ 9,773	$ 9,773	$ 9,773	$ 9,773
Equipment	$ 2,742	$ 2,000	$ 600	$ 600	$ 600	$ 600	$ 600
Total COGS	**$ 82,772**	**$ 95,167**	**$ 101,967**	**$ 101,967**	**$ 101,967**	**$ 101,967**	**$ 101,967**
Legal Fees	$ 10,890	$ 8,940	$ 10,000	$ 19,000	$ 3,000	$ 1,000	$ 1,000
Trustee Fees	$ 1,625	$ 1,625	$ 1,625	$ 1,625	$ 1,625	$ 1,625	$ 1,625
Operating	$ 26,935	$ 30,352	$ 26,500	$ 26,500	$ 26,500	$ 26,500	$ 26,500
Owner Salaries	$ 10,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000
Total Expenses	**$ 49,450**	**$ 60,917**	**$ 58,125**	**$ 67,125**	**$ 51,125**	**$ 49,125**	**$ 49,125**
Monthly Net Income	**$ 49,155**	**$ 19,019**	**$ 4,908**	**$ (4,092)**	**$ 11,908**	**$ 13,908**	**$ 13,908**
Folkes Settlement			$ (120,000)				
Smart Settlement				$ (30,000)			$ (25,000)
PrePetition Repayments							
TVG Loan				$ (4,500)	$ (4,500)	$ (4,500)	$ (4,500)
Grable Martin Fulton				$ (3,000)	$ (3,000)	$ (3,000)	$ (3,000)
BBVA Compass				$ (1,000)	$ (1,000)	$ (1,000)	$ (1,000)
Keef					$ (10,000)		
Alex Back Salary			$ -	$ -	$ -	$ -	$ -
Bobby Back Salary			$ -	$ -	$ -	$ -	$ -
AmEx					$ (10,000)	$ (10,000)	$ (10,000)
COGS Vendors				$ (29,649)			
Total BK Repayments	**$ -**	**$ -**	**$ (120,000)**	**$ (68,149)**	**$ (28,500)**	**$ (18,500)**	**$ (43,500)**
Total Money Out	**$ 49,155**	**$ 19,019**	**$ (115,092)**	**$ (72,241)**	**$ (16,592)**	**$ (4,592)**	**$ (29,592)**
Closing Balance	$ 296,556	$ 315,574	$ 200,482	$ 128,241	$ 111,649	$ 107,057	$ 77,465