

J. Robert Forshey
State Bar No. 07264200
Laurie Dahl Rea
State Bar No. 00796150
FORSHEY & PROSTOK LLP
777 Main St., Suite 1290
Fort Worth, TX 76102
Telephone: 817-877-8855
Facsimile: 817-877-4151
bforshey@forsheyprostok.com
lrea@forsheyprostok.com

ATTORNEYS FOR DEBTOR
AND DEBTOR IN POSSESSION

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

_____)	
In re:)	
TENET CONCEPTS, LLC,)	Case No. 18-40270-rfn-11
)	
Debtor.)	Chapter 11 Case
_____)	

**DISCLOSURE STATEMENT IN SUPPORT OF THE PLAN OF REORGANIZATION
FOR TENET CONCEPTS, LLC**

Dated: November 7, 2018.

TABLE OF CONTENTS

	<u>Page</u>
I. NOTICE TO HOLDERS OF CLAIMS	1
A. Generally.....	1
B. Summary of Treatment under the Plan.....	2
II. EXPLANATION OF CHAPTER 11	6
A. Overview of Chapter 11.....	6
B. Plan of Reorganization	6
III. THE DEBTOR AND ITS BUSINESS	7
A. The Debtor.....	7
B. The Debtor’s Affiliate	8
IV. FEASIBILITY/PROJECTED DISTRIBUTIONS/LIQUIDATION ANALYSIS	8
V. THE DEBTOR’S CHAPTER 11 CASE	9
A. Factors Leading to Filing of the Chapter 11 Case.....	9
B. Commencement of the Chapter 11 Case	9
C. Estate Professionals	9
D. No Creditors’ Committee.....	9
E. Professional Fees and Expenses; U.S. Trustee Fees	10
F. Continuation of Business and Affairs after the Petition Date.....	10
G. Schedules, Statement of Financial Affairs and Bar Date	10
H. Operating Information During Pendency of the Chapter 11 Case.....	11
I. Exclusivity.....	11
VI. LITIGATION INVOLVING THE DEBTOR	11
A. Current Litigation.....	11
1. The Lines Lawsuit	11
2. The Mukes Lawsuit	12

3. The Xu Lawsuit 13

4. Other Suits..... 13

B. Additional and Potential Litigation by the Debtor 13

Except as expressly set forth in the Plan, all causes of action, claims, counterclaims, defenses and rights of offset or recoupment (including but not limited to all Estate Claims, Estate Defenses and Avoidance Actions) belonging to the Debtor shall, upon the occurrence of the Effective Date, be retained by, received by and vested in the Reorganized Debtor for the benefit of the Debtor's Estate. Except as expressly set forth in the Plan the rights of the Reorganized Debtor to commence, prosecute or settle such causes of action shall be preserved notwithstanding the occurrence of the Effective Date. **No person may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any cause of action against them as any indication that the Debtor's Estate or the Reorganized Debtor will not pursue any and all available causes of action (including the Estate Claims, Estate Defenses and Avoidance Actions) against any Person, except as otherwise provided in the Plan.** Unless any causes of action against a Person are expressly waived, relinquished, exculpated, released, compromised or settled in the Plan or a Final Order, the Debtor's Estate expressly reserves all causes of action (including all Estate Claims, Estate Defenses and Avoidance Actions) for later adjudication and, therefore, no preclusion doctrine, including without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to such causes of action upon or after the confirmation or consummation of the Plan. Without limiting the foregoing, parties are advised that the Debtor specifically preserves for the Reorganized Debtor any Avoidance Actions it may hold against all parties disclosed in the Debtor's Schedules or Statement of Financial Affairs, as hereafter amended or supplemented, as having received any conveyances or transfers from the Debtor.

VII. THE PLAN..... 14

A. Classification and Treatment Summary 14

1. Unclassified Claims Against the Debtor..... 15

 a. Treatment of Administrative Expense Claims 15

 b. Treatment of Priority Tax Claims 16

 c. Treatment of U.S. Trustee Fees..... 16

2. Classified Claims and Interests 16

B. Acceptance or Rejection of the Plan..... 17

C. Means of Implementing the Plan..... 17

 1. Sources of Funding for Plan Obligations and Management..... 17

 2. Transfer and Vesting of Assets 17

 3. Assumption of Obligation to Make Distributions 17

4. Actions by Debtor and Reorganized Debtor to Implement Plan.....	17
5. Post-Effective Date Service List	18
6. Section 505 Powers	18
7. Section 510(c) Powers	18
8. Section 506(c) Powers	18
9. Plan Injunction	18
D. Provisions Governing Distribution	18
1. Source of Distributions	18
2. Timing and Amount of Distributions.....	18
3. Means of Cash Payment.....	19
4. Record Date for Distributions	19
5. Delivery of Distributions	19
6. W-9 Forms	19
7. Time Bar to Cash Payments	20
8. Cure Period.....	20
9. Distributions after Substantial Consummation	20
E. Retention of Estate Claims and Estate Defenses	20
1. Retention of Estate Claims.....	20
2. Retention of Estate Defenses.....	21
3. Assertion of Estate Claims and Estate Defenses	21
F. Procedures for Resolving and Treating Contested Claims.....	21
1. Claims Listed in Schedules as Disputed.....	21
2. Responsibility for Objecting to Claims and Settlement of Claims.....	21
3. Objection Deadline.....	22
4. Distributions on Account of Contested Claims.....	22
5. No Waiver of Right to Object.....	22

6. Offsets and Defenses.....	22
7. Claims Paid or Reduced Prior to Effective Date	23
G. Executory Contracts and Unexpired Leases	23
1. Assumption and Rejection of Executory Contracts.....	23
2. Cure Payments	23
3. Bar to Rejection Claims.....	23
4. Rejection Claims	24
5. Reservation of Rights.....	24
H. Conditions Precedent to Confirmation and Effectiveness of Plan	24
1. Conditions to Confirmation and Effectiveness of Plan	24
2. Notice of the Effective Date.....	24
I. Effect of the Confirmation of the Plan	24
1. Compromise and Settlement.....	24
2. Discharge.....	25
3. Plan Injunction	25
4. Temporary Third-Party Injunctions (Principle and Amazon).....	26
5. Setoffs	26
6. Recoupment	26
7. Turnover	27
8. Automatic Stay.....	27
J. Jurisdiction of Courts and Modifications to the Plan	27
1. Retention of Jurisdiction.....	27
2. Abstention and Other Courts.....	28
3. Non-Material Modifications.....	29
4. Material Modifications	29
K. Miscellaneous Provisions	29

1. Severability	29
2. Oral Agreements; Modification of Plan; Oral Representations or Inducements	29
3. Waiver	29
4. Compliance with All Applicable Laws	30
5. Duties to Creditors	30
6. Binding Effect.....	30
7. Governing Law, Interpretation	30
8. Payment of Statutory Fees.....	30
9. Filing of Additional Documents.....	30
10. Computation of Time.....	30
11. Elections by the Reorganized Debtor	31
12. Release of Liens	31
13. Rates	31
14. Compliance with Tax Requirements.....	31
15. Notice of Occurrence of Effective Date.....	31
16. Notice of Entry of Confirmation Order.....	31
VIII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN	31
IX. CONFIRMATION OF THE PLAN	32
A. Solicitation of Votes; Voting Procedures.....	32
1. Ballots and Voting Deadlines	32
2. Parties-in-Interest Entitled to Vote.....	32
3. Vote Required for Class Acceptance.....	33
B. Confirmation Hearing	33
C. Requirements for Confirmation of the Plan.....	34
D. Cramdown	37
X. RISK FACTORS.....	38

A. Insufficient Acceptances.....	38
B. Confirmation Risks	38
C. Conditions Precedent.....	38
D. Estimated Distributions under the Plan	38
E. Amazon.....	39
F. Uncertainty About Class 6 and 7 Claims	39
XI. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN	39
A. Continuation of Case.....	39
B. Alternative Plan of Reorganization	39
C. Chapter 7 Liquidation.....	39
XII. CONCLUSION	40

Tenet Concepts, LLC (the “Debtor”), the Debtor in the above-captioned chapter 11 case, hereby submits this *Disclosure Statement Pursuant to Section 1125 of the United States Bankruptcy Code with Respect to the Chapter 11 Plan for Tenet Concepts, LLC* (the “Disclosure Statement”). This Disclosure Statement is to be used in connection with the solicitation of votes on the Chapter 11 Plan for Tenet Concepts, LLC dated November 7, 2018 (the “Plan”). A copy of the Plan is attached hereto as **Exhibit 1**. Unless otherwise defined herein, terms used herein have the meanings ascribed thereto in the Plan (see Article I of the Plan). Consequently, parties-in-interest are urged to carefully review the Plan in conjunction with this Disclosure Statement.

For a general summary of the proposed treatment of Claims or Interests under the Plan, please see the chart below.

I. NOTICE TO HOLDERS OF CLAIMS

A. Generally

The purpose of this Disclosure Statement is to enable Creditors whose Claims are impaired to make an informed decision in exercising their right to vote to accept or reject the Plan.

THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PLAN. PLEASE READ THIS DOCUMENT WITH CARE.

On _____, 2018, the Bankruptcy Court entered an *Order (A) Conditionally Approving Proposed Disclosure Statement; (B) Scheduling Combined Hearing on Approval of Disclosure Statement and Confirmation of Chapter 11 Plan and Setting Related Deadlines; (C) Approving Form of Voting and Notice; and (D) Granting Related Relief* [Docket No. ____] (“Solicitation Order”). Pursuant to section 105(d) of the Bankruptcy Code and Rules 3017(d) and 3017.1 of the Federal Rules of Bankruptcy Procedure, the Solicitation Order (I) conditionally approved this Disclosure Statement, (II) set a hearing for final approval of this Disclosure Statement and confirmation of the Debtor’s Plan, and (III) approved the Debtor’s voting procedures, materials for solicitation of the Plan, and form of notice. The various deadlines in the Solicitation Order are set forth below.

The statements contained in the Disclosure Statement are made as of the date hereof unless another time is specified, and neither delivery of the Disclosure Statement nor any exchange of rights made in connection with the Plan shall, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date the Disclosure Statement and the materials relied on in preparation of the Disclosure Statement were compiled.

For the convenience of Creditors and parties-in-interest, this Disclosure Statement summarizes the terms of the Plan, but the Plan itself qualifies all summaries. This Disclosure Statement is qualified in its entirety by the terms of the Plan. If any inconsistency exists between the Plan and the Disclosure Statement, the terms of the Plan are controlling. In the event of conflict between the Plan and Confirmation Order, the Confirmation Order will control.

Each Claimant should consult the Claimant’s individual attorney, accountant and/or financial advisor as to the effect of the Plan on such Claimant.

Each holder of a Claim or Interest entitled to vote to accept or reject the Plan should read this Disclosure Statement and the Plan in their entirety before voting. No solicitation of votes to accept or reject the Plan may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code. Except for the Debtor's Estate and the Estate Professionals, no person has been authorized to use or promulgate any information concerning the Debtor, the Debtor's business, or the Plan, other than the information contained herein, in connection with the solicitation of votes to accept or reject the Plan. No holder of a Claim entitled to vote on the Plan should rely upon any information relating to the Debtor, the Debtor's business, or the Plan other than that contained in this Disclosure Statement and the exhibits thereto. Unless otherwise indicated, the source of all information set forth herein was the Debtor.

The Disclosure Statement may not be relied on for any purpose other than to determine whether to vote in favor of or against the Plan and related options and elections, and nothing contained herein shall constitute an offer to sell or purchase a security as defined by state or Federal securities law or 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 tax or other legal effects of the reorganization of the Debtor on holders of Claims or Interests. Certain of the information contained in the Disclosure Statement, by its nature, is forward looking, contains estimates and assumptions which may prove to be wrong, and contains forecasts which may prove to be wrong or which may be materially different from actual results.

After carefully reviewing this Disclosure Statement, including the attached exhibits, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed Ballot and returning the same to the address set forth on the Ballot, in the enclosed return envelope so that it will be received by no later than **5:00 P.M., Central Time on December 14, 2018**. If you do not vote to accept the Plan, or if you are the holder of an unimpaired Claim or Interest, you may be bound by the Plan if it is accepted by the requisite holders of Claims or Interests.

TO BE SURE YOUR BALLOT IS COUNTED, YOUR BALLOT MUST BE RECEIVED NO LATER THAN **5:00 P.M., Central Time, on December 14, 2018**. See below for detailed voting instructions and the name, address, and phone number of the person you may contact if you have questions regarding the voting procedures.

Pursuant to Rules 3017(d) and 3017.1 of the Bankruptcy Rules, the Bankruptcy Court has scheduled the Confirmation Hearing to consider final approval of the Disclosure Statement and confirmation of the Plan on **January 22, 2019 at 1:30 p.m. Central Time**, in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan and final approval of this Disclosure Statement be filed and served on or before **5:00 p.m. Central Time on December 14, 2018**.

THE DEBTOR SUPPORTS CONFIRMATION OF THE PLAN AND URGES ALL HOLDERS OF IMPAIRED CLAIMS AND INTERESTS TO VOTE TO ACCEPT THE PLAN.

B. Summary of Treatment under the Plan

The following is an estimate of the numbers and amounts of classified Claims and Interests to receive treatment under the Plan, and a summary of the proposed treatment of such

Claims and Interests under the Plan. Reference should be made to the entire Disclosure Statement and to the Plan for a complete description of the classification and treatment of Claims and Interests.

The Bar Date for filing proofs of Claim was June 7, 2018. The table below is drawn from the Debtor's Schedules and filed proofs of Claim. The final universe of Claims, as actually Allowed, may differ from this table.

Class	Treatment
<p><u>Unclassified Claims – Administrative Expenses</u></p> <p>Estimated Amount: \$100,000.00</p> <p>Estimated Number of Holders: 2 to 10</p>	<p>Each holder of any undisputed Ordinary Course Claim will be paid in full in accordance with the ordinary business terms applicable to such claim. Any disputed Ordinary Course Claims will be paid in full once Allowed.</p> <p>Estate Professionals with Allowed Administrative Expense Claims will be paid in full on the tenth (10th) Business Day after the order allowing such claim unless otherwise agreed to by the Debtor and the Estate Professional.</p> <p>Other Allowed Administrative Expense Claims will be paid in full on the later of Effective Date or the tenth (10th) Business Day after the order allowing such claim unless otherwise agreed to by the Debtor and the holder.</p> <p>Estimated Recovery: 100%</p>
<p><u>Unclassified Claims – Priority Tax Claims</u></p> <p>Estimated Amount: \$14,485.29 to \$16,000.00</p> <p>Estimated Number of Holders: 3</p>	<p>Each holder of an Allowed Priority Tax Claim shall receive, at the Debtor's option, (a) the amount of such holder's Allowed Claim in one Cash payment on the applicable Distribution Date; (b) the amount of such holder's Allowed Claim paid through sixteen (16) substantially equal quarterly payments beginning on the first Business Day of the second full calendar month after the Effective Date; or (c) such other treatment as may be agreed to in writing by the holder of the Priority Tax Claim and the Debtor.</p> <p>Estimated Recovery: 100%</p>
<p><u>Unclassified Claims – U.S. Trustee Fees</u></p> <p>Estimated Amount: \$35,000.00</p> <p>Estimated Number of Holders: 1</p>	<p>Any U.S. Trustee Fees due as of the Effective Date shall be paid in full on the Effective Date or as soon thereafter as is practicable. After the Effective Date, the Reorganized Debtor shall continue to pay the U.S. Trustee Fees as they accrue and become due and payable until the Final Decree is entered and this Bankruptcy Case is closed.</p> <p>Estimated Recovery: 100%</p>

Class	Treatment
<p><u>Class 1</u> – Triumph Secured Claim</p> <p>Estimated Amount: \$0.00 to \$50,000.00</p> <p>Estimated Number of Holders: 1</p>	<p>Unimpaired</p> <p>Triumph shall retain all rights, liens and remedies pursuant to the Factoring Agreement, including all Liens or rights in the Triumph Collateral and Reserve Account.</p> <p>Estimated Recovery: 100%</p>
<p><u>Class 2</u> – Priority Claims</p> <p>Estimated Amount: \$0.00</p> <p>Estimated Number of Holders: 0</p>	<p>Unimpaired</p> <p>Holders of Allowed Class 2 Claims shall be paid one Cash payment in an amount equal to the principal amount of such Allowed Priority Claim, plus interest at the rate and in the manner prescribed by applicable state law from the later of the Petition Date or the first day after the last day on which such Priority Claim may be paid without penalty, on the applicable Initial Distribution Date, or such other treatment as may be agreed to in writing by the holder of the Priority Claim and the Reorganized Debtor.</p> <p>Estimated Recovery: 100%</p>
<p><u>Class 3</u> – Hartford Claim</p> <p>Estimated Amount: \$241,636.00 as of the Petition Date, but \$205,636.00 as of October 2, 2018 because of payments made by co-obligor, Principle.</p> <p>Estimated Number of Holders: 1</p>	<p>Impaired</p> <p>The Allowed Claim of Hartford shall be paid by the Debtor and/or Principle in substantially equal monthly installments of \$5,000.00 each, with the first such monthly payment being due on the first Business Day of the second full calendar month after the Effective Date until the Allowed Hartford Claim is paid in full. The Hartford Claim shall not be paid with the Monthly Plan Payment, but will be paid from other funds of the Reorganized Debtor. As long as the Debtor and/or Principle are current in the payment of the Hartford Claim in accordance with this Plan, Hartford shall take no action for the collection of the Hartford Claim against Principle.</p> <p>Estimated Recovery: 100%</p>
<p><u>Class 4</u> – Amazon Claim</p> <p>Estimated Amount: \$44,989.93</p> <p>Estimated Number of Holders: 1</p>	<p>Impaired</p> <p>Amazon’s Allowed Claim will be paid by the Debtor in substantially equal monthly installments as may be agreed between the Debtor and Amazon. The Amazon Claim shall not be paid with the Monthly Plan Payment,</p>

Class	Treatment
	<p>but will be paid from other funds of the Reorganized Debtor.</p> <p>Estimated Recovery: 100%</p>
<p><u>Class 5</u> – General Unsecured Claims</p> <p>Estimated Amount: \$326,401.83 to \$657,401.83</p> <p>Estimated Number of Holders: 4</p>	<p>Impaired</p> <p>Each holder of an Allowed General Unsecured Claim shall be paid in full in seventy-nine (79) monthly payments. The monthly amount of each payment shall be such Claimant's Pro Rata Share of the Monthly Plan Payment. The first such payment being due on the first Business Day of the second calendar month after the Initial Distribution Date applicable to each such Allowed Class 5 Claim and a monthly payment being made in the first day of each successive calendar month thereafter. Each such installment shall include both principal and interest. Each such Allowed Class 5 Claim shall bear interest from and after the Effective Date at the Plan Rate.</p> <p>Estimated Recovery: 100%</p>
<p><u>Class 6</u> – Lines Lawsuit Claims</p> <p>Estimated Amount: \$0.00 to \$800.00</p> <p>Estimated Number of Holders: 1</p>	<p>Impaired</p> <p>Lines shall be paid his Allowed Claim, if any, in the same manner as Class 5 General Unsecured Claims.</p> <p>The Lines Class Claim is part of Class 6. Any Class 6 Creditor who fails to file a timely proof of claim shall not be entitled to any Distributions pursuant to the Plan. To the extent it is an Allowed Claim, it will be paid in the same manner as Class 5 General Unsecured Claims. The Debtor believes all claims in Class 6 will be disallowed.</p> <p>Estimated Recovery: 100%</p>

Class	Treatment
<p><u>Class 7 – Mukes Lawsuit Claims</u></p> <p>Estimated Amount: \$0.00-\$21,200.00</p> <p>Estimated Number of Holders: 1</p>	<p>Impaired</p> <p>Mukes shall be paid his Allowed Claim, if any, in the same manner as Class 5 General Unsecured Claims.</p> <p>The Mukes Class Claim is part of Class 7. Any Class 7 Creditor who fails to file a timely proof of claim shall not be entitled to any Distributions pursuant to the Plan. To the extent it is an Allowed Claim, it will be paid in the same manner as Class 5 General Unsecured Claims. The Debtor believes all claims in Class 7 will be disallowed.</p> <p>Estimated Recovery: 100%</p>
<p><u>Class 8 – Interests in the Debtor</u></p>	<p>Unimpaired</p> <p>Interests in the Debtor shall be retained by the holders thereof, although subject to the terms of this Plan.</p>

The total universe of Claims, as ultimately Allowed, may be greater or smaller than as reflected in the above analysis.

II. EXPLANATION OF CHAPTER 11

A. Overview of Chapter 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Pursuant to chapter 11, a debtor-in-possession attempts to reorganize its business for the benefit of the debtor, its creditors, and other parties-in-interest.

The commencement of a chapter 11 case creates an estate comprising all the legal and equitable interests of a debtor in property as of the date the petition is filed. Sections 1101, 1107, and 1108 of the Bankruptcy Code provide that a debtor may continue to operate its business and remain in possession of its property as “debtor in possession” unless the bankruptcy court orders the appointment of a trustee.

The filing of a chapter 11 petition also triggers the automatic stay provisions of the Bankruptcy Code. Section 362 of the Bankruptcy Code provides, *inter alia*, for an automatic stay of all attempts to collect pre-petition claims from a debtor or otherwise interfere with its property or business. Except as otherwise ordered by the bankruptcy court, the automatic stay remains in full force and effect until the effective date of a confirmed plan of reorganization.

The formulation of a plan of reorganization is the principal purpose of a chapter 11 case. The plan sets forth the means for satisfying the claims against and interests in a debtor.

B. Plan of Reorganization

Although referred to as a plan of reorganization, a plan may provide anything from a

complex restructuring of a debtor's business and its related obligations to a simple liquidation of a debtor's assets. After a plan of reorganization has been filed, the holders of impaired claims against or interests a debtor are permitted to vote to accept or reject the plan. Before soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan.

Even if all classes of claims and interests accept a plan of reorganization, the bankruptcy court may not confirm the plan unless the court independently determines that the requirements of section 1129 of the Bankruptcy Code have been satisfied. Section 1129 sets forth the requirements for confirmation of a plan and, among other things, requires that a plan meet the "best interests of creditors" test and be "feasible." The "best interests of creditors" test generally requires that the value of the consideration to be distributed to the holders of claims and interests under a plan may not be less than those parties would receive if a debtor were liquidated pursuant to a hypothetical liquidation occurring under Chapter 7 of the Bankruptcy Code. Under the "feasibility" requirement, the court generally must find that there is a reasonable probability that a debtor will be able to meet its obligations under the plan without the need for further financial reorganization.

Chapter 11 does not require that each holder of a claim against or interest in the debtor vote in favor of a plan of reorganization in order for the bankruptcy court to confirm the plan. At a minimum, however, the plan must be accepted by one-half in number and two-thirds in amount of those claims actually voting in at least one class of impaired claims under the plan. The Bankruptcy Code also defines acceptance of the plan by a class of interests (equity securities) as acceptance by holders of two-thirds of the number of shares actually voting. Only the holders of claims who actually vote are counted as either accepting or rejecting a plan.

In addition, classes of claims or interests that are not "impaired" under a plan of reorganization are conclusively presumed to have accepted the plan and thus are not entitled to vote. Accordingly, acceptances of a plan will generally be solicited only from those persons who hold claims or interests in an impaired class. A class is "impaired" if the legal, equitable, or contractual rights attaching to the claims or interests of that class are modified in any way under the plan. However, if holders of the claims or interests in a class do not receive or retain any property on account of such claims or interests, then each such holder is deemed to have voted to reject the plan and does not actually cast a vote to accept or reject the plan.

The bankruptcy court may also confirm a plan of reorganization even though fewer than all the classes of impaired claims and interests accept it. For a plan of reorganization to be confirmed despite the rejection by a class of impaired claims or interests, the proponent of the plan must show, among other things, that the plan does not "discriminate unfairly" and that the plan is "fair and equitable" with respect to each impaired class of claims or interests that has not accepted the plan.

Under section 1129(b) of the Bankruptcy Code, a plan is "fair and equitable" as to a class of rejecting claims if, among other things, the plan provides: (a) with respect to secured claims, that each such holder will receive or retain on account of their claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; and (b) with respect to unsecured claims and interests, that the holder of any claim or interest that is junior to the claims or interests of such class will not receive or retain on account of such junior claim or interest any property at all unless the senior class is paid in full.

A plan does not “discriminate unfairly” against a rejecting class of claims if (a) the relative value of the recovery of such class under the plan does not differ materially from that of any class (or classes) of similarly situated claims, and (b) no senior class of claims is to receive more than 100% of the amount of the claims in such class.

III. THE DEBTOR AND ITS BUSINESS

A. The Debtor

The Debtor is a Texas limited liability company that was formed to provide delivery services exclusively for Amazon, which the Debtor has been doing since 2015. The Debtor operates in Texas and Illinois and has approximately 330 employees. The Debtor is owned by David Scott Cass (its President/CFO), Tommy Mauriello (its COO), Brent Harris (its Vice President) and Lloyd Jones (its CEO).

Amazon is the Debtor’s only customer and sole source of revenue. The Debtor’s delivery services for Amazon generate approximately \$750,000.00 to \$1,000,000.00 per month in accounts receivable. Amazon previously paid those accounts receivable on thirty (30) day terms. It now pays them on seven (7) day terms, but the terms may change to fourteen (14) day terms in the future.

The Amazon Agreement is not transferable by the Debtor and can be terminated by either party, with or without cause, by giving a thirty (30) day notice.

Long before the Petition Date, the Debtor began fulfilling its contract with Amazon through delivery drivers who are employees of the Debtor and who use vehicles rented by the Debtor.

B. The Debtor’s Affiliate

Principle Distribution, LLC (“Principle”) is owned by David Scott Cass and Tommy Mauriello, each of who are also owners of the Debtor. Principle is not a debtor in any bankruptcy proceeding. Principle has operated longer than the Debtor. Like the Debtor, Principle provides delivery services, but it does so using a different business model. It serves clients other than Amazon, and it uses independent contractors to deliver rather than employees. Principle and the Debtor share office space, but they have separate employees. The Debtor’s employees do not work on Principle business and vice versa. The Debtor and Principle are co-obligors under the Hartford Agreement and certain other obligations as shown on Schedule H.

IV. FEASIBILITY/PROJECTED DISTRIBUTIONS/LIQUIDATION ANALYSIS

The Bankruptcy Code conditions confirmation of a plan of reorganization on, among other things, a finding that it is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor, unless such liquidation or reorganization is provided for by the plan of reorganization. The Debtor believes that the Plan satisfies the Bankruptcy Code’s feasibility requirement.

Attached as **Exhibit 2** to this Disclosure Statement is a Plan Projection Analysis prepared by the Debtor’s CFO, reflecting the projected sources and uses of cash under the Plan. As reflected in **Exhibit 2**, based on the amount of Cash the Debtor will receive from its

continued operation, the Debtor is projecting a 100% Distribution to each holder of an Allowed Claim.

Attached as **Exhibit 3** to this Disclosure Statement is a detail of the Monthly Plan Payment.

Attached as **Exhibit 4** to this Disclosure Statement is a Chapter 7 Liquidation Analysis reflecting the projected Distributions to holders of Allowed Claims in a chapter 7 liquidation using the Debtor's projected cash balance as of October 31, 2018. The Liquidation Analysis was also prepared by Debtor's CFO.

As reflected in the attached Analyses, the Debtor believes that under the Plan holders of Allowed Claims will receive Distributions on account of such Allowed Claims having a value as of the Effective Date which will be substantially more than the amount the holders of such Allowed Claims would receive in a Chapter 7 liquidation, including for the following reasons:

- a) The Debtor's only customer and source of revenue is Amazon. Its only valuable Asset is the Amazon Agreement, which it cannot sell or assign or another delivery service provider.
- b) If the Debtor stopped operating, it would receive no further income from Amazon under the Amazon Agreement.
- c) Other than some uniforms and used office and computer equipment, collectively values at about \$50,000 and a potential cause of action against RLI Insurance Company valued at approximately \$125,000, the Debtor does not have any property to liquidate to pay Creditors.
- d) A chapter 7 trustee would receive a statutory commission pursuant to section 326 of the Bankruptcy Code and would incur legal and accounting fees for administration of the few assets the Debtor has to liquidate.

V. THE DEBTOR'S CHAPTER 11 CASE

A. Factors Leading to Filing of the Chapter 11 Case

Prior to the Petition Date, the Debtor was the target of three putative wage and hour class action suits. Those suits are: (a) *Mukes v. Tenet Concepts, LLC* pending in Houston, Texas; (b) *Lines v. Amazon.com and Tenet Concepts, LLC* filed in Austin, Texas, but transferred to the Northern District of Texas and referred to the Bankruptcy Court as Adversary No. 18-4171; and (c) *Chen Xu v. Tenet Concepts, LLC* filed in San Francisco (the "Lawsuits"). In summary, the Lawsuits are Fair Labor Standards Act cases involving current or former employees who contend they were not paid as required by law. In each of the Lawsuits, a named plaintiff sued on behalf of similarly situated current and former employees.

The Debtor contends that it properly compensated all current and former employees and that it has very little or no liability in the Lawsuits. Nevertheless, the costs associated with the Lawsuits strained the Debtor's finances and ultimately caused the Debtor to file this bankruptcy case. The Debtor commenced the Bankruptcy Case to preserve and maximize the value of its operations and Assets, preserve the jobs of its employees, and obtain the time necessary to formulate the Plan and to maximize the return to Creditors.

B. Commencement of the Chapter 11 Case

On January 25, 2018, the Debtor filed a voluntary petition for protection under chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division.

C. Estate Professionals

The following is a list of each of the Estate Professionals that have been employed in the Bankruptcy Case, with a description of the role of each such Estate Professional:

<u>Estate Professional</u>	<u>Role of Estate Professional</u>	<u>Date of Entry and Docket No. of Employment Order</u>
Forshey & Prostok, LLP ("F&P")	Bankruptcy counsel for the Debtor	March 20, 2018 Docket No. 54
McDonald Sanders PC ("MS")	Special litigation and general corporate counsel for the Debtor	March 20, 2018 Docket No. 55

D. No Creditors' Committee

No creditors' committee has been appointed in the Debtor's Bankruptcy Case.

E. Professional Fees and Expenses; U.S. Trustee Fees

On April 26, 2018, the Bankruptcy Court entered an *Order Establishing Procedures for Interim Compensation and Reimbursement of Professionals* [Docket No. 73]. Pursuant to such Order, the Bankruptcy Court established interim compensation procedures (the "Compensation Procedures") applicable to Estate Professionals in the Bankruptcy Case. Among other things, the Compensation Procedures permit Estate Professionals to submit invoices on a monthly basis and, to the extent not objected to, receive payment of 80% of professional fees and reimbursement for 100% of expenses sought in such invoices, with all amounts received remaining subject to later Bankruptcy Court approval in connection with formal fee applications.

F&P has filed its interim fee application to date in the Bankruptcy Case [see Docket No. 100] covering the period of the Petition Date through May 31, 2018. F&P's first interim fee application was granted pursuant to an *Order Granting First Interim Application of Forshey & Prostok, LLP* [Docket No. 113] entered on July 24, 2018, which awarded F&P a total of \$92,489.77 for professional fees and expenses on an interim basis. F&P filed its second interim fee application for the period from June 1, 2018 through September 30, 2018 seeking fees and expenses for that time period of \$43,640.47 [Docket No. 136]. The second fee application is not ripe for approval until November 13, 2018. As of November 7, 2018, F&P has received payments totaling approximately \$118,399.30 in accordance with the Compensation Procedures and the order approving its first fee application. As of November 7, 2018, F&P has accrued an unpaid fees and expenses of approximately \$44,000.00.

MS has filed one interim fee application to date in the Bankruptcy Case [see Docket No.

101] covering the period of the Petition Date through May 31, 2018. MS has received payments only in accordance with the Compensation Procedures. MS's first interim fee application was granted pursuant to an *Order Granting First Interim Application of McDonald Sanders PC* [Docket No. 114] entered on July 24, 2018, which awarded F&P a total of \$23,990.20 for professional fees and expenses on an interim basis.

The Debtor is current on U.S. Trustee Fees and expects to continue paying U.S. Trustee Fees as they become due.

F. Continuation of Business and Affairs after the Petition Date

From the Petition Date through the date of this Disclosure Statement, the Debtor has continued to operate its business and manage its affairs as Debtor in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. As discussed below, the Debtor sought Bankruptcy Court approval for all transactions that were outside the ordinary course of its business.

G. Schedules, Statement of Financial Affairs and Bar Date

The Debtor filed its Schedules on February 22, 2018 [Docket No. 47]. The Debtor filed Amended Schedules E/F on March 29, 2018 [Docket No. 621] and on September 14, 2018 [Docket No. 131]. The Debtor also filed an Amended Schedule G on March 29, 2018 [Docket No. 62]. The Debtor filed its Statement of Financial Affairs on February 22, 2018 [Docket No. 45].

Pursuant to a *Notice of Chapter 11 Bankruptcy Case* entered on the docket [Docket No. 12], June 7, 2018 was fixed as the deadline for all holders of alleged Claims (except for governmental units) to file proofs of Claim.

H. Operating Information During Pendency of the Chapter 11 Case

The Debtor has filed all required monthly operating reports with the Bankruptcy Court. Copies of the filed monthly operating reports are available for inspection and copying at the office of the Clerk of the Bankruptcy Court. See, Docket Nos. 56, 68, 69, 70, 81, 104, 112, 119, 133 and 138.

I. Exclusivity

The Debtor is a "small business debtor" and this is a "small business case" as defined by sections 101(51C) and 101(51D) of the Bankruptcy Code. Pursuant to section 1121(e)(1) of the Bankruptcy Code, a small business debtor has 180 days after the petition date within which only it can file a plan of reorganization (the "Exclusive Period"). Pursuant to section 1121(e)(2) of the Bankruptcy Code, a small business debtor must file a plan and disclosure statement no later than 300 days from the Petition Date (the "Filing Deadline"). Finally, section 1129(e) of the Bankruptcy Code requires the Bankruptcy Court to confirm a small business debtor's plan of reorganization not later than forty-five (45) days after it is filed (the "Confirmation Deadline"). Sections 1121(e)(3) and 1129(e) of the Bankruptcy Code allow the Exclusive Period, the Filing Deadline and the Confirmation Deadline to be extended if the Debtor demonstrates that it is more likely than not that the court will confirm a plan within a reasonable period of time and obtains an extension before the deadline has passed, and the court sets a new deadline.

On June 18, 2018, the Debtor filed a motion to extend the Exclusive Period and the Confirmation Deadline [Docket No. 98]. On July 18, 2018, the Bankruptcy Court entered an order extending the Exclusive Period through and including **November 21, 2018** and the Confirmation Deadline to 120 days after the filing of any plan by the Debtor [Docket No. 110]. The Debtor either has or will file a motion seeking further extensions of the Exclusive Period, Filing Deadline, and Confirmation Deadline in the event it needs to amend the Plan or file a new plan.

VI. LITIGATION INVOLVING THE DEBTOR

A. Current Litigation

1. The Lines Lawsuit

This action was commenced on February 2, 2017 by Jeffrey Lines in the United States District Court for the Western District of Texas (Austin Division) (the "Austin District Court"). Lines is a former employee of Tenet, who worked as a delivery driver in Texas from October 6, 2015 to December 26, 2015. Lines filed the suit for himself and others similarly situated and sought certification of a collective action for violations of the Fair Labor Standards Act and Texas Labor Code. A collective has not been certified. Lines alleged that Amazon.com and Tenet: (a) failed to pay overtime pay to drivers for hours worked over 40 hours in a week and altered paychecks to show a false record of the hours worked; (b) failed to pay minimum wage to drivers by making them do work off the clock, including requiring drivers to arrive 15 minutes before scheduled start times to organize and prepare for deliveries, required them to work during their one hour lunch break without pay, and required the drivers to work off the clock for 30 minutes after their deliveries were complete, reducing their pay to below minimum wage; (c) failed to reimburse the drivers for expenses incurred while using their own vehicles (i.e. tolls, mileage, and gas), which reduced driver pay to below minimum wage; (d) retained drivers' tips and failed to notify drivers of the tips they received through credit cards or the Amazon payment app; and (e) unlawfully terminated Jeffrey Lines in retaliation for his complaints about violations. No plaintiff opted in to the Lines Lawsuit.

The filing of this Bankruptcy Case stayed any further action in the Lines Lawsuit. On March 20, 2018, Lines filed *Jeffrey Lines' Motion for Limited Relief from the Automatic Stay Pursuant to 11 U.S.C. S 361(d)(1)* [Docket No. 57], which was amended on March 21, 2018 [Docket No. 58]. Lines sought Bankruptcy Court authority to proceed with the Lines Lawsuit in the Austin District Court to liquidate its claims against Amazon and the Debtor. On April 2, 2018, the Debtor filed a response in opposition to Lines' request for stay relief [Docket No. 63]. On May 8, 2018, the Bankruptcy Court held a hearing and temporarily denied relief from the stay as to all issues except the issue of whether Amazon was also an employer of the plaintiffs. The Bankruptcy Court entered an order to that effect on May 15, 2018 [Docket No. 80]. The Bankruptcy Court held a status conference on the matter on June 11, 2018 and left the May 15, 2018 order in place.

On March 20, 2018, the Debtor and Amazon filed a motion seeking transfer of venue of the Lines Lawsuit from the Austin District Court to the United States District Court for the Northern District of Texas (Fort Worth Division) (the "FW District Court"). The Austin District Court granted the motion and entered an order transferring venue on August 9, 2018. The Lines Lawsuit was transferred to the FW District Court on October 31, 2018 as case number 4:18-cv-00893-A. The FW District Court referred the Lines Lawsuit to the Bankruptcy Court on November 2, 2018, and it is now pending before the Bankruptcy Court as Adversary No. 18-

04171.

Lines filed an individual proof of Claim in the amount of \$161,717.50, and the Debtor objected to that Claim on June 11, 2018 [Docket No. 95]. Lines also filed a proof of claim on behalf of other purported members of a collective action (the "Lines Class Claim"). The Debtor believes, based on Lines' testimony on May 8, 2018, that Lines' individual Claim does not exceed \$800.00, but may also be \$0.00. The Debtor intends to pursue its objection to Lines' individual Claim and to the purported Lines Class Claim filed on June 7, 2018. The Debtor believes the Lines Class Claim is procedurally inappropriate and that it is also without merit.

The Plan assumes that the Debtor will pay no more than \$800 to Lines individually and that Lines Class Claim will be disallowed in its entirety, settled or allowed in a minimal amount.

2. The Mukes Lawsuit

This action was commenced on March 3, 2017 in the United States District Court for the Southern District of Texas (Houston Division) by Willie Mukes, a former employee of Tenet who worked as a delivery driver in Harris County, Texas. Mukes filed the suit for alleged violations of the Fair Labor Standard Act for himself and others similarly situated and sought collective certification. A collective was certified, but the following persons consented to participate in the Mukes Lawsuit prior to the Petition Date: Valerie Miller, Barney Johnson, Derrick Abram, Donnie Trotter, Shamicha Cummings, Nakwisha Miller, Felicia Journet, Dominique Mays, and Leticia Spencer. Mukes alleged that Tenet: (a) failed to pay overtime pay to drivers for hours worked over 40 hours in a week and altered paychecks to show a false record of the hours worked; (b) failed to pay minimum wage to drivers by making them do work off the clock, including requiring drivers to arrive 10 to 15 minutes before scheduled start times, which effectively reduced driver pay to below minimum wage.

The filing of this Bankruptcy Case stayed any further proceedings in the Mukes Lawsuit. Mukes has not asked the Bankruptcy Court for relief from the stay and the Mukes Lawsuit has been dormant since the Bankruptcy Case was filed. Mukes filed an individual proof of Claim in the amount of \$21,200.00. The Debtor believes that Mukes is owed nothing or a minimal, and either has or will file an objection to his individual claim. The Plan assumes that Mukes will be paid nothing or a minimal amount on his individual claim.

Mukes also filed a claim on behalf of those similarly situated (the "Mukes Class Claim"). The Debtor either has or intends to object to the Mukes Class Claim on the basis that it is procedurally improper and lacks merit. The Plan assumes that the Mukes Class Claim filed by Mukes will be disallowed in its entirety, settled or allowed in a minimal amount.

3. The Xu Lawsuit

This action was commenced on July 20, 2016 in California state court by a former employee of the Tenet, Chen Xu, but was removed to the United States District Court for the Northern District of California on September 6, 2017 on the basis of federal diversity jurisdiction. No collective or class was certified. Xu alleged violations of the California Labor Code and Unfair Competition Law. Xu alleges, on behalf of himself and others, that Tenet: (a) failed to pay drivers for all time and overtime worked, because drivers were not paid for lunch breaks that they were not permitted to take; (b) failed to provide drivers with meal and rest periods; (c) failed to itemize wages; (d) failed to pay all wages owned upon termination; and (e) failed to reimburse expenses.

No party sought relief from the stay to proceed with the Xu Lawsuit, and no party filed a proof of Claim based on the Xu Lawsuit. Accordingly, the Debtor views any Claim based on the Xu Lawsuit as barred and will not pay any such Claims under the Plan.

4. Other Suits

Other parties have asserted claims against the Debtor for prepetition accidents. Travis Hawks sued the Debtor and a driver for an accident on May 29, 2016. Mr. Hawks filed a proof of Claim against the Debtor in the amount of \$0.00 and is pursuing only available insurance proceeds from the Debtor's insurance policies. Antonio Maldonado filed a proof of Claim in an unknown amount against the Debtor for an accident on December 7, 2016. Mr. Maldonado has obtained relief from the automatic stay to litigate that claim and is pursuing only available insurance proceeds from the Debtor's insurance policies. Raul Salinas filed suit against Amazon and an unknown driver for an accident on December 8, 2017. Mr. Salinas has not named the Debtor as a defendant at this time, and the Debtor does not believe its driver was involved in the accident.

B. Additional and Potential Litigation by the Debtor

The Debtor has a claim against RLI Insurance Company for non-payment of insurance claims and any related claims. The Debtor listed the claim against RLI Insurance in its Schedules at an approximate value of \$125,000.00. The Reorganized Debtor intends to bring that cause of action after the Effective Date. The Debtor retains the cause of action against RLI Insurance for the benefit of the Reorganized Debtor. The Debtor also retains for the benefit of the Reorganized Debtor the claims and causes of action listed on **Exhibit A to the Plan**.

Except as expressly provided in the Plan, nothing contained in the Disclosure Statement, the Plan or the Confirmation Order shall waive, relinquish, release or impair the Debtor's or the Reorganized Debtor's right to object to any claim.

Except as expressly set forth in the Plan, all causes of action, claims, counterclaims, defenses and rights of offset or recoupment (including but not limited to all Estate Claims, Estate Defenses and Avoidance Actions) belonging to the Debtor shall, upon the occurrence of the Effective Date, be retained by, received by and vested in the Reorganized Debtor for the benefit of the Debtor's Estate. Except as expressly set forth in the Plan the rights of the Reorganized Debtor to commence, prosecute or settle such causes of action shall be preserved notwithstanding the occurrence of the Effective Date. **No person may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any cause of action against them as any indication that the Debtor's Estate or the Reorganized Debtor will not pursue any and all available causes of action (including the Estate Claims, Estate Defenses and Avoidance Actions) against any Person, except as otherwise provided in the Plan.** Unless any causes of action against a Person are expressly waived, relinquished, exculpated, released, compromised or settled in the Plan or a Final Order, the Debtor's Estate expressly reserves all causes of action (including all Estate Claims, Estate Defenses and Avoidance Actions) for later adjudication and, therefore, no preclusion doctrine, including without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to such causes of action upon or after the confirmation or consummation of the Plan. Without limiting the foregoing, parties are advised that the Debtor specifically preserves for the Reorganized Debtor any Avoidance Actions it may hold against all parties disclosed in the Debtor's Schedules or Statement of Financial Affairs, as hereafter amended or supplemented, as having received any

conveyances or transfers from the Debtor.

VII. THE PLAN

THE FOLLOWING IS A SUMMARY OF THE MATTERS CONTEMPLATED TO OCCUR EITHER PURSUANT TO OR IN CONNECTION WITH THE CONSUMMATION OF THE PLAN. THIS SUMMARY HIGHLIGHTS THE SUBSTANTIVE PROVISIONS OF THE PLAN AND IS NOT, NOR IS IT INTENDED TO BE, A COMPLETE DESCRIPTION OR A SUBSTITUTE FOR A FULL AND COMPLETE REVIEW OF THE PLAN. THE FOLLOWING SUMMARY IS COMPLETELY QUALIFIED BY THE TERMS OF THE PLAN. IN THE EVENT OF ANY CONFLICT BETWEEN THE FOLLOWING SUMMARY AND THE PLAN, THE PLAN WILL CONTROL.

A. Classification and Treatment Summary

The Plan classifies the various Claims against and Interests in the Debtor. These Classes take into account the different nature and priority of Claims against and Interests in the Debtor. In addition, in accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims are not classified for purposes of voting under the Plan. Rather, all such Claims are treated separately as unclassified Claims.

Classes 1, 2, and 8 are not impaired under the Plan. Classes 3 through 7 are impaired under the Plan. If a controversy arises as to the classification of any Claim or Interest, or as to whether any Class of Claims or Interests is impaired under the Plan, the Bankruptcy Court shall determine such controversy as a part of the confirmation process.

1. Unclassified Claims Against the Debtor

Unclassified Claims against the Debtor consist of Administrative Expense Claims and Priority Tax Claims. An Administrative Expense Claim is a Claim based on any cost or expense of administration of this Bankruptcy Case allowed under subsections 503(b) and 507(a)(2) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the Debtor's Estate, any actual and necessary expenses of operating the Debtor's business, any indebtedness or obligations incurred or assumed by the Debtor, as debtor-in-possession, during its Bankruptcy Case including, without limitation, for the acquisition or lease of property or an interest in property or the rendition of services, all compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under section 330 or 503 of the Bankruptcy Code, and any fees or charges assessed against the Debtor's Estate under section 1930 of title 28 of the United States Code.

Administrative Expense Claims include both ordinary post-petition expenses and Claims attributable to Estate Professionals. Claims incurred in the ordinary course of the Debtor's affairs or business will be paid in the ordinary course of business. Fees and expenses owed to Estate Professionals are payable upon the Allowance of an appropriate fee application.

a. Treatment of Administrative Expense Claims

The Reorganized Debtor shall pay, in accordance with the ordinary business terms applicable to each such expense or cost, the reasonable and ordinary expenses incurred in operating the Debtor's business or administering the Estate before the Effective Date ("Ordinary Course Claims"). The remaining provisions of section 3.1 of the Plan shall not apply to the

Ordinary Course Claims, except that if there is a dispute relating to any such Ordinary Course Claim, the Reorganized Debtor may move the Bankruptcy Court to apply the provisions of Article IX of the Plan relating to Contested Claims and require the holder of the Contested Ordinary Course Claim to assert such Claim through this Bankruptcy Case.

Each holder of an Allowed Administrative Expense (other than Ordinary Course Claims and Administrative Expense Claims by Estate Professionals), shall receive (i) the amount of such holder's Allowed Administrative Expense in one Cash payment on the later of the Effective Date or the tenth (10th) Business Day after such Administrative Expense becomes an Allowed Administrative Expense, or (ii) such other treatment as may be agreed to in writing by such Administrative Expense Creditor and the Reorganized Debtor, or as otherwise ordered by the Bankruptcy Court.

Unless the Bankruptcy Court orders to the contrary or the Reorganized Debtor agrees to the contrary in writing, the holder of a Claim for an Administrative Expense, other than such a Claim by an Estate Professional, an Ordinary Course Claim, or an Administrative Expense which is already Allowed, shall file with the Bankruptcy Court and serve upon the Reorganized Debtor and its counsel a written notice of such Claim for an Administrative Expense within thirty (30) days after the Effective Date. Such notice shall include at a minimum: (i) the name, address, telephone number and fax number (if applicable) or email address of the holder of such Claim, (ii) the amount of such Claim, and (iii) the basis of such Claim. Failure to timely and properly file and serve such notice shall result in such Claim for an Administrative Expense being forever barred from receiving any Distribution from the Reorganized Debtor under the Plan.

A Claim for an Administrative Expense, for which a proper notice was filed and served under subsection 3.1(c) of the Plan, shall become an Allowed Administrative Expense if no Objection is filed within thirty (30) days of the filing and service of such notice. If a timely Objection is filed, the Claim shall become an Allowed Administrative Expense only to the extent allowed by a Final Order.

THE FAILURE TO TIMELY FILE THE REQUIRED NOTICE OF ADMINISTRATIVE EXPENSE CLAIM AND THE FAILURE TO SERVE SUCH NOTICE TIMELY AND PROPERLY SHALL RESULT IN THE ADMINISTRATIVE EXPENSE CLAIM BEING FOREVER BARRED, DISALLOWED AND DISCHARGED WITHOUT FURTHER ORDER OF THE BANKRUPTCY COURT.

The above procedures shall not apply to Administrative Expense Claims asserted by Estate Professionals, who shall each file and submit an appropriate final fee application to the Bankruptcy Court no later than sixty (60) days after the Effective Date. A Claim for an Administrative Expense by an Estate Professional in respect of which a final fee application has been properly filed and served shall become an Allowed Administrative Expense only to the extent allowed by Final Order and, if so Allowed, shall be paid in accordance with subsection 3.1(b) of the Plan. Professional fees and expenses to any Estate Professional incurred on or after the Effective Date may be paid by the Reorganized Debtor without necessity of application to or order by the Bankruptcy Court.

If the Reorganized Debtor asserts any Estate Claims as counterclaims or defenses to a Claim for an Administrative Expense, the Administrative Expense Claim shall be determined through an adversary proceeding before the Bankruptcy Court. The Bankruptcy Court shall have exclusive jurisdiction to adjudicate and Allow all Claims for any Administrative Expense.

b. Treatment of Priority Tax Claims

All Allowed Priority Tax Claims shall receive at the Debtor's option, (a) the amount of such holder's Allowed Claim in one Cash payment on the applicable Distribution Date; (b) the amount of such holder's Allowed Claim paid through sixteen (16) substantially equal quarterly payments beginning on the first Business Day of the second full calendar month after the Effective Date; or (c) such other treatment as may be agreed to in writing by the holder of the Priority Tax Claim and the Debtor.

c. Treatment of U.S. Trustee Fees

The Reorganized Debtor shall pay to the U.S. Trustee all unpaid U.S. Trustee Fees due and payable as of the Effective Date as well as all such fees which become due and payable after the Effective Date. Any U.S. Trustee Fees due as of the Effective Date shall be paid in full on the Effective Date or as soon thereafter as is practicable. After the Effective Date, the Reorganized Debtor shall continue to pay the U.S. Trustee Fees as they accrue and become due and payable until the Final Decree is entered and this Bankruptcy Case is closed.

2. Classified Claims and Interests

Classified Claims and Interests shall receive the treatment as described in Article IV of the Plan, which treatment is summarized in the table set forth in Article I Section B of this Disclosure Statement above.

B. Acceptance or Rejection of the Plan

Each impaired Class of Claims entitled to vote shall separately vote to accept or reject the Plan. Any unimpaired Class shall not be entitled to vote to accept or reject the Plan. Any unimpaired Class is deemed to have accepted the Plan under section 1126(f) of the Bankruptcy Code. A Class of Claims shall have accepted the Plan if it is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims in such Class that have voted on the Plan. Any Class of Claims that is not occupied as of the date of the commencement of the Confirmation Hearing by an Allowed Claim or a Claim temporarily Allowed under Bankruptcy Rule 3018 shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code. Section 5.4 of the Plan shall constitute the request by the Plan proponent, pursuant to section 1129(b) of the Bankruptcy Code, for the Bankruptcy Court to confirm the Plan notwithstanding the fact that the requirements of section 1129(a)(8) of the Bankruptcy Code have not been met.

C. Means of Implementing the Plan

1. Sources of Funding for Plan Obligations and Management

The obligations under the Plan will be funded by future operations of the business by the Reorganized Debtor. From and after the Effective Date, the Reorganized Debtor shall be managed in accordance with applicable law. There will be no change in the Debtor's management upon the Effective Date. The Reorganized Debtor shall continue to be managed by its current management, including: (a) Lloyd Jones, who currently serves as CEO; (b) Scott Cass, who currently serves as President and CFO; (c) Tom Mauriello, who currently serves as COO; and (d) Brent Harris, who currently serves as Vice President. Management's

compensation after the Effective Date will be commensurate with the compensation paid prior to the Petition Date.

2. Transfer and Vesting of Assets

As of the Effective Date, all Assets of the Debtor shall be transferred from the Debtor to the Reorganized Debtor, including without limitation all Cash, Estate Accounts Receivable, Estate Claims, Estate Defenses, Estate Insurance, and Estate Executory Contracts. The Assets shall be transferred to, and vested in, the Reorganized Debtor free and clear of all Liens, Claims, rights, Interests and charges, except as expressly provided in this Plan.

3. Assumption of Obligation to Make Distributions

The Reorganized Debtor shall be deemed to have assumed the obligation to make all Distributions pursuant to this Plan, including the obligation to make all Distributions on account of Allowed Claims.

4. Actions by Debtor and Reorganized Debtor to Implement Plan

The entry of the Confirmation Order shall constitute all necessary authorization for the Debtor and the Reorganized Debtor to take or cause to be taken all actions necessary or appropriate to consummate, implement or perform all provisions of this Plan on and after the Effective Date, and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court without further approval, act or action under any applicable law, order, rule or regulation.

5. Post-Effective Date Service List

Pleadings filed by any party-in-interest with the Bankruptcy Court after the Effective Date shall be served on the following Persons (collectively the "Service List"): (i) any Person directly affected by the relief sought in the pleading, (ii) the U.S. Trustee, (iii) parties which have filed a Notice of Appearance in this Bankruptcy Case, and (iv) the Reorganized Debtor through legal counsel.

6. Section 505 Powers

All rights and powers pursuant to section 505 of the Bankruptcy Code are hereby reserved to the Estate and shall be transferred to, and vested in, the Reorganized Debtor as of the Effective Date.

7. Section 510(c) Powers

All rights and powers to seek or exercise any right or remedy of Equitable Subordination or are hereby reserved to the Estate and shall be transferred to, and vested in, the Reorganized Debtor as of the Effective Date as an Estate Defense.

8. Section 506(c) Powers

The Estate hereby reserves all rights and powers pursuant to section 506(c) of the Bankruptcy Code, and all such rights shall be specifically transferred to, and vested in, the Reorganized Debtor.

9. Plan Injunction

The Reorganized Debtor shall have full power, standing an authority to enforce the Plan Injunction against any Person, either through an action before the Bankruptcy Court or any other tribunal having appropriate jurisdiction.

D. Provisions Governing Distribution

1. Source of Distributions

All Distributions to be made under the Plan shall be made by the Reorganized Debtor in the manner provided in this Plan and the Confirmation Order.

2. Timing and Amount of Distributions

No Distribution shall be made on account of any Claim until such Claim is Allowed, except as otherwise set forth in the Plan or otherwise ordered by the Bankruptcy Court. No Distribution shall be made on account of any Contested Claim until such Claim is Allowed. Except as expressly set forth in the Plan or in the Confirmation Order, the Reorganized Debtor shall, in the exercise of its good faith business judgment, determine the timing and amount of all Distributions which are required to be made under the Plan, consistent with the goal of making such Distributions as expeditiously as reasonably possible. The Reorganized Debtor may, but shall not be required to, seek approval of, or any other appropriate relief from, the Bankruptcy Court with respect to any of such Distributions. Any Unclaimed Property may be paid into the registry of the Bankruptcy Court or otherwise distributed in accordance with the orders of the Bankruptcy Court.

3. Means of Cash Payment

Cash payments pursuant to the Plan shall be made by check drawn on, or by wire transfer from, a domestic bank, or by other means agreed to by the payor and payee.

4. Record Date for Distributions

As of the close of business on the Effective Date (the "Distribution Record Date"), the register for Claims and Interests will be closed, and there shall be no further changes in the holder of record of any Claim or Interest. Although there is no prohibition against the transfer of any Claim by any Creditor, the Reorganized Debtor shall have no obligation to recognize any transfer of any Claims or Interests occurring after the Distribution Record Date, and the Reorganized Debtor shall instead be authorized and entitled to recognize and deal for all purposes under this Plan, including for the purpose of making all Distributions, with only those holders of Claims so reflected as of the Distribution Record Date. However, the Reorganized Debtor may, in the exercise of its good faith business judgment, agree to recognize transfers of Claims after the Distribution Record Date, but shall have no obligation to do so.

5. Delivery of Distributions

All Distributions, deliveries and payments to the holders of any Allowed Claims shall be made to the addresses set forth on the respective proofs of Claim filed in this Bankruptcy Case by such Claimants or, if the Distribution is to be made based on a Claim reflected as Allowed in the Schedules, at the address reflected in the Schedules. Any such Distribution, delivery or

payment shall be deemed as made for all purposes relating to the Plan when deposited in the United States Mail, postage prepaid, addressed as required in the preceding sentence. If any Distribution is returned as undeliverable, no further Distribution shall be made on account of such Allowed Claim unless and until the Reorganized Debtor is notified of such holder's then current address, at which time all missed Distributions shall be made to the holder of such Allowed Claim. However, all notices to the Reorganized Debtor reflecting new or updated addresses for undeliverable Distributions shall be made on or before one hundred twenty (120) days after the date of the attempted Distribution or such longer period as the Reorganized Debtor may fix in the exercise of its sole discretion. After such date, all Unclaimed Property shall revert to the Reorganized Debtor and the Claim of any holder with respect to such property shall be discharged and forever barred.

6. W-9 Forms.

W-9 forms must be provided to the Reorganized Debtor within thirty (30) days of a request made by the Reorganized Debtor. If no W-9 form is provided within thirty (30) days of such request, the Claim of such person or entity shall be discharged and forever barred.

7. Time Bar to Cash Payments

Checks issued in respect of Allowed Claims shall be null and void if not cashed within ninety (90) days of the date of issuance thereof. Requests for reissuance of any check shall be made directly to the Reorganized Debtor by the holder of the Allowed Claim with respect to which such check originally was issued. Any Claim in respect of such a voided check shall be made on or before one hundred twenty (120) days after the date of issuance of such check or such longer period as the Reorganized Debtor may fix. After such date, all Claims in respect of void checks shall be discharged and forever barred.

8. Cure Period

Except as otherwise set forth herein, the failure by the Reorganized Debtor to timely perform any term, provision or covenant contained in the Plan, or to make any payment or Distribution required by this Plan to any Creditor, or the failure to make any payment or perform any covenant on any note, instrument or document issued pursuant to the Plan, shall not constitute an event of default unless and until the Reorganized Debtor has been given thirty (30) days written notice of such alleged default in the manner provided in this Plan, and provided an opportunity to cure such alleged default. Until the expiration of such thirty (30) day cure period, the Reorganized Debtor shall not be in default, and performance during such thirty (30) day cure period shall be deemed as timely for all purposes. Such written notice and passage of the thirty (30) day cure period shall constitute conditions precedent to declaring or claiming any default under the Plan or bringing any action or legal proceeding by any Person to enforce any right granted under the Plan. Cure periods shall be determined separately for each payment default and for each Creditor entitled to a Distribution under the Plan.

9. Distributions after Substantial Consummation

All Distributions of any kind made to any Creditor after Substantial Consummation and any and all other actions taken under the Plan after Substantial Consummation shall not be subject to relief, reversal or modification by any court unless the implementation of the Confirmation Order is stayed by an order granted under Bankruptcy Rule 8005.

E. Retention of Estate Claims and Estate Defenses

1. Retention of Estate Claims

Except as otherwise specifically provided in the Plan, pursuant to section 1123(b)(3) of the Bankruptcy Code, all Estate Claims shall be transferred to, and vested in, the Reorganized Debtor, both for purposes of seeking an affirmative recovery against any Person and as an offset or defense against any Claim asserted against the Estate or Reorganized Debtor. Without limiting the generality of the foregoing, all applicable legal privileges of the Debtor or Estate, including both the attorney-client privilege and the work product privilege, shall be vested in the Reorganized Debtor which shall be clothed with the sole and exclusive standing and authority to assert any such privilege on behalf of the Debtor, Estate or Reorganized Debtor. All Estate Claims shall be deemed to have been transferred to, and vested in, the Reorganized Debtor as of the Effective Date based on the entry of the Confirmation Order.

Without limiting the effectiveness or generality of the foregoing reservation, out of an abundance of caution, the Debtor and the Estate hereby specifically reserve and retain the Retained Causes of Action. Reference is here made to the **Exhibit A** to the Plan, which constitutes an integral part of this Plan. The provisions of this Article VIII of the Plan, as well as the descriptions and disclosures relating to the Estate Claims in this Disclosure Statement, are provided in the interest of providing maximum disclosure of the Estate Claims of which Debtor is presently aware and shall not act as a limitation on the potential Estate Claims that may exist. It is the specific intention of the Plan that all Avoidance Actions and all associated remedies, and any other causes of action, whether arising before or after the Petition Date, and whether arising under the Bankruptcy Code or applicable state or federal non-bankruptcy laws shall all be retained and preserved under the Plan to be transitioned to and vested in the Reorganized Debtor. All Estate Claims are retained both as causes of action for an affirmative recovery and as counterclaims and offset to any Claims asserted against the Estate.

2. Retention of Estate Defenses

Except as otherwise specifically provided in the Plan, pursuant to section 1123(b)(3) of the Bankruptcy Code, all Estate Defenses shall be transferred to, and vested in, the Reorganized Debtor. For this purpose, all Estate Defenses shall be reserved and retained by the Debtor and the Estate, including without limitation all such Estate Defenses available to the Estate pursuant to section 558 of the Bankruptcy Code, and shall be deemed as transferred to, and vested in, the Reorganized Debtor as of the Effective Date based on the entry of the Confirmation Order.

3. Assertion of Estate Claims and Estate Defenses

The Reorganized Debtor shall have, and be vested with, the exclusive right, authority and standing to assert all Estate Claims and Estate Defenses for the benefit of the Reorganized Debtor.

F. Procedures for Resolving and Treating Contested Claims

1. Claims Listed in Schedules as Disputed

Any Claim which is listed in the Schedules as unliquidated, contingent or disputed, and for which no proof of Claim has been timely filed, shall be considered as Disallowed as of the

Effective Date without the necessity of any further action by the Reorganized Debtor or further order of the Bankruptcy Court other than the entry of the Confirmation Order.

2. Responsibility for Objecting to Claims and Settlement of Claims

The Reorganized Debtor shall have the exclusive standing and authority to either object to or settle and compromise any Objection to any Claim, including as follows:

a. From and after the Effective Date, the Reorganized Debtor shall have the sole and exclusive right to (i) file, settle, or litigate to Final Order any Objections to any Claims; and (ii) seek to subordinate any Claim. Any Contested Claim may be litigated to Final Order by the Reorganized Debtor; and

b. From and after the Effective Date, the Reorganized Debtor shall have the sole and exclusive right to settle, compromise or otherwise resolve any Contested Claim without the necessity of any further notice or approval of the Bankruptcy Court. Bankruptcy Rule 9019 shall not apply to any settlement or compromise of a Contested Claim after the Effective Date.

3. Objection Deadline

All Objections to Claims shall be served and filed by the Objection Deadline; provided, however, the Objection Deadline shall not apply to Claims which are not reflected in the claims register, including any alleged informal proofs of Claim. The Reorganized Debtor may seek to extend the Objection Deadline pursuant to a motion filed on or before the then applicable Objection Deadline with respect to any Claim. Any such motion may be granted without notice or a hearing. In the event that the Reorganized Debtor files such a motion and the Bankruptcy Court denies such motion, the Objection Deadline shall nevertheless be automatically extended to that date which is ten (10) Business Days after the date of entry of the Bankruptcy Court's order denying such motion. Any proof of Claim other than one based upon a Rejection Claim and which is filed more than thirty (30) days after the Effective Date shall be of no force and effect and need not be objected to by the Reorganized Debtor. Nothing contained in the Plan shall limit the right of the Reorganized Debtor to object to Claims, if any, filed or amended after the Objection Deadline.

If the Reorganized Debtor files an Objection to any Claim, then the holder of such Claim shall file a written response to such Objection within twenty-four (24) days after the filing and service of the Objection upon the holder of the Contested Claim. Each such Objection shall contain appropriate negative notice advising the Creditor whose Claim is subject to the Objection of the requirement and time period to file a response to such Objection and that, if no response is timely filed to the Objection, the Bankruptcy Court may enter an order that such Claim is Disallowed without further notice or hearing. The negative notice language in the Objection shall satisfy the notice requirement of Rule 3007(a) of the Bankruptcy Rules, and the Reorganized Debtor shall not be required to send a separate notice of the Objection to the Creditor whose Claim is subject to the Objection.

4. Distributions on Account of Contested Claims

If a Claim is Contested, then the dates for any Distributions as to such Contested Claim shall be determined based upon their date of Allowance, and thereafter Distribution shall be made on account of such Allowed Claim pursuant to the provisions of the Plan. No Distribution shall be made on account of a Contested Claim until Allowed. Until such time as a contingent

Claim becomes fixed and absolute by a Final Order Allowing such Claim, such Claim shall be treated as a Contested Claim for purposes of estimates, allocations, and Distributions under the Plan. Any contingent right to contribution or reimbursement shall continue to be subject to section 502(e) of the Bankruptcy Code.

5. No Waiver of Right to Object

Except as expressly provided in the Plan, nothing contained in this Disclosure Statement, the Plan and the Confirmation Order shall waive, relinquish, release or impair the Reorganized Debtor's right to object to any Claim.

6. Offsets and Defenses

The Reorganized Debtor shall be vested with and retain all Estate Claims and Estate Defenses, including without limitation all rights of offset or recoupment and all counterclaims against any Claimant holding a Claim. Assertion of counterclaims by the Reorganized Debtor against any Claim asserted against the Estate or Reorganized Debtor shall constitute "core" proceedings.

7. Claims Paid or Reduced Prior to Effective Date

Notwithstanding the contents of the Schedules, Claims listed therein as undisputed, liquidated and not contingent shall be reduced by the amount, if any, that was paid by the Debtor prior to the Effective Date, including pursuant to orders of the Bankruptcy Court. To the extent such payments are not reflected in the Schedules, such Schedules will be deemed amended and reduced to reflect that such payments were made. Nothing in the Plan shall preclude the Reorganized Debtor from paying Claims that the Debtor were authorized to pay pursuant to any Final Order entered by the Bankruptcy Court prior to the Confirmation Date.

G. Executory Contracts and Unexpired Leases

1. Assumption and Rejection of Executory Contracts

The Plan shall constitute a motion to assume all Executory Contracts except as expressly set forth in the Plan. All Executory Contracts shall be deemed as assumed by the Debtor upon the Effective Date, unless an Executory Contract (a) is identified on the Schedule of Rejected Executory Contracts included on **Exhibit B** to the Plan, (b) has been previously assumed or rejected pursuant to an order of the Bankruptcy Court, or (c) is the subject of a motion to assume filed on or before the Confirmation Date. The Debtor may file a motion for the assumption or rejection of any Executory Contract at any time through the Effective Date and such motion shall be determined by the Bankruptcy Court thereafter.

2. Cure Payments

The Debtor believes that it does not owe any Cure Claims for Executory Contracts being assumed in the Plan. **If a party to an Executory Contract believes it has a Cure Claim, that party shall assert such Cure Claim in a written, filed objection to the Plan filed no later than the Plan Objection Deadline or shall be deemed to have waived such Cure Claim.** To the extent it does owe any Cure Claims. To the extent the Debtor owes any Cure Claims, unless the holder of a Cure Claim and the Debtor or Reorganized Debtor agree in writing to other treatment of such holder's Cure Claim, or other treatment of such holder's Cure Claim is

otherwise provided for under the Plan, any cure payment which may be required by section 365(b)(1) of the Bankruptcy Code under an Executory Contract that is assumed under the Plan shall be made by the Reorganized Debtor on the Initial Distribution Date. Notwithstanding the foregoing, in the event of a dispute regarding the amount of any Cure Claim, the cure of any other defaults, the provision of adequate assurance of future performance, or any other matter pertaining to assumption, the Reorganized Debtor shall make such cure payments and cure such other defaults and provide adequate assurance of future performance, all as may be required by section 365(b)(1) of the Bankruptcy Code, following the entry of a Final Order by the Bankruptcy Court resolving such dispute.

3. Bar to Rejection Claims

Except as otherwise ordered by the Bankruptcy Court, any Rejection Claim based on the rejection of an Executory Contract shall be forever barred and shall not be enforceable against the Reorganized Debtor or the Assets unless a proof of Claim is filed with the Bankruptcy Court and served upon the Reorganized Debtor and its bankruptcy counsel by the earlier of thirty (30) days after the Effective Date or thirty (30) days after entry of the Final Order approving rejection of such Executory Contract.

4. Rejection Claims

Any Rejection Claim not barred by section 10.3 of the Plan shall be classified as a Class 5 General Unsecured Claim subject to the provisions of sections 502(b)(6) and 502(g) of the Bankruptcy Code; *provided, however*, that any Rejection Claim based upon the rejection of an unexpired lease of real property, either prior to the Confirmation Date, upon the entry of the Confirmation Order, or upon the Effective Date, shall be limited in accordance with section 502(b)(6) of the Bankruptcy Code and state law mitigation requirements. All Rejection Claims shall be deemed as Contested Claims until Allowed. Nothing contained in the Plan shall be deemed as an admission by the Debtor or the Reorganized Debtor that the rejection of any Executory Contract gives rise to or results in a Rejection Claim or shall be deemed as a waiver by the Debtor or the Reorganized Debtor of any objections or defenses to any such Rejection Claim if asserted.

5. Reservation of Rights

Nothing contained in the Plan shall constitute an admission by the Debtor that any contract or lease is in fact an Executory Contract or that the Debtor or Estate has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Reorganized Debtor shall have thirty (30) days following entry of a Final Order resolving such dispute to alter the treatment of such contract or lease.

H. Conditions Precedent to Confirmation and Effectiveness of Plan

1. Conditions to Confirmation and Effectiveness of Plan

The Plan shall not become effective until the following conditions shall have been satisfied and which may occur concurrently with the Effective Date: (a) the Confirmation Order shall have been entered, in form and substance acceptable to the Debtor; (b) the necessary Plan Documents have been executed and delivered, and (c) all other conditions specified by the Debtor have been satisfied.

2. Notice of the Effective Date

On the Effective Date, the Reorganized Debtor shall cause to be filed with the Court and served on all Creditors and parties-in-interests, a notice of the Effective Date.

I. Effect of the Confirmation of the Plan

1. Compromise and Settlement

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration of the classification, potential Distributions and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims, Interests and controversies subject to, or dealt with, under the Plan, including, without limitation, all Claims against the Debtor or Estate arising prior to the Effective Date, whether known or unknown, foreseen or unforeseen, asserted or unasserted, fixed or contingent, arising out of, relating to or in connection with the business or affairs of, or transactions with, the Debtor or the Estate. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements embodied in the Plan, and all other compromises and settlements provided for in the Plan, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interest of the Debtor, the Debtor's bankruptcy Estate, Creditors and other parties-in-interest, and are fair, equitable and within the range of reasonableness. The rights afforded in the Plan and the treatment of all Claims and Interests herein shall be in exchange for, and in complete satisfaction and release of, all Claims and Interests of any nature whatsoever against and in the Debtor, the Estate, and the Assets. Except as otherwise provided herein, all Persons shall be precluded and forever barred by the Plan Injunction from asserting against the Debtor and its affiliates, successors, assigns, the Estate or the Assets or Reorganized Debtor any event, occurrence, condition, thing, or other or further Claims or causes of action based upon any act, omission, transaction, or other activity of any kind or nature that occurred or came into existence prior to the Effective Date, whether or not the facts of or legal bases therefore were known or existed prior to the Effective Date.

2. Discharge

The terms, covenants and consideration under the Plan shall be in exchange for, and in complete satisfaction, discharge, and release of, all Claims of any nature whatsoever against the Debtor, the Reorganized Debtor and the Assets. Except as otherwise expressly provided herein, upon the Effective Date, the Debtor and the Reorganized Debtor, and their successors in interest and assigns, shall be deemed discharged and released pursuant to section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in section 502(g), 502(h), or 502(i) of the Bankruptcy Code, whether or not (a) a proof of Claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code; (b) a Claim based upon such debt is Allowed under section 502 of the Bankruptcy Code; (c) the holder of a Claim based upon such debt has accepted the Plan; or (d) the Claim has been Allowed, Disallowed, or estimated pursuant to section 502(c) of the Bankruptcy Code. The Confirmation Order shall be a judicial determination of discharge of all liabilities of the Debtor and the Reorganized Debtor, and their successors in interest and assigns, other than those obligations specifically set forth pursuant to the Plan.

3. Plan Injunction

SECTION 12.3 OF THE PLAN IS REFERRED TO AS THE “PLAN INJUNCTION.” EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, AS OF THE EFFECTIVE DATE ALL HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTOR, THE ESTATE OR ANY OF THE ASSETS THAT AROSE PRIOR TO THE EFFECTIVE DATE ARE HEREBY PERMANENTLY ENJOINED AND PROHIBITED FROM THE FOLLOWING: (i) THE COMMENCING OR CONTINUATION IN ANY MANNER, DIRECTLY OR INDIRECTLY, OF ANY ACTION, CASE, LAWSUIT OR OTHER PROCEEDING OF ANY TYPE OR NATURE AGAINST THE DEBTOR, REORGANIZED DEBTOR OR THE ESTATE, WITH RESPECT TO ANY SUCH CLAIM OR INTEREST ARISING OR ACCRUING BEFORE THE EFFECTIVE DATE, INCLUDING WITHOUT LIMITATION THE ENTRY OR ENFORCEMENT OF ANY JUDGMENT, OR ANY OTHER ACT FOR THE COLLECTION, EITHER DIRECTLY OR INDIRECTLY, OF ANY CLAIM OR INTEREST AGAINST THE ESTATE, THE DEBTOR OR THE REORGANIZED DEBTOR; (ii) THE CREATION, PERFECTION OR ENFORCEMENT OF ANY LIEN, SECURITY INTEREST, ENCUMBRANCE, RIGHT OR BURDEN, EITHER DIRECTLY OR INDIRECTLY, AGAINST THE DEBTOR, OR REORGANIZED DEBTOR, OR (iii) TAKING ANY ACTION IN RELATION TO THE DEBTOR, ESTATE, OR REORGANIZED DEBTOR, EITHER DIRECTLY OR INDIRECTLY, WHICH VIOLATES OR DOES NOT CONFORM OR COMPLY WITH THE PROVISIONS OF THIS PLAN APPLICABLE TO SUCH CLAIM OR INTEREST. THE PLAN INJUNCTION SHALL ALSO BE INCORPORATED INTO THE CONFIRMATION ORDER.

4. Temporary Third-Party Injunctions (Principle and Amazon)

SECTION 12.4 OF THE PLAN PROVIDES A TEMPORARY INJUNCTION IN FAVOR OF A NON-DEBTOR PARTY, PRINCIPLE. AS LONG AS THE DEBTOR AND/OR PRINCIPLE ARE CURRENT IN THE PAYMENT OF THE HARTFORD CLAIM IN ACCORDANCE WITH THIS PLAN, HARTFORD WILL TAKE NO ACTION FOR THE COLLECTION OF THE HARTFORD CLAIM AGAINST PRINCIPLE. PRINCIPLE WILL EXECUTE APPROPRIATE DOCUMENTS EVIDENCING ITS JOINDER IN THIS PLAN FOR THE PURPOSES OF PAYING THE HARTFORD CLAIM.

SECTION 12.5 OF THE PLAN PROVIDES A TEMPORARY INJUNCTION IN FAVOR OF A NON-DEBTOR PARTY, AMAZON. AS LONG AS THE DEBTOR IS CURRENT ON DISTRIBUTIONS TO CLASS 6 CLAIMS (IF ANY ARE ALLOWED) IN ACCORDANCE WITH THIS PLAN, CLASS 6 CLAIMANTS WILL TAKE NO ACTION FOR THE COLLECTION OF CLASS 6 CLAIMS AGAINST AMAZON.

5. Setoffs

Except as otherwise expressly provided for in the Plan, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable nonbankruptcy law, or as may be agreed to by the holder of a Claim, the Reorganized Debtor may setoff against any Allowed Claim and the Distributions to be made pursuant to the Plan on account of such Allowed Claim (before such Distribution is made), any Claims, rights, Estate Claims and Estate Defenses of any nature that the Debtor may hold against the holder of such Allowed Claim, to the extent such Claims, rights, Estate Claims and Estate Defenses against such holder have not been

otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim or Interest pursuant to the Plan shall constitute a waiver or release of any such Claims, rights, Estate Claims and Estate Defenses that the Estate may possess against such Claimant. In no event shall any Claimant or Interest holder be entitled to setoff any Claim or Interest against any Claim, right, or Estate Claim of the Debtor without the consent of the Debtor or the Reorganized Debtor unless such holder files a motion with the Bankruptcy Court requesting the authority to perform such setoff notwithstanding any indication in any proof of Claim or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to section 553 of the Bankruptcy Code or otherwise.

6. Recoupment

Except as otherwise expressly provided for in the Plan, in no event shall any holder of Claims or Interests be entitled to recoup any Claim or Interest against any Claim, right, account receivable, or Estate Claim of the Debtor or the Reorganized Debtor unless (a) such holder actually provides notice thereof in writing to the Debtor or the Reorganized Debtor of their intent to perform a recoupment; (b) such notice includes the amount to be recouped by the holder of the Claim or Interest and a specific description of the basis for the recoupment, and (c) the Debtor or the Reorganized Debtor has provided a written response to such Claim or Interest holder, stating unequivocally that the Debtor or the Reorganized Debtor consents to the requested recoupment. The Debtor and the Reorganized Debtor shall have the right, but not the obligation, to seek an order of the Bankruptcy Court allowing any or all of the proposed recoupment. In the absence of a written response from the Debtor or the Reorganized Debtor consenting to a recoupment or an order of the Bankruptcy Court authorizing a recoupment, no recoupment by the holder of a Claim or Interest shall be allowed.

7. Turnover

On the Effective Date, any rights of the Estate to compel turnover of Assets under applicable nonbankruptcy law and pursuant to section 542 or 543 of the Bankruptcy Code shall be deemed transferred to and vested in the Reorganized Debtor.

8. Automatic Stay

The automatic stay pursuant to section 362 of the Bankruptcy Code, except as previously modified by the Bankruptcy Court, shall remain in effect until the Effective Date of the Plan as to the Debtor, the Estate and all Assets. As of the Effective Date, the automatic stay shall be replaced by the Plan Injunction.

J. Jurisdiction of Courts and Modifications to the Plan

1. Retention of Jurisdiction

Pursuant to sections 1334 and 157 of title 28 of the United States Code, the Bankruptcy Court shall retain exclusive jurisdiction of all matters arising in, arising under, and related to this Bankruptcy Case and the Plan, to the full extent allowed or permitted by applicable law, including without limitation for the purposes of invoking sections 105(a) and 1142 of the Bankruptcy Code, and for, among other things, the following purposes:

- (a) To hear and determine any and all objections to, or applications or

motions concerning, the allowance of Claims or the allowance, classification, priority, compromise, estimation, or payment of any Administrative Expense;

(b) To hear and determine any and all applications for payment of fees and expenses pursuant to the Plan to any Estate Professional pursuant to sections 330 or 503 of the Bankruptcy Code, or for payment of any other fees or expenses authorized to be paid or reimbursed under the Plan, and any and all objections thereto;

(c) To hear and determine pending applications for the rejection, assumption, or assumption and assignment of Executory Contracts and the allowance of Claims resulting therefrom, and to determine the rights of any party in respect to the assumption or rejection of any Executory Contract;

(d) To hear and determine any and all adversary proceedings, applications, or contested matters, including relating to the allowance of any Claim;

(e) To hear and determine all controversies, disputes, and suits which may arise in connection with the execution, interpretation, implementation, consummation, or enforcement of the Plan or in connection with the enforcement of any remedies made available under the Plan, including without limitation, (i) adjudication of all rights, interests or disputes relating to any of the Assets, (ii) the valuation of all Collateral, (iii) the determination of the validity of any Lien or claimed right of offset; and (iv) determinations of Objections to Contested Claims;

(f) To liquidate and administer any disputed, contingent, or unliquidated Claims, including the Allowance of all Contested Claims;

(g) To administer Distributions to holders of Allowed Claims as provided in the Plan or in the Confirmation Order;

(h) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

(i) To consider any modification of the Plan pursuant to section 1127 of the Bankruptcy Code, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation the Confirmation Order;

(j) To enforce the Plan Injunction against any Person;

(k) To enter and implement all such orders as may be necessary or appropriate to execute, interpret, construe, implement, consummate, or enforce the terms and conditions of the Plan or the Confirmation Order and the transactions required or contemplated pursuant thereto;

(l) To hear and determine any motion or application which the Reorganized Debtor is required or allowed to commence before the Bankruptcy Court pursuant to the Plan or the Confirmation Order;

(m) To hear and determine any other matter not inconsistent with the Bankruptcy Code and title 28 of the United States Code that may arise in connection with or related to the Plan;

- Code;
- (n) To determine proceedings pursuant to section 505 of the Bankruptcy Code;
 - (o) To enter a Final Decree closing this Bankruptcy Case; and
 - (p) To determine any other matter or dispute relating to the Estate or the Assets and the Distribution thereof, including all issues pertaining to any Claim or matter relating to any obligation by the Debtor to indemnify Amazon.

2. Abstention and Other Courts

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of or relating to this Bankruptcy Case, Article XIII of the Plan shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

3. Non-Material Modifications

The Reorganized Debtor may, with the approval of the Bankruptcy Court and without notice to all holders of Claims and Interests, correct any defect, omission, or inconsistency in the Plan in such manner and to such extent as may be necessary or desirable. The Reorganized Debtor may undertake such nonmaterial modification pursuant to section 13.3 of the Plan insofar as it does not adversely change the treatment of the Claim of any Creditor or the Interest of any Interest holder who has not accepted in writing the modification.

4. Material Modifications

Modifications of the Plan may be proposed in writing by the Debtor at any time before confirmation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Debtor shall have complied with section 1125 of the Bankruptcy Code. This Plan may be modified at any time after confirmation and before their Substantial Consummation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as modified, under section 1129 of the Bankruptcy Code, and the circumstances warrant such modification. A holder of a Claim or Interest that has accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, such Plan as modified, unless, within the time fixed by the Bankruptcy Court, such holder changes their previous acceptance or rejection.

K. Miscellaneous Provisions

1. Severability

Should the Bankruptcy Court determine any provision of the Plan is unenforceable either on its face or as applied to any Claim or Interest or transaction, the Reorganized Debtor may modify the Plan so that any such provision shall not be applicable to the holder of any Claim or Interest. Such a determination of unenforceability shall not (a) limit or affect the enforceability and operative effect of any other provision of the Plan or (b) require the resolicitation of any acceptance or rejection of the Plan.

2. Oral Agreements; Modification of Plan; Oral Representations or Inducements

The terms of the Plan, Disclosure Statement and Confirmation Order may only be amended in writing and may not be changed, contradicted or varied by any oral statement, agreement, warranty or representation. Neither the Debtor nor their attorneys have made any representation, warranty, promise or inducement relating to the Plan or their confirmation except as expressly set forth in the Plan, the Disclosure Statement, or the Confirmation Order or other order of the Bankruptcy Court.

3. Waiver

The Reorganized Debtor shall not be deemed to have waived any right, power or privilege pursuant to the Plan or the Confirmation Order unless the waiver is in writing and signed by the Reorganized Debtor. There shall be no waiver by implication, course of conduct or dealing, or through any delay or inaction by the Reorganized Debtor, of any right pursuant to the Plan, including the provisions of section 14.3 of the Plan. The waiver of any right under the Plan shall not act as a waiver of any other or subsequent right, power or privilege.

4. Compliance with All Applicable Laws

If notified by any governmental authority that it is in violation of any applicable law, rule, regulation, or order of such governmental authority relating to its business, the Reorganized Debtor shall comply with such law, rule, regulation, or order; provided, however, that nothing contained in the Plan shall require such compliance if the legality or applicability of any such requirement is being contested in good faith in appropriate proceedings.

5. Duties to Creditors

No agent, representative, accountant, financial advisor, attorney, shareholder, officer, affiliate, member or employee of the Debtor shall ever owe any duty to any Person (including any Creditor) other than the duties owed to the Debtor's bankruptcy Estate, for any act, omission, or event in connection with, or arising out of, or relating to, any of the following: (a) the Debtor's Bankruptcy Case, including all matters or actions in connection with or relating to the administration of the Estate, (b) the Plan, including the proposal, negotiation, confirmation and consummation of the Plan, or (c) any act or omission relating to the administration of the Plan after the Effective Date.

6. Binding Effect

The Plan shall be binding upon and shall inure to the benefit of the Reorganized Debtor, the holders of the Claims or Liens, and their respective successors-in-interest and assigns.

7. Governing Law, Interpretation

Unless a rule of law or procedure supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) is applicable, the internal laws of the State of Texas shall govern the construction and implementation of the Plan and any Plan Documents without regard to conflicts of law. The Plan shall control any inconsistent term or provision of any other Plan Documents.

8. Payment of Statutory Fees

All accrued U.S. Trustee Fees shall be paid by the Reorganized Debtor as soon as practicable after the Effective Date, and thereafter shall be paid by the Reorganized Debtor as such statutory fees become due and payable.

9. Filing of Additional Documents

On or before Substantial Consummation of the Plan, the Reorganized Debtor may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

10. Computation of Time

Bankruptcy Rule 9006 shall apply to the calculation of all time periods pursuant to the Plan. If the final day for any Distribution, performance, act or event under the Plan is not a Business Day, then the time for making or performing such Distribution, performance, act or event shall be extended to the next Business Day. Any payment or Distribution required to be made under the Plan on a day other than a Business Day shall be due and payable on the next succeeding Business Day.

11. Elections by the Reorganized Debtor

Any right of election or choice granted to the Reorganized Debtor under the Plan may be exercised, at the Reorganized Debtor's election, separately as to each Claim, Creditor or Person.

12. Release of Liens

Except as otherwise expressly provided in the Plan or the Confirmation Order, all Liens against any of the Assets transferred to the Reorganized Debtor shall be deemed to be released, terminated and nullified without the necessity of any order by the Bankruptcy Court other than the Confirmation Order.

13. Rates

The Plan does not provide for the change of any rate that is within the jurisdiction of any governmental regulatory commission after the occurrence of the Effective Date.

14. Compliance with Tax Requirements

In connection with the Plan, the Reorganized Debtor shall comply with all withholding and reporting requirements imposed by federal, state and local Taxing Authorities and all Distributions under the Plan shall be subject to such withholding and reporting requirements. Notwithstanding the above, each holder of an Allowed Claim or Interest that is to receive a Distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such Distribution under the Plan.

15. Notice of Occurrence of Effective Date

Promptly after occurrence of the Effective Date, the Reorganized Debtor shall serve on all known parties in interest and holders of Claims and Interests, notice of the occurrence of the Effective Date.

16. Notice of Entry of Confirmation Order

Promptly after entry of the Confirmation Order, the Debtor, as directed by the Bankruptcy Court in the Confirmation Order, shall serve on all known parties-in-interest and holders of Claims and Interests, notice of entry of the Confirmation Order.

VIII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

THE PLAN AND THEIR RELATED TAX CONSEQUENCES ARE COMPLEX. MOREOVER, MANY OF THE INTERNAL REVENUE CODE PROVISIONS DEALING WITH THE FEDERAL INCOME TAX ISSUES ARISING FROM THE PLAN HAVE BEEN THE SUBJECT OF RECENT LEGISLATION AND, AS A RESULT, MAY BE SUBJECT TO AS YET UNKNOWN ADMINISTRATIVE OR JUDICIAL INTERPRETATIONS. THE DEBTOR HAS NOT REQUESTED A RULING FROM THE INTERNAL REVENUE SERVICE (THE "IRS") OR AN OPINION OF COUNSEL WITH RESPECT TO THESE MATTERS. ACCORDINGLY, NO ASSURANCE CAN BE GIVEN AS TO THE INTERPRETATION THAT THE IRS WILL ADOPT. THERE ALSO MAY BE STATE, LOCAL OR OTHER TAX CONSIDERATIONS APPLICABLE TO EACH CREDITOR. CREDITORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE CONSEQUENCES OF THE PLAN TO THEM UNDER FEDERAL AND APPLICABLE STATE, LOCAL AND OTHER TAX LAWS.

IX. CONFIRMATION OF THE PLAN

A. Solicitation of Votes; Voting Procedures

1. Ballots and Voting Deadlines

A Ballot to be used for voting to accept or reject the Plan, together with a postage-paid return envelope, is enclosed with all copies of this Disclosure Statement mailed to all holders of Claims and Interests entitled to vote. **BEFORE COMPLETING YOUR BALLOT, PLEASE READ CAREFULLY THE INSTRUCTION SHEET THAT ACCOMPANIES THE BALLOT.**

The Bankruptcy Court has directed that, in order to be counted for voting purposes, Ballots for the acceptance or rejection of the Plan must be received no later than **5:00 p.m., Central Time, on December 14, 2018** at the following address:

Forshey & Prostok, L.L.P.
777 Main Street, Suite 1290
Fort Worth, Texas 76102
Attn: Linda Breedlove

YOUR BALLOT MAY NOT BE COUNTED IF IT IS RECEIVED AT THE ABOVE ADDRESS AFTER **5:00 P.M., CENTRAL TIME, ON DECEMBER 14, 2018.**

2. Parties-in-Interest Entitled to Vote

The holder of a Claim or Interest may vote to accept or reject the Plan only if the Plan impairs the Class in which such Claim or Interest is classified. Under the Plan, Class 1 and Class 2 Claims and Class 8 Interests are unimpaired. Class 3, Class 4, Class 5, Class 6 and Class 7 Claims are Impaired and shall be entitled to vote on the Plan.

Any Claim or Interest as to which an Objection has been filed is not entitled to vote unless the Bankruptcy Court, upon application of the holder to whose Claim or Interest an Objection has been made, temporarily allows such Claim or Interest in an amount that it deems proper for the purpose of accepting or rejecting the Plan. Any such application must be heard and determined by the Bankruptcy Court on or before commencement of the Confirmation Hearing. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such vote was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

IF YOU HAVE ANY QUESTIONS REGARDING THE PROCEDURES FOR VOTING ON THE PLAN, PLEASE CONTACT COUNSEL FOR THE DEBTOR AT THE FOLLOWING ADDRESS:

J. Robert Forshey
Laurie Dahl Rea
Forshey & Prostok, L.L.P.
777 Main Street, Suite 1290
Fort Worth, Texas 76102
(817) 877-8855 Telephone
(817) 877-4151 Fax
Email: bforshey@forsheyprostok.com
Email: lrea@forsheyprostok.com

3. Vote Required for Class Acceptance

The Bankruptcy Code defines acceptance of a plan by a class of claims as acceptance by holders of at least two-thirds in dollar amount, and more than one-half in number, of the claims of that class which actually cast ballots for acceptance or rejection of the plan. Thus, class acceptance takes place only if at least two-thirds in amount and a majority in number of the holders of claims voting cast their ballots in favor of acceptance.

B. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of the Plan. Pursuant to the Solicitation Order, the Confirmation Hearing has been scheduled for **January 22, 2019, at 1:30 p.m. Central Time**, in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the Confirmation Hearing or any adjournment thereof.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan. Any objection to confirmation of the Plan must be made in writing and filed with the Bankruptcy Court on or before **December 14, 2018**, at the following address:

Office of the Clerk
U.S. Bankruptcy Court
Eldon B. Mahon U.S. Courthouse
501 W. Tenth Street
Fort Worth, TX 76102-3643

In addition, any such objection must be served, together with proof of service upon the following parties on or before **December 14, 2018**.

J. Robert Forshey
Laurie Dahl Rea
Forshey & Prostok, L.L.P.
777 Main Street, Suite 1290
Fort Worth, TX 76102
Email: bforshey@forsheyprostok.com
Email: lrea@forsheyprostok.com

United States Trustee
Attn: Erin Schmidt, Trial Attorney
1100 Commerce Street, Room 976
Dallas, TX 75242
Email: Erin.Schmidt2@usdoj.gov

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

C. Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court must determine whether the Bankruptcy Code's requirements for confirmation of the Plan have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. As set forth in section 1129 of the Bankruptcy Code, these requirements are as follows:

1. The Plan complies with the applicable provisions of the Bankruptcy Code.
2. The proponents of the Plan complied with the applicable provisions of the Bankruptcy Code.
3. The Plan has been proposed in good faith and not by any means forbidden by law.
4. Any payment made or promised by the Debtor, by the Plan proponent, or by a person issuing securities or acquiring property under the Plan, for services or for costs and expenses in, or in connection with, the case, or in connection with the Plan and incident to the case, has been approved by, or is subject to the approval of the Bankruptcy Court as reasonable.
5. (a) (i) The proponent of the Plan has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director, officer, or voting trustee of the Debtor, an affiliate of the Debtor participating in a joint plan with the Debtor, or a successor to the Debtor under the Plan; and
(ii) the appointment to, or continuance in, such office of such individual, is consistent with the interests of creditors and equity security holders and with public policy; and

(b) the proponent of the Plan has disclosed the identity of any insider that will be employed or retained by the Reorganized Debtor, and the nature of any compensation for such insider.

6. Any governmental regulatory commission with jurisdiction, after confirmation of the Plan, over the rates of the Debtor have approved any rate change provided for in the Plan, or such rate change is expressly conditioned on such approval.

7. With respect to each impaired class of claims or interests:

(a) each holder of a claim or interest of such class has accepted the Plan or will receive or retain under the Plan on account of such claim or interest property of a value, as of the effective date of the Plan, that is not less than the amount that such holder would so receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code on such date; or

(b) if section 1111(b)(2) of the Bankruptcy Code applies to the claims of such class, the holder of a claim of such class will receive or retain under the Plan on account of such claim property of a value, as of the effective date of the Plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims.

8. With respect to each class of claims or interests:

(a) such class has accepted the Plan; or

(b) such class is not impaired under the Plan.

9. Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the Plan provides that:

(a) with respect to a claim of a kind specified in section 507(a)(2) or 507(a)(3) of the Bankruptcy Code, on the effective date of the Plan, the holder of such claim will receive on account of such claim cash equal to the allowed amount of such claim;

(b) with respect to a class of claims of a kind specified in section 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6) or 507(a)(7) of the Bankruptcy Code, each holder of a claim of such class will receive:

(i) if such class has accepted the Plan, deferred cash payments of a value, as of the effective date of the Plan, equal to the allowed amount of such claim; or

(ii) if such class has not accepted the Plan, cash on the effective date of the Plan equal to the allowed amount of such claim; and

(c) with respect to a claim of a kind specified in section 507(a)(8) of the Bankruptcy Code, the holder of such claim will receive on account of such claim regular installment payments in cash:

(i) of a total value, as of the effective date of the Plan, equal to the allowed amount of such claim;

(ii) over a period ending not later than 5 years after the date of the order for relief under section 301, 302, or 303; and

(iii) in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the Plan (other than cash payments made to a class of creditors under section 1122(b) of the Bankruptcy Code); and

(d) with respect to a secured claim which would otherwise meet the description of an unsecured claim of a governmental unit under section 507(a)(8) of the Bankruptcy Code, but for the secured status of that claim, the holder of that claim will receive on account of that claim, cash payments, in the same manner and over the same period, as prescribed in 9(c) above.

10. If a class of claims is impaired under the Plan, at least one class of claims that is impaired has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a claim of such class.

11. Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan.

12. All fees payable under 28 U.S.C. section 1930, as determined by the Bankruptcy Court at the hearing on confirmation of the Plan, have been paid or the Plan provides for the payments of all such fees on the effective date of the Plan.

13. The Plan provides for the continuation after the Effective Date of payment of all retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code, at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114, at any time prior to confirmation of the Plan, for the duration of the period the Debtor has obligated itself to provide such benefits.

14. If the Debtor is required by a judicial or administrative order, or by statute, to pay a domestic support obligation, the Debtor has paid all amounts payable under such order or such statute for such obligation that first become payable after the date of the filing of the petition.

15. In a case in which the Debtor is an individual and in which the holder of an allowed unsecured claim objects to the confirmation of the Plan:

(a) the value, as of the effective date of the Plan, of the property to be distributed under the Plan on account of such claim is not less than the amount of such claim; or

(b) the value of the property to be distributed under the Plan is not less than the projected disposable income of the Debtor (as defined in section 1325(b)(2) of the Bankruptcy Code) to be received during the five-year period beginning on the date that the first payment is due under the Plan, or during the period for which the Plan provides payments, whichever is longer.

16. All transfers of property of the Plan shall be made in accordance with any applicable provisions of nonbankruptcy law that govern the transfer of property by a corporation or trust that is not a moneyed, business, or commercial corporation or trust.

The Debtor believes that the Plan satisfies all the statutory requirements of chapter 11 of the Bankruptcy Code, that the Debtor has complied or will have complied with all the requirements of chapter 11, and that the Plan is proposed in good faith. The Debtor believes that holders of all Allowed Claims and Interests impaired under the Plan will receive payments under the Plan having a present value, as of the Effective Date, not less than the amounts likely to be received if the Debtor were liquidated in a case under Chapter 7 of the Bankruptcy Code. At the Confirmation Hearing, the Bankruptcy Court will determine whether holders of Allowed Claims or Allowed Interests would receive greater Distributions under the Plan than they would receive in a liquidation under Chapter 7.

The Debtor believes that the Plan satisfies all the applicable requirements of section 1129(a) of the Bankruptcy Code, including, in particular, the “best interests of creditors” test and the “feasibility” requirement. The Debtor supports confirmation of the Plan and urges all holders of impaired Claims to accept the Plan.

These facts and others demonstrating the confirmability of the Plan will be shown at the Confirmation Hearing.

D. Cramdown

In the event that any impaired Class of Claims or Interests does not accept the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Debtor if, as to each impaired Class which has not accepted the Plan, the Bankruptcy Court determines that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to that Class. A plan of reorganization “does not discriminate unfairly” within the meaning of the Bankruptcy Code if no class receives more than it is legally entitled to receive for their claims or interests.

“Fair and equitable” has different meanings with respect to the treatment of secured and unsecured claims. As set forth in section 1129(b)(2) of the Bankruptcy Code, those meanings are as follows:

1. With respect to a class of secured claims, the Plan provides:

(a) (i) that the holders of such claims retain the liens securing such claims, whether the property subject to such liens is retained by the Debtor or transferred to another entity, to the extent of the allowed amount of such claims; and

(ii) that each holder of a claim of such class receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the Plan, of at least the value of such holder’s interest in the estate’s interest in such property;

(b) for the sale, subject to section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing such claims, free and clear of such liens, with such liens to attach to the proceeds of such sale, and the treatment of such liens on proceeds under clause (a) and (b) of this subparagraph; or

(c) the realization by such holders of the “indubitable equivalent” of such claims.

2. With respect to a class of unsecured claims, the Plan provides:

(a) that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the Plan, equal to the allowed amount of such claim; or

(b) the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the Plan on account of such junior claim or interest any property, except that in a case in which the Debtor is an individual, the Debtor may retain property included in the estate under section 1115 of the Bankruptcy Code, subject to the requirements of section 1129(a)(14) of the Bankruptcy Code.

3. With respect to a class of interests, the Plan provides:

(a) that each holder of an interest of such class receive or retain on account of such interest property of a value, as of the effective date of the Plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest; or

(b) that the holder of any interest that is junior to the interests of such class will not receive or retain under the Plan on account of such junior interest any property.

In the event that one or more Classes of impaired Claims or Interests reject the Plan, the Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is fair and equitable with respect to, and does not discriminate unfairly against, any rejecting impaired Class of Claims or Interests. For the reasons set forth above, the Debtor believe the Plan does not discriminate unfairly against, and is fair and equitable with respect to, each impaired Class of Claims or Interests.

X. RISK FACTORS

The following is intended as a summary of certain risks associated with the Plan, but it is not exhaustive and must be supplemented by the analysis and evaluation made by each holder of a Claim or Interest of the Plan and this Disclosure Statement as a whole with such holder's own advisors.

A. Insufficient Acceptances

For the Plan to be confirmed, each impaired Class of Claims is given the opportunity to vote to accept or reject the Plan. With regard to such impaired voting Classes, the Plan will be deemed accepted by a Class of impaired Claims if the Plan is accepted by Claimants of such Class actually voting on the Plan who hold at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the total Allowed Claims of the Class voted. Only those members of a Class who vote to accept or reject the Plan will be counted for voting purposes. The Debtor reserves the right to request confirmation pursuant to the cramdown provisions in section 1129(b) of the Bankruptcy Code, which will allow confirmation of the Plan regardless of the fact that a particular Class of Claims has not accepted the Plan. However, there can be no assurance that any impaired Class of Claims under the Plan will accept the Plan or that the Debtor would be able to use the cramdown provisions of the Bankruptcy Code for confirmation of the Plan.

B. Confirmation Risks

The following specific risks exist with respect to confirmation of the Plan:

(a) Any objection to confirmation of the Plan can either prevent confirmation of the Plan, or delay such confirmation for a significant period of time.

(b) Since the Debtor may be seeking to obtain approval of the Plan over the rejection of one or more impaired Classes of Claims, the cramdown process could delay confirmation.

C. Conditions Precedent

The Confirmation of the Plan and occurrence of the Effective Date are subject to certain conditions precedent that may not occur.

D. Estimated Distributions under the Plan

In preparing the Plan Projection Analyses attached hereto as **Exhibits 2 and 3**, the Debtor's CFO has made certain estimates regarding projected cash on hand at confirmation and future earnings based on current and anticipated accounts receivable, and possible changes to the Amazon Contract. Based on such estimations, the actual Distributions to holders of Allowed Claims may be more or less than projected in the Plan Projection Analysis under the Plan depending upon several variables, including (i) the aggregate amount of Claims, (ii) the amount, if any, for which certain Administrative Expense Claims are Allowed, and (iii) the Allowed amounts of certain Priority Claims.

E. Amazon

Amazon is the Debtor's only customer and only source of revenue. The Debtor will not be able to perform its obligations under the Plan if Amazon terminates the Amazon Contract or if Amazon decreases the Debtor's compensation or number of delivery routes.

F. Uncertainty About Class 6 and 7 Claims

The Debtor believes that the Mukes and Lines individual claims and the Mukes Class Claim and the Lines Class Claim will be disallowed. If the Debtor does not prevail on its objections to those Claims and they are Allowed in significant amounts, or if the Debtor must continue litigating those Claims for any period of time, the Debtor may not be able to perform under the Plan.

XI. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Continuation of Case

The Debtor believes that the Plan provides the claimants with the greatest and earliest possible return that can be realized on their respective claims. The Plan is being proposed as an alternative to a long and expensive bankruptcy or to a brief and predictable chapter 7 liquidation. In a traditional chapter 11 case for a medium-sized company, the plan often unfolds over one to two years. The Debtor is a small business debtor as defined by the Bankruptcy Code and there are limits on how long such a debtor may remain in a chapter 11 case. The Debtor will not be able to continue indefinitely under Chapter 11 of the Bankruptcy Code.

B. Alternative Plan of Reorganization

The Debtor has the exclusive right to file a plan until November 21, 2018 and has the exclusive right to seek acceptances for that plan for up to 120 days from its filing. If the Plan is not confirmed, the case may be dismissed or other parties-in-interest may have an opportunity to file another plan of reorganization. At this time, no entity other than the Debtor has proposed a Plan or reorganization and it does not appear likely that an alternative plan will be proposed.

C. Chapter 7 Liquidation

The Debtor believes the only practical alternative to the Plan is conversion of the Bankruptcy Case to Chapter 7 and liquidation under Chapter 7. The Debtor believes that the Plan will provide a greater return to Holders of Allowed Claims than liquidation in a Chapter 7 case.

XII. CONCLUSION

The Debtor urges holders of Claims in impaired Classes to vote to **ACCEPT** the Plan and to evidence such acceptance by returning their Ballots so that they will be received on or before **5:00 p.m., Central Time, on December 14, 2018.**

Dated: November 7, 2018.

Respectfully submitted,

TENET CONCEPTS, LLC

By: /s/ David Scott Cass
David Scott Cass
President and CFO

APPROVED:

/s/ J. Robert Forshey
J. Robert Forshey
State Bar No. 07264200
Laurie Dahl Rea
State Bar No. 00796150
FORSHEY & PROSTOK LLP
777 Main St., Suite 1290
Ft. Worth, TX 76102
Telephone: (817) 877-8855
Facsimile: (817) 877-4151
bforshey@forsheyprostok.com
lrea@forsheyprostok.com

ATTORNEYS FOR DEBTOR
AND DEBTOR IN POSSESSION

Exhibit 1

Plan of Reorganization for Tenet Concepts, LLC

J. Robert Forshey
State Bar No. 07264200
Laurie Dahl Rea
State Bar No. 00796150
FORSHEY & PROSTOK LLP
777 Main St., Suite 1290
Fort Worth, TX 76102
Telephone: 817-877-8855
Facsimile: 817-877-4151
bforshey@forsheyprostok.com
lrea@forsheyprostok.com

ATTORNEYS FOR DEBTOR
AND DEBTOR IN POSSESSION

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

In re:)	
)	
TENET CONCEPTS, LLC,)	Case No. 18-40270-rfn-11
)	
Debtor.)	Chapter 11 Case
)	

**PLAN OF REORGANIZATION FOR
TENET CONCEPTS, LLC**

Dated: November 7, 2018.

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION

A. Defined Terms.

In addition to such other terms as are defined in other sections of this Plan, the following terms shall have the meanings set forth below (such meanings to be equally applicable to both the singular and plural, masculine and feminine forms of the terms defined).

1.1. "Administrative Bar Date" shall refer to the deadline to file Claims for Allowance as an Administrative Expense set forth in section 3.1(c) of the Plan.

1.2. "Administrative Expense" includes any cost or expense of administration of the Debtor's chapter 11 case allowed under subsections 503(b) and 507(a)(2) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the Estate of the Debtor, any actual and necessary expenses of operating the business of the Debtor, all compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under section 330 or 503 of the Bankruptcy Code, and any fees or charges assessed against the Estate of the Debtor under section 1930, chapter 123 of title 28 of the United States Code.

1.3. "Allow" or "Allowance," when used with respect to a Claim, shall mean the process of determining whether a Claim is to be Allowed pursuant to this Plan.

1.4. "Allowed," when used with respect to a Claim (other than an Administrative Expense), means a Claim (a) to the extent it is not Contested; or (b) a Contested Claim, proof of which was filed timely with the Bankruptcy Court, and (i) as to which no Objection was filed by the Objection Deadline, or (ii) as to which an Objection was filed by the Objection Deadline, to the extent, if any, such Claim is ultimately allowed by a Final Order; provided, however, if a Claim is to be determined in a forum other than the Bankruptcy Court, such Claim shall not become Allowed until determined by Final Order of such other forum and allowed by Final Order of the Bankruptcy Court. With respect to an Administrative Expense (other than Ordinary Course Claims), such Claims will be Allowed when a Final Order has been entered by the Bankruptcy Court allowing such Administrative Expense Claim.

1.5. "Amazon" shall mean Amazon.com, Inc. and its affiliates, including Amazon Logistics, Inc.

1.6. "Amazon Agreement" shall mean the Delivery Provider Terms of Service/Work Order dated as of March 1, 2015 among the Debtor and Amazon Logistics, Inc., as amended and supplemented, and the Amazon Logistics Delivery Service Partner Program Agreement dated July 3, 2018.

1.7. "Assets" includes all right, title, and interest in and to all property of every type or nature owned or claimed by the Debtor or the Estate as of the Effective Date, whether real or personal, tangible or intangible, and wherever located, and including, but not limited to, all property of the Estate as defined in section 541 of the Bankruptcy Code. Without limiting the generality of the foregoing, this shall include all of the following: Estate Claims, Avoidance Actions, Estate Defenses, Estate Cash, Estate Accounts Receivable, Estate Insurance and Estate Executory Contracts.

1.8. "Avoidance Action" means a cause of action and rights assertable by the Debtor

against any Person, including but not limited to any Creditor, pursuant to Chapter 5 of the Bankruptcy Code, including without limitation, actions brought, or which may be brought, under sections 542, 543, 544, 545, 547, 548, 549, 550, or 553 of the Bankruptcy Code, and including all causes of action, rights and remedies assertable by the Estate pursuant to section 544 of the Bankruptcy Code.

1.9. "Ballot" means the form of ballot provided to holders of Claims or Interests entitled to vote pursuant to Bankruptcy Rule 3017(d), by which each such holder may accept or reject the Plan.

1.10. "Bankruptcy Case" shall mean Case No. 18-40270-rfn-11 before the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division.

1.11. "Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as amended and codified at title 11 of the United States Code.

1.12. "Bankruptcy Court" means the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division.

1.13. "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure, as amended from time to time, including all applicable local rules of the Bankruptcy Court, and any reference to a specific rule is a "Bankruptcy Rule."

1.14. "Bar Date" is the date established by the Bankruptcy Court, including through any standing order, for filing proofs of Claim or proofs of Interest which, in this Bankruptcy Case, is June 7, 2018; provided, however, that if the Bankruptcy Court has ordered an extension of the time by which a particular Creditor may file a proof of Claim or proof of Interest, the date set with respect to such Creditor shall be the Bar Date with respect to such Creditor, but only as to such Creditor.

1.15. "Business Day" means any day other than Saturday, Sunday, a legal holiday, or a day on which national banking institutions in Texas are authorized or obligated by law or executive order to close.

1.16. "Cash" shall mean cash and cash equivalents, including funds held in a checking or money market account.

1.17. "Cash Collateral" shall have the same meaning as in section 363(a) of the Bankruptcy Code.

1.18. "Claim" means (a) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured (including potential and unmatured tort and contract claims), disputed, undisputed, legal, equitable, secured or unsecured, or (b) a right to an equitable remedy for breach of performance if such breach gives rise to a right of payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured (including potential and unmatured tort and contract claims), disputed, undisputed, secured or unsecured.

1.19. "Claimant" means the holder of a Claim.

1.20. "Class" means a category or group of holders of Claims or Interests as

designated in Article II of the Plan.

1.21. "Collateral" means any Asset subject to a valid and enforceable Lien to secure payment of a Claim, including any right of offset asserted against any Asset.

1.22. "Confirmation Date" means the date of entry of the Confirmation Order.

1.23. "Confirmation Hearing" means the hearing, as it may be continued from time-to-time, conducted by the Bankruptcy Court pursuant to section 1128 of the Bankruptcy Code and Bankruptcy Rule 3020(b) to consider confirmation of the Plan, as the same may be amended, modified, or supplemented.

1.24. "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan in accordance with the provisions of chapter 11 of the Bankruptcy Code.

1.25. "Contested," when used with respect to a Claim, means a Claim: (a) that is listed in the Schedules of the Debtor as disputed, contingent, and/or unliquidated, or in the amount of "\$0.00" or "Unknown"; (b) that is listed in the Schedules of the Debtor as undisputed, liquidated, and not contingent and as to which a proof of Claim has been filed with the Bankruptcy Court, to the extent the proof of Claim amount exceeds the scheduled amount; (c) that is not listed in the Schedules of the Debtor, regardless of whether or not a proof of Claim has been filed with the Bankruptcy Court; (d) as to which an Objection has been or may be timely filed and which Claim has not been Allowed by a Final Order; or (e) for which the proof of Claim is filed after the applicable Bar Date; provided, however, that all Claims shall be deemed as Contested until the applicable Objection Deadline has passed. In addition, any Claim which is subject to an Objection or other pleading seeking either subordination (whether equitable or otherwise) or recharacterization of such Claim, including pursuant to section 510(c) of the Bankruptcy Code, shall likewise be deemed to constitute a Contested Claim until such Objection has been resolved by a Final Order.

1.26. "Creditor" shall have the same meaning as in section 101(10) of the Bankruptcy Code.

1.27. "Cure Claim" shall refer to a Claim under section 365(b) of the Bankruptcy Code (a) for the payment or other performance required to cure any existing default under an Executory Contract or (b) for any actual pecuniary loss resulting from any such default under an Executory Contract.

1.28. "Debtor" shall mean Tenet Concepts, LLC, a Texas limited liability company, the debtor in this Bankruptcy Case.

1.29. "Disallowed," when used with respect to all or any part of a Claim or Interest, means that portion of a Claim or Interest to which an Objection or motion to disallow has been sustained by a Final Order or, as to any Contested Claim, any portion thereof which is not Allowed by a Final Order of the Bankruptcy Court.

1.30. "Disclosure Statement" means the written statement, as amended, supplemented, or modified from time-to-time, describing the Plan that is prepared and distributed in accordance with sections 1125, 1126(b), and 1145 of the Bankruptcy Code and Bankruptcy Rules 3017 and/or 3017.1.

- 1.31. "Distribution" shall refer to and include any distribution of any property pursuant to this Plan.
- 1.32. "Distribution Date" shall be determined separately as to each Claim.
- 1.33. "Distribution Record Date" shall have the meaning given in article 7.4 of the Plan.
- 1.34. "Effective Date" means the first Business Day which is fourteen (14) days after entry of the Confirmation Date if the Confirmation Order is not stayed or, if the Confirmation Order is stayed, the first Business Day following the lifting, dissolution, or removal of such stay which is at least fourteen (14) Business Days after the Confirmation Date, and upon which all conditions to the effectiveness of the Plan set forth in Article XI below are satisfied.
- 1.35. "Equitable Subordination" shall be broadly construed and shall encompass any right or remedy to equitably subordinate or recharacterize as equity any Claim, including without limitation any such right or remedy pursuant to section 510(c) of the Bankruptcy Code.
- 1.36. "Estate" shall mean the bankruptcy estate of the Debtor in this Bankruptcy Case.
- 1.37. "Estate Cash" shall mean all Cash held by the Estate.
- 1.38. "Estate Claims" shall include any and all Claims or causes of action or rights of action held by the Estate against any Person, whether based on a contract, applicable tort or common law, or any law, statute or regulation of any governmental body or entity, including without limitation all Avoidance Actions, causes of action, rights of action or any right to recover money or property from any Person, as well as all legal and equitable rights and remedies incident to any of the forgoing. Estate Claims shall also include all applicable privileges in relation thereto, including the attorney-client privilege and the work product privilege.
- 1.39. "Estate Defenses" shall refer to all defenses, affirmative defenses, counterclaims, or rights of offset or recoupment by the Estate against any Person, including without limitation all affirmative defenses referenced in Fed. R. Civ. Pr. 8(c). Estate Defenses shall also include all rights and remedies for Equitable Subordination. Estate Defenses shall also include all applicable privileges with respect thereto, including the attorney-client privilege and work product privilege.
- 1.40. "Estate Insurance" shall include any insurance policy or interest in an insurance policy in which the Estate has an interest or rights.
- 1.41. "Estate Professional" means those Persons employed pursuant to an order of the Bankruptcy Court in accordance with sections 327, 328 and 1103 of the Bankruptcy Code or who are entitled to compensation or reimbursement pursuant to sections 503(b)(3)(D) or 506(b) of the Bankruptcy Code.
- 1.42. "Executory Contract" shall refer to any executory contract or unexpired lease which is subject to section 365 of the Bankruptcy Code.
- 1.43. "Final Decree" shall mean the decree contemplated under Bankruptcy Rule 3022 closing this Bankruptcy Case.
- 1.44. "Final Order" means an order or judgment of the Bankruptcy Court or any other

court or adjudicative body, as to which the time to appeal or seek rehearing or petition for certiorari shall have expired, and which such order or judgment shall no longer be subject to appeal, rehearing, or certiorari proceeding.

1.45. "General Unsecured Claim" shall mean a Claim which is not a Secured Claim, is not an Administrative Expense and is not entitled to priority of distribution pursuant to section 507 of the Bankruptcy Code, and includes any Rejection Claims pursuant to section 502(g) of the Bankruptcy Code.

1.46. "Governmental Bar Date" shall mean July 18, 2016, the date by which governmental units must file proofs of claim pursuant to section 502(b)(9) and Bankruptcy Rule 3002(c)(1).

1.47. "Governmental Unit" shall have the same meaning as in section 101(27) of the Bankruptcy Code.

1.48. "Hartford" shall mean Hartford Underwriting Insurance Company.

1.49. "Hartford Agreement" shall mean the Repayment Agreement dated as of October 12, 2017, among the Debtor, Hartford and Principle.

1.50. "Hartford Claim" shall mean the Claim by Hartford pursuant to the Hartford Agreement.

1.51. "Initial Distribution Date", when used with respect to any Allowed Claim shall mean the first Business Day of the second full calendar month after the Effective Date, and when used with respect to any Contested Claim or Rejection Claim, shall mean the later of (i) the first Business Day at least thirty (30) days after the date on which any such Contested Claim or Rejection Claim becomes an Allowed Claim, or (ii) if the payment terms of Article IV of this Plan applicable to each such Claim specify a different date, then the date as calculated pursuant to the terms of Article IV of this Plan applicable to each such Claim. The Initial Distribution Date shall be separately determined with respect to each Claim.

1.52. "Interest" shall mean any equity interest in the Debtor.

1.53. "Jeffrey Lines" shall mean the individual who is the plaintiff in the Lines Lawsuit.

1.54. "Lien" means any mortgage, lien, charge, security interest, encumbrance, or other security device of any kind affecting any Asset, including any right of offset asserted against any Asset.

1.55. "Lines Lawsuit" shall refer to the following lawsuit:

Jeffrey Lines, individually and on behalf of others similarly situated v. Amazon.com, Inc. and Tenet Concepts, LLC, Cause No. 2:17-cv-0072 in the United States District Court for the Western District of Texas, Austin Division.

1.56. "Mukes Lawsuit" shall refer to the following lawsuit:

Willie J. Mukes, on behalf of himself and others similarly situated,

v. Tenet Concepts, LLC, Cause No. 4:17-cv-00692 in the United States District Court for the Southern District of Texas.

1.57. "Monthly Plan Payment" shall mean the following: (a) for months 1 through 36 of the Plan, the sum of \$5,656.31 (inclusive of interest); and (b) for months 37 through 79 of the Plan, a sum sufficient to pay each Allowed Claim in full through 43 substantially equal monthly payments, including both principal and interest. A schedule of the Monthly Plan Payments, although subject to change for months 37 through 79 of the Plan, is attached to the Disclosure Statement as its Exhibit 3. The Monthly Plan Payment shall be solely used to pay Allowed Claims in Classes 5, 6, and 7.

1.58. "Objection" includes (a) an objection to the allowance of a Claim interposed by any party entitled to do so within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, and (b) as to any Taxing Authority, shall include a proceeding commenced under section 505 of the Bankruptcy Code to determine the legality or amount of any tax. Any pleading seeking to subordinate or recharacterize a Claim shall also constitute an Objection.

1.59. "Objection Deadline" shall mean the later of (a) ninety (90) days following the Effective Date, unless otherwise extended by order of the Bankruptcy Court, or (b) as to any Rejection Claim filed after the Effective Date, ninety (90) days after the date on which the proof of Claim reflecting the Rejection Claim is filed.

1.60. "Person" includes any individual, any type of incorporated or registered business or nonprofit entity, including any corporation, general partnership, limited partnership, limited liability company, limited liability partnership, association, joint stock company, joint venture, estate, trust, unincorporated organization, governmental entity or unit, or any political subdivision thereof, or any other entity of every type or nature.

1.61. "Petition Date" means January 25, 2018.

1.62. "Plan" means this Plan of Reorganization, either in its present form or as it may be altered, amended, modified, or supplemented from time-to-time.

1.63. "Plan Documents" shall refer to the documents that aid in effectuating the Plan as specifically identified as such herein and filed with the Bankruptcy Court as specified in Article I.B. hereof.

1.64. "Plan Objection Deadline" shall mean the deadline for objections to the Plan set by order of the Bankruptcy Court

1.65. "Plan Rate" shall mean a rate of simple interest equal to three percent (3%) per annum.

1.66. "Principle" shall mean Principle Distribution, LLC.

1.67. "Priority Claim" means a Claim that is entitled to priority of payment under sections 507(a)(4) through (7) of the Bankruptcy Code.

1.68. "Priority Tax Claim" means a Claim entitled to priority of payment pursuant to section 507(a)(8) of the Bankruptcy Code, other than any Property Tax Claims.

1.69. "Pro Rata Share" shall mean, as to the holder of a specific Claim, the ratio that the amount of such holder's Claim bears to the aggregate amount of all Claims included in the particular Class or category in which such holder's Claim is included.

1.70. "Reorganized Debtor" means Tenet Concepts, LLC from and after the Effective Date of this Plan.

1.71. "Retained Causes of Action" means those causes of action, claims, counterclaims, defenses and rights of offset or recoupment retained by the Reorganized Debtor as described in Article VIII of the Plan and in Exhibit A to the Plan.

1.72. "Rejection Claim" means a Claim arising under section 502(g) of the Bankruptcy Code as a consequence of the rejection of any Executory Contract.

1.73. "Schedules" means the schedules of assets and liabilities and the statement of financial affairs filed by the Debtor as required by section 521 of the Bankruptcy Code.

1.74. "Schedule of Rejected Executory Contracts" means the Schedule of Rejected Executory Contracts attached to this Plan as Exhibit B.

1.75. "Secured Claim" shall mean (a) a Claim secured by a Lien against an Asset, to the extent such Lien is valid, perfected and enforceable under applicable non-bankruptcy law and is not subject to avoidance under the Bankruptcy Code or other applicable non-bankruptcy law, and which is duly Allowed, but only to the extent that such Claim does not exceed the value of the Assets which the Bankruptcy Court finds are valid security for such Claim (except, if the holder of such Claim makes the election provided for in section 1111(b)(2) of the Bankruptcy Code, the entire amount of the Claim shall be a Secured Claim), and (b) any valid and enforceable right of offset asserted against the Debtor or any Asset.

1.76. "Secured Creditor" shall mean the holder of a Secured Claim.

1.77. "Substantial Consummation" means the day on which the Estate's Assets are vested in the Reorganized Debtor.

1.78. "Taxing Authority" shall include the State of Texas or any subdivision thereof, including without limitation any political subdivision of the State of Texas assessing ad valorem taxes against any of the Assets.

1.79. "Triumph" shall mean Triumph Business Capital.

1.80. "Unclaimed Property" means any Cash, Distribution, payment or any other property unclaimed for a period of one hundred twenty (120) days after the date of the applicable Distribution, or such longer period which the Reorganized Debtor may fix in the exercise of its good faith business judgment.

1.81. "U.S. Trustee" shall mean the office of the U.S. Trustee for Region 6.

1.82. "U.S. Trustee Fees" shall mean the quarterly fees paid to the U.S. Trustee pursuant to 28 U.S.C., section 1930(a)(6).

1.83. "Xu Lawsuit" shall refer to the following lawsuit:

Chen Xu, on behalf of himself and others similarly situated, v. Tenet Concepts, LLC, and Does 1-100, Cause No. 5:17-cv-05175
in the United States District Court for the Northern District of California, San Jose Division.

B. Rules of Interpretation and Construction of Terms

1.84. Unless otherwise specified, all section, Article and exhibit references in this Plan are to the respective section in, Article of, or exhibit to, the Plan as the same may be amended, supplemented, or otherwise modified from time to time. The headings in the Plan are for convenience and reference only and shall not limit or otherwise affect the provisions or the interpretation hereof.

1.85. The words “herein,” “hereof,” and “hereunder” or other words of similar import shall refer to the Plan as a whole and not to any particular article, section, subsection or clause contained in the Plan, unless the context requires otherwise.

1.86. Whenever from the context it appears appropriate, each term stated in either the singular or plural includes both singular and plural, and pronouns stated in masculine, feminine or neuter form shall include all of the masculine, feminine or neuter form.

1.87. The rules of construction set forth in section 102 of the Bankruptcy Code shall apply to the Disclosure Statement, this Plan, the Confirmation Order and all Plan Documents.

1.88. References herein to “after notice and hearing” or other similar language shall have the same meaning as in section 102(1) of the Bankruptcy Code. Otherwise, terms used herein that are not specifically defined herein shall have the meaning ascribed to those terms, if any, in the Bankruptcy Code.

1.89. All Exhibits to the Plan and all Plan Documents are incorporated into the Plan by this reference and are a part of the Plan as if set forth in full herein. Certain Plan Documents may be filed with the Clerk of the Bankruptcy Court prior to the commencement of the Confirmation Hearing. Holders of Claims and Interests may obtain a copy of the Plan Documents, once filed, by a written request sent to the following address: Forshey & Prostok, LLP, 777 Main Street, Suite 1290, Fort Worth, Texas 76102, Attention: Linda Breedlove; Fax Number (817) 877-4151; email: lbreedlove@forsheyprostok.com.

1.90. Reference herein to any agreement, contract, instrument or other document in this Plan shall refer to such agreement, contract, instrument or document as amended, supplemented or modified.

ARTICLE II
CLASSIFICATION OF CLAIMS AND INTERESTS

2.1. Classes of Claims. The following is a designation of the Classes of Claims and Interests pursuant to this Plan. Administrative Expenses and Priority Tax Claims have not been classified and are excluded from the following Classes in accordance with section 1123(a)(1) of the Bankruptcy Code. A Claim shall be deemed classified in a particular Class only to the extent that the Claim qualifies within the description of that Class. A Claim is included in a particular Class only to the extent that the Claim is an Allowed Claim within that Class.

2.2. Claims and Interests. Allowed Claims and Interests against or in the Debtor are classified under this Plan as follows:

- (a) Class 1 – Triumph Claim
- (b) Class 2 – Priority Claims
- (c) Class 3 – Hartford Claim
- (d) Class 4 – Amazon Claim
- (e) Class 5 – General Unsecured Claims
- (f) Class 6 – Lines Lawsuit Claims
- (g) Class 7 – Mukes Lawsuit Claims
- (h) Class 8 – Equity Interests

2.3. Impaired Classes of Claims and Interests. Class 1, 2 and Class 8 are unimpaired. Classes 3 through 7 are impaired.

2.4. Impairment or Classification Controversies. If a controversy arises as to the classification of any Claim or Interest, or as to whether any Class of Claims or Interests is impaired under the Plan, the Bankruptcy Court shall determine such controversy as a part of the confirmation process.

ARTICLE III
TREATMENT OF ADMINISTRATIVE EXPENSES AND PRIORITY TAX CLAIMS

3.1. Administrative Expenses.

(a) The Reorganized Debtor shall pay, in the ordinary course of its business and in accordance with the ordinary business terms applicable to each such expense or cost, the reasonable and ordinary expenses incurred in operating the Debtor's business or administering the Estate before the Effective Date ("Ordinary Course Claims"). The remaining provisions of this section 3.1 shall not apply to the Ordinary Course Claims, except that if there is a dispute relating to any such Ordinary Course Claim, the Reorganized Debtor may move the Bankruptcy Court to apply the provisions of Article IX below relating to Contested Claims and require the holder of the Contested Ordinary Course Claim to assert such Claim through this Bankruptcy Case.

(b) Each holder of an Allowed Administrative Expense (other than Ordinary Course Claims and Administrative Expense Claims by Estate Professionals), shall receive (i) the amount of such holder's Allowed Administrative Expense in one Cash payment on the later of the Effective Date or the tenth (10th) Business Day after such Administrative Expense becomes an Allowed Administrative Expense, or (ii) such other treatment as may be agreed to in writing by such Administrative Expense Creditor and the Reorganized Debtor, or as otherwise ordered by the Bankruptcy Court.

(c) Unless the Bankruptcy Court orders to the contrary or the Reorganized

Debtor agrees to the contrary in writing, the holder of a Claim for an Administrative Expense, other than such a Claim by an Estate Professional, an Ordinary Course Claim, or an Administrative Expense which is already Allowed, shall file with the Bankruptcy Court and serve upon the Reorganized Debtor and its counsel a written notice of such Claim for an Administrative Expense within thirty (30) days after the Effective Date. This deadline is the Administrative Bar Date. Such notice shall include at a minimum: (i) the name, address, telephone number and fax number (if applicable) or email address of the holder of such Claim, (ii) the amount of such Claim, and (iii) the basis of such Claim. Failure to timely and properly file and serve such notice by or on the Administrative Bar Date shall result in such Claim for an Administrative Expense being forever barred from receiving any Distribution.

(d) A Claim for an Administrative Expense, for which a proper notice was filed and served under subsection 3.1(c) above, shall become an Allowed Administrative Expense if no Objection is filed within thirty (30) days of the filing and service of such notice. If a timely Objection is filed, the Claim shall become an Allowed Administrative Expense only to the extent allowed by a Final Order.

(e) The procedures contained in subsections 3.1(a), (c) and (d) above shall not apply to Administrative Expense Claims asserted by Estate Professionals, who shall each file and submit an appropriate final fee application to the Bankruptcy Court no later than sixty (60) days after the Effective Date. A Claim for an Administrative Expense by an Estate Professional in respect of which a final fee application has been properly filed and served shall become an Allowed Administrative Expense only to the extent allowed by Final Order and, if so Allowed, shall be paid in accordance with subsection 3.1(b) above. Professional fees and expenses to any Estate Professional incurred on or after the Effective Date may be paid by the Reorganized Debtor without necessity of application to or order by the Bankruptcy Court.

(f) If the Reorganized Debtor asserts any Estate Claim as a counterclaim or defense to a Claim for an Administrative Expense, the Administrative Expense Claim shall be determined through an adversary proceeding before the Bankruptcy Court. The Bankruptcy Court shall have exclusive jurisdiction to adjudicate and Allow all Claims for any Administrative Expense.

3.2. Priority Tax Claims. Each holder of an Allowed Priority Tax Claim shall receive, at the Debtor's option, (a) the amount of such holder's Allowed Claim in one Cash payment on the applicable Distribution Date; (b) the amount of such holder's Allowed Claim paid through sixteen (16) substantially equal quarterly payments beginning on the first Business Day of the second full calendar month after the Effective Date; or (c) such other treatment as may be agreed to in writing by the holder of the Priority Tax Claim and the Debtor.

3.3. U.S. Trustee Fees. The Reorganized Debtor shall pay to the U.S. Trustee all unpaid U.S. Trustee Fees due and payable as of the Effective Date as well as all such fees which become due and payable after the Effective Date. Any U.S. Trustee Fees due as of the Effective Date shall be paid in full on the Effective Date or as soon thereafter as is practicable. After the Effective Date, the Reorganized Debtor shall continue to pay the U.S. Trustee Fees as they accrue and become due and payable until the Final Decree is entered and this Bankruptcy Case is closed.

3.4. Governmental Bar Date. The Governmental Bar Date shall apply to all Claims by a Governmental Unit which are not Administrative Claims.

ARTICLE IV
TREATMENT OF CLAIMS AND INTERESTS

4.1. Class 1 – Triumph Claim. The Secured Claim held by Triumph shall be treated as follows:

(a) The Debtor and Triumph are parties to a Factoring and Security Agreement ("Factoring Agreement") dated as of December 7, 2017. Pursuant to the Factoring Agreement, the Debtor has sold its accounts to Triumph. Pursuant to the Factoring Agreement, Triumph has the right to retain 2% of the face amount of the invoices in a reserve account to secure the Debtor's obligations under the Factoring Agreement, including any repurchase obligations. The Factoring Agreement requires the Debtor to repurchase certain receivables, including those which are not paid within 90 days of the invoice date.

(b) In the Factoring Agreement, in order to secure the Debtor's obligations to Triumph, including the Debtor's repurchase obligations, the Debtor grants Triumph a first-priority security interest in presently owned and thereafter acquired accounts, chattel paper, deposit accounts, inventory, equipment, instruments, documents, letter of credit rights, commercial tort claims and general intangibles (collectively the "Triumph Collateral").

(c) Triumph shall retain all rights, liens and remedies pursuant to the Factoring Agreement, including all Liens or rights in the Triumph Collateral and Reserve Account.

(d) Class 1 is unimpaired.

4.2. Class 2 – Priority Claims. Each holder of an Allowed Priority Claim shall receive:

(a) One Cash payment in an amount equal to the principal amount of such Allowed Priority Claim, plus interest at the rate and in the manner prescribed by applicable state law from the later of the Petition Date or the first day after the last day on which such Priority Claim may be paid without penalty, on the applicable Initial Distribution Date, or

(b) Such other treatment as may be agreed to in writing by the holder of the Priority Claim and the Reorganized Debtor.

(c) Class 2 is unimpaired.

4.3. Class 3 – Hartford Claim. The Claim held by Hartford shall be treated as follows:

(a) The Allowed Claim of Hartford shall be paid by the Debtor and/or Principle in substantially equal monthly installments of \$5,000.00 each, with the first such monthly payment being due on the first Business Day of the second full calendar month after the Effective Date until the Allowed Hartford Claim is paid in full. The Hartford Claim shall not be paid with the Monthly Plan Payment, but will be paid from other funds of the Reorganized Debtor. As long as the Debtor and/or Principle are current in the payment of the Hartford Claim in accordance with this Plan, Hartford shall take no action for the collection of the Hartford Claim against Principle.

(b) Principle shall execute appropriate documents evidencing its joinder in this Plan for the purposes of paying the Hartford Claim.

(c) Class 3 is impaired.

4.4. Class 4 – Amazon Claim. The Claim held by Amazon shall be paid as follows:

(a) Pursuant to the terms of the Amazon Agreement, Debtor has agreed to indemnify Amazon for the Claims asserted against Amazon in the Lines Lawsuit. Amazon's Allowed Claim will be paid by the Debtor in substantially equal monthly installments as may be agreed between the Debtor and Amazon. The Amazon Claim shall not be paid with the Monthly Plan Payment, but will be paid from other funds of the Reorganized Debtor.

(b) Class 4 is impaired.

4.5. Class 5 – General Unsecured Claims. Each Allowed General Unsecured Claim shall be treated as follows:

(a) Each holder of an Allowed General Unsecured Claim shall be paid in full in seventy-nine (79) monthly payments. The monthly amount of each payment shall be such Claimant's Pro Rata Share of the Monthly Plan Payment. The first such payment being due on the first Business Day of the second calendar month after the Initial Distribution Date applicable to each such Allowed Class 5 Claim and a monthly payment being made in the first day of each successive calendar month thereafter. Each such installment shall include both principal and interest. Each such Allowed Class 5 Claim shall bear interest from and after the Effective Date at the Plan Rate.

(b) Claim 5 is impaired.

4.6. Class 6 – Lines Lawsuit Claim. Class 6 shall include all holders of Allowed Claims based upon the acts, circumstances and transactions which form the basis of the Claims asserted in the Lines Lawsuit, including any Allowed individual Claim of Jeffrey Lines.

(a) Each Creditor asserting a Class 6 Claim must file an appropriate proof of claim on or before the Bar Date. No collective proof of claim shall be recognized as to any member of Class 6. All Class 6 Claims shall be deemed as Contested Claims for purposes of this Plan. Any Class 6 Creditor who fails to file a timely proof of claim shall not be entitled to any Distribution pursuant to this Plan.

(b) Holders of Allowed Class 6 Claims shall be paid in full in seventy-nine (79) monthly payments. The monthly amount of each payment shall be such Claimant's Pro Rata Share of the Monthly Plan Payment. The first such payment being due on the first Business Day of the second calendar month after the Initial Distribution Date applicable to each such Allowed Class 6 Claim and a monthly payment being made in the first day of each successive calendar month thereafter. Each such installment shall include both principal and interest. Each such Allowed Class 6 Claim shall bear interest from and after the Effective Date at the Plan Rate.

(c) The Lines Lawsuit shall be stayed as of the Effective Date. As soon as any Allowed individual Claim held by Jeffrey Lines is paid in full, the Lines Lawsuit will be dismissed.

(d) Class 6 is impaired.

4.7. Class 7 – Mukes Lawsuit Claims. Class 7 shall include all holders of Allowed Claims based upon the acts, circumstances and transactions which form the basis of the Claims asserted in the Mukes Lawsuit, including any Allowed individual Claim of Willie J. Mukes.

(a) Each creditor asserting a Class 7 Claim must file an appropriate proof of claim on or before the Bar Date. No collective proof of claim shall be recognized as to any member of Class 7. All Class 7 Claims shall be deemed as Contested Claims for purposes of this Plan. Any Class 7 Creditor who fails to file a timely proof of claim shall not be entitled to any Distribution pursuant to this Plan.

(b) Holders of Allowed Class 7 Claims shall be paid in in seventy-nine (79) monthly payments. The monthly amount of each payment shall be such Claimant's Pro Rata Share of the Monthly Plan Payment. The first such payment being due on the first Business Day of the second calendar month after the Initial Distribution Date applicable to each such Allowed Class 7 Claim and a monthly payment being made in the first day of each successive calendar month thereafter. Each such installment shall include both principal and interest. Each such Allowed Class 7 Claim shall bear interest from and after the Effective Date at the Plan Rate.

(c) Class 7 is impaired.

4.8. Class 8 – Interests in the Debtor. Interests in the Debtor shall be retained by the holders thereof, although subject to the terms of this Plan. Class 8 is unimpaired.

ARTICLE V **ACCEPTANCE OR REJECTION OF PLAN**

5.1. Classes Entitled to Vote. Each impaired Class of Claims entitled to vote shall separately vote to accept or reject the Plan. Any unimpaired Class shall not be entitled to vote to accept or reject the Plan. Any unimpaired Class is deemed to have accepted the Plan under section 1126(f) of the Bankruptcy Code.

5.2. Class Acceptance Requirement. A Class of Claims shall have accepted the Plan if it is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims in such Class that have voted on the Plan.

5.3. Elimination of Vacant Classes. Any Class of Claims that is not occupied as of the date of the commencement of the Confirmation Hearing by an Allowed Claim or a Claim temporarily Allowed under Bankruptcy Rule 3018 shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

5.4. Cramdown. This section shall constitute the request by the Plan proponent, pursuant to section 1129(b) of the Bankruptcy Code, for the Bankruptcy Court to confirm this Plan notwithstanding the fact that the requirements of section 1129(a)(8) of the Bankruptcy Code have not been met.

ARTICLE VI **MEANS OF IMPLEMENTATION OF THE PLAN**

6.1. Transfer and Vesting of Assets. As of the Effective Date, all Assets shall be

transferred to and vested in the Reorganized Debtor. The Assets shall be vested in the Reorganized Debtor free and clear of all Liens, Claims, rights, Interests and charges, except as expressly provided in this Plan.

6.2. Assumption of Obligation to Make Distributions. The Reorganized Debtor shall be deemed to have assumed the obligation to make all Distributions pursuant to this Plan, including the obligation to make all Distributions on account of Allowed Claims.

6.3. Actions by the Debtor and the Reorganized Debtor to Implement Plan. The entry of the Confirmation Order shall constitute all necessary authorization for the Debtor and the Reorganized Debtor to take or cause to be taken all actions necessary or appropriate to consummate, implement or perform all provisions of this Plan on and after the Effective Date, and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court without further approval, act or action under any applicable law, order, rule or regulation.

6.4. Continued Existence of the Debtor. The Debtor shall continue to exist, as a Reorganized Debtor, after the Effective Date, with all powers available to such legal entity, in accordance with applicable law and pursuant to its constituent documents. Upon the Effective Date, the Reorganized Debtor may, within its sole and exclusive discretion, take such action as permitted by applicable law and its constituent documents as it determines is reasonable and appropriate.

6.5. Management of the Reorganized Debtor. From and after the Effective Date, the Reorganized Debtor shall be managed in accordance with applicable law. There will be no change in the Debtor's management upon the Effective Date. The Reorganized Debtor shall continue to be managed by its current management, including: (a) Lloyd Jones, who currently serves as CEO; (b) Scott Cass, who currently serves as President and CFO; (c) Tom Mauriello, who currently serves as COO; and (d) Brent Harris, who currently serves as Vice President.

6.6. Source of Funding for Operations and Plan Obligations. The obligations under the Plan shall be funded by operation of the Reorganized Debtor's business.

6.7. Post-Effective Date Service List. Pleadings filed by any party-in-interest with the Bankruptcy Court after the Effective Date shall be served on the following Persons (collectively the "Service List"): (i) any Person directly affected by the relief sought in the pleading, (ii) the U.S. Trustee, (iii) parties which have filed a Notice of Appearance in this Bankruptcy Case, and (iv) the Reorganized Debtor through legal counsel.

6.8. Section 505 Powers. All rights and powers pursuant to section 505 of the Bankruptcy Code are hereby reserved to the Estate and shall be transferred to, and vested in, the Reorganized Debtor as of the Effective Date.

6.9. Section 510(c) Powers. All rights and powers to seek or exercise any right or remedy of equitable subordination or are hereby reserved to the Estate and shall be transferred to, and vested in, the Reorganized Debtor as of the Effective Date as an Estate Defense.

6.10. Section 506(c) Powers. The Estate hereby reserves all rights and powers pursuant to section 506(c) of the Bankruptcy Code, and all such rights shall be specifically transferred to, and vested in, the Reorganized Debtor.

6.11. Plan Injunction. The Reorganized Debtor shall have full power, standing an authority to enforce the Plan Injunction against any Person, either through an action before the Bankruptcy Court or any other tribunal having appropriate jurisdiction.

ARTICLE VII **PROVISIONS GOVERNING DISTRIBUTION**

7.1. Distributions. All Distributions to be made under this Plan shall be made by the Reorganized Debtor in the manner provided in this Plan and the Confirmation Order.

7.2. Timing and Amount of Distributions. No Distribution shall be made on account of any Claim until such Claim is Allowed, except as otherwise set forth in this Plan or otherwise ordered by the Bankruptcy Court. No Distribution shall be made on account of any Contested Claim until such Claim is Allowed. Except as expressly set forth in the Plan or in the Confirmation Order, the Reorganized Debtor shall, in the exercise of its good faith business judgment, determine the timing and amount of all Distributions which are required to be made under the Plan, consistent with the goal of making such Distributions as expeditiously as reasonably possible. The Reorganized Debtor may, but shall not be required to, seek approval of, or any other appropriate relief from, the Bankruptcy Court with respect to any of such Distributions. Any Unclaimed Property may be paid into the registry of the Bankruptcy Court or otherwise distributed in accordance with the orders of the Bankruptcy Court.

7.3. Means of Cash Payment. Cash payments pursuant to this Plan shall be made by check drawn on, or by wire transfer from, a domestic bank, or by other means agreed to by the payor and payee.

7.4. Record Date for Distributions. As of the close of business on the Effective Date (the "Distribution Record Date"), the register for Claims and Interests will be closed, and there shall be no further changes in the holder of record of any Claim or Interest. Although there is no prohibition against the transfer of any Claim by any Creditor, the Reorganized Debtor shall have no obligation to recognize any transfer of any Claims or Interests occurring after the Distribution Record Date, and the Reorganized Debtor shall instead be authorized and entitled to recognize and deal for all purposes under this Plan, including for the purpose of making all Distributions, with only those holders of Claims so reflected as of the Distribution Record Date. However, the Reorganized Debtor may, in the exercise of its good faith business judgment, agree to recognize transfers of Claims after the Distribution Record Date, but shall have no obligation to do so.

7.5. Delivery of Distributions. All Distributions, deliveries and payments to the holders of any Allowed Claims shall be made to the addresses set forth on the respective proofs of Claim filed in this Bankruptcy Case by such Claimants or, if the Distribution is to be made based on a Claim reflected as Allowed in the Schedules, at the address reflected in the Schedules. Any such Distribution, delivery or payment shall be deemed as made for all purposes relating to this Plan when deposited in the United States Mail, postage prepaid, addressed as required in the preceding sentence. If any Distribution is returned as undeliverable, no further Distribution shall be made on account of such Allowed Claim unless and until the Reorganized Debtor is notified of such holder's then current address, at which time all missed Distributions shall be made to the holder of such Allowed Claim. However, all notices to the Reorganized Debtor reflecting new or updated addresses for undeliverable Distributions shall be made on or before one hundred twenty (120) days after the date of the attempted Distribution or such longer period as the Reorganized Debtor may fix in the exercise of its sole discretion. After such date, all

Unclaimed Property shall revert to the Reorganized Debtor and the Claim of any holder with respect to such property shall be discharged and forever barred.

7.6. W-9 Forms. W-9 forms must be provided to the Reorganized Debtor within thirty (30) days of a request made by the Reorganized Debtor. If no W-9 form is provided within thirty (30) days of such request, the Claim of such person or entity shall be discharged and forever barred.

7.7. Time Bar to Cash Payments. Checks issued in respect of Allowed Claims shall be null and void if not cashed within ninety (90) days of the date of issuance thereof. Requests for reissuance of any check shall be made directly to the Reorganized Debtor by the holder of the Allowed Claim with respect to which such check originally was issued. Any Claim in respect of such a voided check shall be made on or before one hundred twenty (120) days after the date of issuance of such check or such longer period as the Reorganized Debtor may fix. After such date, all Claims in respect of void checks shall be discharged and forever barred.

7.8. Cure Period. Except as otherwise set forth herein, the failure by the Reorganized Debtor to timely perform any term, provision or covenant contained in this Plan, or to make any payment or Distribution required by this Plan to any Creditor, or the failure to make any payment or perform any covenant on any note, instrument or document issued pursuant to this Plan, shall not constitute an event of default unless and until the Reorganized Debtor has been given thirty (30) days written notice of such alleged default in the manner provided in this Plan, and provided an opportunity to cure such alleged default. Until the expiration of such thirty (30) day cure period, the Reorganized Debtor shall not be in default, and performance during such thirty (30) day cure period shall be deemed as timely for all purposes. Such written notice and passage of the thirty (30) day cure period shall constitute conditions precedent to declaring or claiming any default under this Plan or bringing any action or legal proceeding by any Person to enforce any right granted under this Plan. Cure periods shall be determined separately for each payment default and for each Creditor entitled to a Distribution under this Plan.

7.9. Distributions after Substantial Consummation. All Distributions of any kind made to any Creditor after Substantial Consummation and any and all other actions taken under this Plan after Substantial Consummation shall not be subject to relief, reversal or modification by any court unless the implementation of the Confirmation Order is stayed by an order granted under Bankruptcy Rule 8005.

ARTICLE VIII **RETENTION OF ESTATE CLAIMS AND ESTATE DEFENSES**

8.1. Retention of Estate Claims. Except as otherwise specifically provided in this Plan, pursuant to section 1123(b)(3) of the Bankruptcy Code, all Estate Claims shall be transferred to, and vested in, the Reorganized Debtor, both for purposes of seeking an affirmative recovery against any Person and as an offset or defense against any Claim asserted against the Estate or Reorganized Debtor. Without limiting the generality of the foregoing, all applicable legal privileges of the Debtor or Estate, including both the attorney-client privilege and the work product privilege, shall be vested in the Reorganized Debtor which shall be clothed with the sole and exclusive standing and authority to assert any such privilege on behalf of the Debtor, Estate or Reorganized Debtor. All Estate Claims shall be deemed to have been transferred to, and vested in, the Reorganized Debtor as of the Effective Date based on the entry of the Confirmation Order.

Without limiting the effectiveness or generality of the foregoing reservation, out of an abundance of caution, the Debtor and the Estate hereby specifically reserve and retain the Retained Causes of Action. Reference is here made to the **Exhibit A** to the Plan, which constitutes an integral part of this Plan. The provisions of this Article of the Plan, as well as the descriptions and disclosures relating to the Estate Claims in the Disclosure Statement, are provided in the interest of providing maximum disclosure of the Estate Claims of which Debtor is presently aware and shall not act as a limitation on the potential Estate Claims that may exist. It is the specific intention of this Plan that all Avoidance Actions and all associated remedies, and any other causes of action, whether arising before or after the Petition Date, and whether arising under the Bankruptcy Code or applicable state or federal non-bankruptcy laws shall all be retained and preserved under this Plan to be transitioned to and vested in the Reorganized Debtor. All Estate Claims are retained both as causes of action for an affirmative recovery and as counterclaims and offset to any Claims asserted against the Estate.

8.2. Retention of Estate Defenses. Except as otherwise specifically provided in this Plan, pursuant to section 1123(b)(3) of the Bankruptcy Code, all Estate Defenses shall be transferred to, and vested in, the Reorganized Debtor. For this purpose, all Estate Defenses are hereby reserved and retained by the Debtor and the Estate, including without limitation all such Estate Defenses available to the Estate pursuant to section 558 of the Bankruptcy Code. All Estate Defenses shall be deemed as transferred to, and vested in, the Reorganized Debtor as of the Effective Date based on the entry of the Confirmation Order.

8.3. Assertion of Estate Claims and Estate Defenses. The Reorganized Debtor shall have, and be vested with, the exclusive right, authority and standing to assert all Estate Claims and Estate Defenses for the benefit of the Reorganized Debtor.

ARTICLE IX **PROCEDURES FOR RESOLVING AND TREATING CONTESTED CLAIMS**

9.1. Claims Listed in Schedules as Disputed. Any Claim which is listed in the Schedules as unliquidated, contingent or disputed, and for which no proof of Claim has been timely filed, shall be considered as Disallowed as of the Effective Date without the necessity of any further action by the Reorganized Debtor or further order of the Bankruptcy Court other than the entry of the Confirmation Order.

9.2. Responsibility for Objecting to Claims and Settlement of Claims. The Reorganized Debtor shall have the exclusive standing and authority to either object to or settle and compromise any Objection to any Claim, including as follows:

(a) From and after the Effective Date, the Reorganized Debtor shall have the sole and exclusive right to (i) file, settle, or litigate to Final Order any Objections to any Claims; and (ii) seek to subordinate any Claim. Any Contested Claim may be litigated to Final Order by the Reorganized Debtor; and

(b) From and after the Effective Date, the Reorganized Debtor shall have the sole and exclusive right to settle, compromise or otherwise resolve any Contested Claim without the necessity of any further notice or approval of the Bankruptcy Court. Bankruptcy Rule 9019 shall not apply to any settlement or compromise of a Contested Claim after the Effective Date.

9.3. Objection Deadline. All Objections to Claims shall be served and filed by the Objection Deadline; provided, however, the Objection Deadline shall not apply to Claims which

are not reflected in the claims register, including any alleged informal proofs of Claim. The Reorganized Debtor may seek to extend the Objection Deadline, either across the board or separately as to any Claim or Claims, pursuant to a motion filed on or before the then applicable Objection Deadline with respect to any Claim. Any such motion may be granted without notice or a hearing. In the event that the Reorganized Debtor files such a motion and the Bankruptcy Court denies such motion, the Objection Deadline shall nevertheless be automatically extended to that date which is ten (10) Business Days after the date of entry of the Bankruptcy Court's order denying such motion. Any proof of Claim other than one based upon a Rejection Claim and which is filed more than thirty (30) days after the Effective Date shall be of no force and effect and need not be objected to by the Reorganized Debtor. Nothing contained herein shall limit the right of the Reorganized Debtor to object to Claims, if any, filed or amended after the Objection Deadline.

9.4. Response to Claim Objection. If the Reorganized Debtor files an Objection to any Claim, then the holder of such Claim shall file a written response to such Objection within twenty-four (24) days after the filing and service of the Objection upon the holder of the Contested Claim. Each such Objection shall contain appropriate negative notice advising the Creditor whose Claim is subject to the Objection of the requirement and time period to file a response to such Objection and that, if no response is timely filed to the Objection, the Bankruptcy Court may enter an order that such Claim is Disallowed without further notice or hearing. The negative notice in the Objection shall satisfy the notice requirements of Rule 3007(a) of the Bankruptcy Rules, and the Reorganized Debtor shall not be required to send a separate notice of the Objection to the Creditor whose Claim is subject to the Objection.

9.5. Distributions on Account of Contested Claims. If a Claim is Contested, then the dates for any Distributions as to any Claim shall be determined based upon its date of Allowance and the resulting applicable Initial Distribution Date. No Distribution shall be made on account of a Contested Claim until Allowed. Until such time as a contingent Claim becomes fixed and absolute by a Final Order Allowing such Claim, such Claim shall be treated as a Contested Claim for purposes of estimates, allocations, and Distributions under the Plan. Any contingent right to contribution or reimbursement shall continue to be subject to section 502(e) of the Bankruptcy Code.

9.6. No Waiver of Right to Object. Except as expressly provided in this Plan, nothing contained in the Disclosure Statement, this Plan or the Confirmation Order shall waive, relinquish, release or impair the Reorganized Debtor's right to object to any Claim.

9.7. Offsets and Defenses. The Reorganized Debtor shall be vested with and retain all Estate Claims and Estate Defenses, including without limitation all rights of offset or recoupment and all counterclaims against any Claimant holding a Claim. Assertion of counterclaims by the Reorganized Debtor against any Claim asserted against the Estate or Reorganized Debtor shall constitute "core" proceedings.

9.8. Claims Paid or Reduced Prior to Effective Date. Notwithstanding the contents of the Schedules, Claims listed therein as undisputed, liquidated and not contingent shall be reduced by the amount, if any, that was paid by the Debtor prior to the Effective Date, including pursuant to orders of the Bankruptcy Court. To the extent such payments are not reflected in the Schedules, such Schedules will be deemed amended and reduced to reflect that such payments were made. Nothing in the Plan shall preclude the Reorganized Debtor from paying Claims that the Debtor was authorized to pay pursuant to any Final Order entered by the Bankruptcy Court prior to the Confirmation Date.

ARTICLE X
EXECUTORY CONTRACTS AND UNEXPIRED LEASES

10.1. Assumption and Rejection of Executory Contracts. This Plan shall constitute a motion to assume all Executory Contracts except as expressly set forth in this section. All Executory Contracts shall be deemed as assumed by the Debtor upon the Effective Date, unless an Executory Contract (a) is identified on the Schedule of Rejected Executory Contracts attached hereto as **Exhibit B**, (b) has been previously assumed or rejected pursuant to an order of the Bankruptcy Court, or (c) is the subject of a motion to assume filed on or before the Confirmation Date. The Debtor may file a motion for the assumption or rejection of any Executory Contract at any time through the Effective Date and such motion shall be determined by the Bankruptcy Court thereafter.

10.2. Cure Claim Payments. The Debtor believes that it does not owe any Cure Claims for Executory Contracts being assumed in the Plan. **If a party to an Executory Contract believes it has a Cure Claim, that party shall assert such Cure Claim in a written, filed objection to the Plan filed no later than the Plan Objection Deadline or shall be deemed to have waived such Cure Claim.** To the extent it does owe any Cure Claims, any Cure Claims shall be treated as provided in this section. Unless the holder of a Cure Claim and the Debtor or Reorganized Debtor agree in writing to other treatment of such holder's Cure Claim, or other treatment of such holder's Cure Claim is otherwise provided for under the Plan, any cure payment which may be required by section 365(b)(1) of the Bankruptcy Code under an Executory Contract that is assumed under this Plan shall be made by the Reorganized Debtor on the Initial Distribution Date. Notwithstanding the foregoing, in the event of a dispute regarding the amount of any Cure Claim, the cure of any other defaults, the provision of adequate assurance of future performance, or any other matter pertaining to assumption, the Reorganized Debtor shall make such cure payments and cure such other defaults and provide adequate assurance of future performance, all as may be required by section 365(b)(1) of the Bankruptcy Code, following the entry of a Final Order by the Bankruptcy Court resolving such dispute.

10.3. Bar to Rejection Claims. Except as otherwise ordered by the Bankruptcy Court, any Rejection Claim based on the rejection of an Executory Contract shall be forever barred and shall not be enforceable against the Reorganized Debtor or the Assets unless a proof of Claim is filed with the Bankruptcy Court and served upon the Debtor and its bankruptcy counsel, or the Reorganized Debtor and its counsel, as the case may be, by the earlier of thirty (30) days after the Effective Date or thirty (30) days after entry of the Final Order approving rejection of such Executory Contract.

10.4. Rejection Claims. Any Rejection Claim not barred by section 10.3 above shall be classified as a Class 5 Claim subject to the provisions of sections 502(b)(6) and 502(g) of the Bankruptcy Code; provided, however, that any Rejection Claim based upon the rejection of an unexpired lease of real property, either prior to the Confirmation Date, upon the entry of the Confirmation Order, or upon the Effective Date, shall be limited in accordance with section 502(b)(6) of the Bankruptcy Code and state law mitigation requirements. All Rejection Claims shall be deemed as Contested Claims until Allowed. Nothing contained herein shall be deemed as an admission by the Debtor or the Reorganized Debtor that the rejection of any Executory Contract gives rise to or results in a Rejection Claim or shall be deemed as a waiver by the Debtor or the Reorganized Debtor of any objections or defenses to any such Rejection Claim if asserted.

10.5. Reservation of Rights. Nothing contained in the Plan shall constitute an admission by the Debtor that any contract or lease is in fact an Executory Contract or that the Debtor or Estate has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Reorganized Debtor shall have thirty (30) days following entry of a Final Order resolving such dispute to alter the treatment of such contract or lease.

ARTICLE XI
CONDITIONS PRECEDENT TO CONFIRMATION AND EFFECTIVENESS OF PLAN

11.1. Conditions to Confirmation and Effectiveness of Plan. The Plan shall not become effective until the following conditions shall have been satisfied and which may occur concurrently with the Effective Date: (a) the Confirmation Order shall have been entered, in form and substance acceptable to the Debtor; (b) the necessary Plan Documents have been executed and delivered, and (c) all other conditions specified by the Debtor have been satisfied.

11.2. Notice of the Effective Date. On the Effective Date, the Reorganized Debtor shall cause to be filed with the Court and served on all Creditors and parties-in-interests, a notice of the Effective Date.

ARTICLE XII
EFFECT OF THE CONFIRMATION OF THE PLAN

12.1. Compromise and Settlement. Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration of the classification, potential Distributions and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims, Interests and controversies subject to, or dealt with, under this Plan, including, without limitation, all Claims against the Debtor or Estate arising prior to the Effective Date, whether known or unknown, foreseen or unforeseen, asserted or unasserted, fixed or contingent, arising out of, relating to or in connection with the business or affairs of, or transactions with, the Debtor or the Estate. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements embodied in this Plan, and all other compromises and settlements provided for in the Plan, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interest of the Debtor, the Debtor's bankruptcy Estate, Creditors and other parties-in-interest, and are fair, equitable and within the range of reasonableness. The rights afforded in the Plan and the treatment of all Claims and Interests herein shall be in exchange for, and in complete satisfaction and release of, all Claims and Interests of any nature whatsoever against and in the Debtor, the Estate, and the Assets. Except as otherwise provided herein, all Persons shall be precluded and forever barred by the Plan Injunction from asserting against the Debtor and its affiliates, successors, assigns, the Estate or the Assets or Reorganized Debtor any event, occurrence, condition, thing, or other or further Claims or causes of action based upon any act, omission, transaction, or other activity of any kind or nature that occurred or came into existence prior to the Effective Date, whether or not the facts of or legal bases therefore were known or existed prior to the Effective Date.

12.2. Discharge. The terms, covenants and consideration under the Plan shall be in exchange for, and in complete satisfaction, discharge, and release of, all Claims of any nature whatsoever against the Debtor, the Reorganized Debtor and the Assets. Except as otherwise expressly provided herein, upon the Effective Date, the Debtor and the Reorganized Debtor, and their successors in interest and assigns, shall be deemed discharged and released

pursuant to section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in section 502(g), 502(h), or 502(i) of the Bankruptcy Code, whether or not (a) a proof of Claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code; (b) a Claim based upon such debt is Allowed under section 502 of the Bankruptcy Code; (c) the holder of a Claim based upon such debt has accepted the Plan; or (d) the Claim has been Allowed, Disallowed, or estimated pursuant to section 502(c) of the Bankruptcy Code. The Confirmation Order shall be a judicial determination of discharge of all liabilities of the Debtor and the Reorganized Debtor, and their successors in interest and assigns, other than those obligations specifically set forth pursuant to the Plan.

12.3. PLAN INJUNCTION. THIS SECTION IS REFERRED TO HEREIN AS THE “PLAN INJUNCTION.” EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, AS OF THE EFFECTIVE DATE ALL HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTOR, THE ESTATE OR ANY OF THE ASSETS THAT AROSE PRIOR TO THE EFFECTIVE DATE ARE HEREBY PERMANENTLY ENJOINED AND PROHIBITED FROM THE FOLLOWING: (i) THE COMMENCING OR CONTINUATION IN ANY MANNER, DIRECTLY OR INDIRECTLY, OF ANY ACTION, CASE, LAWSUIT OR OTHER PROCEEDING OF ANY TYPE OR NATURE AGAINST THE DEBTOR, REORGANIZED DEBTOR OR THE ESTATE, WITH RESPECT TO ANY SUCH CLAIM OR INTEREST ARISING OR ACCRUING BEFORE THE EFFECTIVE DATE, INCLUDING WITHOUT LIMITATION THE ENTRY OR ENFORCEMENT OF ANY JUDGMENT, OR ANY OTHER ACT FOR THE COLLECTION, EITHER DIRECTLY OR INDIRECTLY, OF ANY CLAIM OR INTEREST AGAINST THE ESTATE, THE DEBTOR OR THE REORGANIZED DEBTOR; (ii) THE CREATION, PERFECTION OR ENFORCEMENT OF ANY LIEN, SECURITY INTEREST, ENCUMBRANCE, RIGHT OR BURDEN, EITHER DIRECTLY OR INDIRECTLY, AGAINST THE DEBTOR, OR REORGANIZED DEBTOR, OR (iii) TAKING ANY ACTION IN RELATION TO THE DEBTOR, ESTATE, OR REORGANIZED DEBTOR, EITHER DIRECTLY OR INDIRECTLY, WHICH VIOLATES OR DOES NOT CONFORM OR COMPLY WITH THE PROVISIONS OF THIS PLAN APPLICABLE TO SUCH CLAIM OR INTEREST. THE PLAN INJUNCTION SHALL ALSO BE INCORPORATED INTO THE CONFIRMATION ORDER.

12.4. TEMPORARY THIRD-PARTY INJUNCTION (PRINCIPLE). AS LONG AS THE DEBTOR AND/OR PRINCIPLE ARE CURRENT IN THE PAYMENT OF THE HARTFORD CLAIM IN ACCORDANCE WITH THIS PLAN, HARTFORD WILL TAKE NO ACTION FOR THE COLLECTION OF THE HARTFORD CLAIM AGAINST PRINCIPLE. PRINCIPLE WILL EXECUTE APPROPRIATE DOCUMENTS EVIDENCING ITS JOINDER IN THIS PLAN FOR THE PURPOSES OF PAYING THE HARTFORD CLAIM.

12.5. TEMPORARY THIRD-PARTY INJUNCTION (AMAZON). AS LONG AS THE DEBTOR IS CURRENT ON DISTRIBUTIONS TO CLASS 6 CLAIMS (IF ANY ARE ALLOWED) IN ACCORDANCE WITH THIS PLAN, CLASS 6 CLAIMANTS WILL TAKE NO ACTION FOR THE COLLECTION OF CLASS 6 CLAIMS AGAINST AMAZON.

12.6. Setoffs. Except as otherwise expressly provided for in the Plan, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable nonbankruptcy law, or as may be agreed to by the holder of a Claim, the Reorganized Debtor may setoff against any Allowed Claim and the Distributions to be made pursuant to the Plan on account of such Allowed Claim (before such Distribution is made), any Claims, rights, Estate Claims and Estate Defenses of any nature that the Debtor may hold against the holder of such Allowed Claim, to the extent such Claims, rights, Estate Claims and Estate Defenses against such

holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim or Interest pursuant to the Plan shall constitute a waiver or release of any such Claims, rights, Estate Claims and Estate Defenses that the Estate may possess against such Claimant. In no event shall any Claimant or Interest holder be entitled to setoff any Claim or Interest against any Claim, right, or Estate Claim of the Debtor without the consent of the Debtor or the Reorganized Debtor unless such holder files a motion with the Bankruptcy Court requesting the authority to perform such setoff notwithstanding any indication in any proof of Claim or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to section 553 of the Bankruptcy Code or otherwise.

12.7. Recoupment. Except as otherwise expressly provided for in the Plan, in no event shall any holder of Claims or Interests be entitled to recoup any Claim or Interest against any Claim, right, account receivable, or Estate Claim of the Debtor or the Reorganized Debtor unless (a) such holder actually provides notice thereof in writing to the Debtor or the Reorganized Debtor of its intent to perform a recoupment; (b) such notice includes the amount to be recouped by the holder of the Claim or Interest and a specific description of the basis for the recoupment, and (c) the Debtor or the Reorganized Debtor has provided a written response to such Claim or Interest holder, stating unequivocally that the Debtor or the Reorganized Debtor consents to the requested recoupment. The Debtor and the Reorganized Debtor shall have the right, but not the obligation, to seek an order of the Bankruptcy Court allowing any or all of the proposed recoupment. In the absence of a written response from the Debtor or the Reorganized Debtor consenting to a recoupment or an order of the Bankruptcy Court authorizing a recoupment, no recoupment by the holder of a Claim or Interest shall be allowed.

12.8. Turnover. On the Effective Date, any rights of the Estate to compel turnover of Assets under applicable nonbankruptcy law and pursuant to section 542 or 543 of the Bankruptcy Code shall be deemed transferred to and vested in the Reorganized Debtor.

12.9. Automatic Stay. The automatic stay pursuant to section 362 of the Bankruptcy Code, except as previously modified by the Bankruptcy Court, shall remain in effect until the Effective Date of the Plan as to the Debtor, the Estate and all Assets. As of the Effective Date, the automatic stay shall be replaced by the Plan Injunction.

ARTICLE XIII **JURISDICTION OF COURTS AND MODIFICATIONS TO THE PLAN**

13.1. Retention of Jurisdiction. Pursuant to sections 1334 and 157 of title 28 of the United States Code, the Bankruptcy Court shall retain exclusive jurisdiction of all matters arising in, arising under, and related to this Bankruptcy Case and the Plan, to the full extent allowed or permitted by applicable law, including without limitation for the purposes of invoking sections 105(a) and 1142 of the Bankruptcy Code, and for, among other things, the following purposes:

(a) To hear and determine any and all objections to, or applications or motions concerning, the allowance of Claims or the allowance, classification, priority, compromise, estimation, or payment of any Administrative Expense;

(b) To hear and determine any and all applications for payment of fees and expenses pursuant to this Plan to any Estate Professional pursuant to sections 330 or 503 of the Bankruptcy Code, or for payment of any other fees or expenses authorized to be paid or reimbursed under this Plan, and any and all objections thereto;

(c) To hear and determine pending applications for the rejection, assumption, or assumption and assignment of Executory Contracts and the allowance of Claims resulting therefrom, and to determine the rights of any party in respect to the assumption or rejection of any Executory Contract;

(d) To hear and determine any and all adversary proceedings, applications, or contested matters, including relating to the allowance of any Claim;

(e) To hear and determine all controversies, disputes, and suits which may arise in connection with the execution, interpretation, implementation, consummation, or enforcement of the Plan or in connection with the enforcement of any remedies made available under the Plan, including without limitation, (i) adjudication of all rights, interests or disputes relating to any of the Assets, (ii) the valuation of all Collateral, (iii) the determination of the validity of any Lien or claimed right of offset; and (iv) determinations of Objections to Contested Claims;

(f) To liquidate and administer any disputed, contingent, or unliquidated Claims, including the Allowance of all Contested Claims;

(g) To administer Distributions to holders of Allowed Claims as provided herein or in the Confirmation Order;

(h) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

(i) To consider any modification of the Plan pursuant to section 1127 of the Bankruptcy Code, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation the Confirmation Order;

(j) To enforce the Plan Injunction against any Person;

(k) To enter and implement all such orders as may be necessary or appropriate to execute, interpret, construe, implement, consummate, or enforce the terms and conditions of this Plan or the Confirmation Order and the transactions required or contemplated pursuant thereto;

(l) To hear and determine any motion or application which the Reorganized Debtor is required or allowed to commence before the Bankruptcy Court pursuant to this Plan or the Confirmation Order;

(m) To hear and determine any other matter not inconsistent with the Bankruptcy Code and title 28 of the United States Code that may arise in connection with or related to the Plan;

(n) To determine proceedings pursuant to section 505 of the Bankruptcy Code;

(o) To enter a Final Decree closing this Bankruptcy Case; and

(p) To determine any other matter or dispute relating to the Estate or the Assets and the Distribution thereof, including all issues pertaining to any Claim or matter relating

to any obligation by the Debtor to indemnify Amazon.

13.2. Abstention and Other Courts. If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of or relating to this Bankruptcy Case, this Article of the Plan shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

13.3. Non-Material Modifications. The Reorganized Debtor may, with the approval of the Bankruptcy Court and without notice to all holders of Claims and Interests, correct any defect, omission, or inconsistency in the Plan in such manner and to such extent as may be necessary or desirable. The Reorganized Debtor may undertake such nonmaterial modification pursuant to this section insofar as it does not adversely change the treatment of the Claim of any Creditor or the Interest of any Interest holder who has not accepted in writing the modification.

13.4. Material Modifications. Modifications of this Plan may be proposed in writing by the Debtor at any time before confirmation, provided that this Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Debtor shall have complied with section 1125 of the Bankruptcy Code. This Plan may be modified at any time after confirmation and before its Substantial Consummation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as modified, under section 1129 of the Bankruptcy Code, and the circumstances warrant such modification. A holder of a Claim or Interest that has accepted or rejected this Plan shall be deemed to have accepted or rejected, as the case may be, such Plan as modified, unless, within the time fixed by the Bankruptcy Court, such holder changes its previous acceptance or rejection.

ARTICLE XIV **MISCELLANEOUS PROVISIONS**

14.1. Severability. Should the Bankruptcy Court determine any provision of the Plan is unenforceable either on its face or as applied to any Claim or Interest or transaction, the Reorganized Debtor may modify the Plan so that any such provision shall not be applicable to the holder of any Claim or Interest. Such a determination of unenforceability shall not (a) limit or affect the enforceability and operative effect of any other provision of the Plan or (b) require the resolicitation of any acceptance or rejection of the Plan.

14.2. Oral Agreements; Modification of Plan; Oral Representations or Inducements. The terms of the Plan, Disclosure Statement and Confirmation Order may only be amended in writing and may not be changed, contradicted or varied by any oral statement, agreement, warranty or representation. Neither the Debtor nor its attorneys have made any representation, warranty, promise or inducement relating to the Plan or its confirmation except as expressly set forth in this Plan, the Disclosure Statement, or the Confirmation Order or other order of the Bankruptcy Court.

14.3. Waiver. The Reorganized Debtor shall not be deemed to have waived any right, power or privilege unless the waiver is in writing and signed by the Reorganized Debtor. There shall be no waiver by implication, course of conduct or dealing, or through any delay or inaction by the Reorganized Debtor, of any right pursuant to the Plan, including the provisions of this anti-waiver section. The waiver of any right under the Plan shall not act as a waiver of any other

or subsequent right, power or privilege.

14.4. Notice. Any notice or communication required or permitted by the Plan shall be given, made or sent as follows:

(a) If to a Creditor, notice may be given as follows: (i) if the Creditor has filed no proof of Claim, then to the address reflected in the Schedules, or (ii) if the Creditor has filed a proof of Claim, then to the address reflected in the proof of Claim.

(b) If to the Reorganized Debtor, notice shall be sent to the Reorganized Debtor and counsel of record for the Reorganized Debtor.

(c) Any Creditor desiring to change its address for the purpose of notice may do so by giving notice to the Reorganized Debtor of its new address in accordance with the terms of this section.

(d) Any notice given, made or sent as set forth above shall be effective upon being (i) deposited in the United States Mail, postage prepaid, addressed to the addressee at the address as set forth above; (ii) delivered by hand or messenger to the addressee at the address set forth above; (iii) telecopied or emailed to the addressee as set forth above, with a hard confirmation copy being immediately sent through the United States Mail; or (iv) delivered for transmission to an expedited or overnight delivery service such as FedEx.

14.5. Compliance with All Applicable Laws. If notified by any governmental authority that it is in violation of any applicable law, rule, regulation, or order of such governmental authority relating to its business, the Reorganized Debtor shall comply with such law, rule, regulation, or order; provided, however, that nothing contained herein shall require such compliance if the legality or applicability of any such requirement is being contested in good faith in appropriate proceedings.

14.6. Duties to Creditors. No agent, representative, accountant, financial advisor, attorney, shareholder, officer, affiliate, member or employee of the Debtor shall ever owe any duty to any Person (including any Creditor) other than the duties owed to the Debtor's bankruptcy Estate, for any act, omission, or event in connection with, or arising out of, or relating to, any of the following: (a) the Debtor's Bankruptcy Case, including all matters or actions in connection with or relating to the administration of the Estate, (b) the Plan, including the proposal, negotiation, confirmation and consummation of the Plan, or (c) any act or omission relating to the administration of the Plan after the Effective Date.

14.7. Binding Effect. The Plan shall be binding upon and shall inure to the benefit of the Reorganized Debtor, the holders of the Claims or Liens, the holders of Interests, and their respective successors-in-interest and assigns.

14.8. Governing Law, Interpretation. Unless a rule of law or procedure supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) is applicable, the internal laws of the State of Texas shall govern the construction and implementation of the Plan and any Plan Documents without regard to conflicts of law. The Plan shall control any inconsistent term or provision of any other Plan Documents.

14.9. Payment of Statutory Fees. All accrued U.S. Trustee Fees shall be paid by the Reorganized Debtor as soon as practicable after the Effective Date, and thereafter shall be paid

by the Reorganized Debtor as such statutory fees become due and payable.

14.10. Filing of Additional Documents. On or before Substantial Consummation of the Plan, the Reorganized Debtor may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

14.11. Computation of Time. Bankruptcy Rule 9006 shall apply to the calculation of all time periods pursuant to this Plan. If the final day for any Distribution, performance, act or event under the Plan is not a Business Day, then the time for making or performing such Distribution, performance, act or event shall be extended to the next Business Day. Any payment or Distribution required to be made hereunder on a day other than a Business Day shall be due and payable on the next succeeding Business Day.

14.12. Elections by the Reorganized Debtor. Any right of election or choice granted to the Reorganized Debtor under this Plan may be exercised, at the Reorganized Debtor's election, separately as to each Claim, Creditor or Person.

14.13. Release of Liens. Except as otherwise expressly provided in this Plan or the Confirmation Order, all Liens against any of the Assets transferred to the Reorganized Debtor shall be deemed to be released, terminated and nullified without the necessity of any order by the Bankruptcy Court other than the Confirmation Order.

14.14. Rates. The Plan does not provide for the change of any rate that is within the jurisdiction of any governmental regulatory commission after the occurrence of the Effective Date.

14.15. Compliance with Tax Requirements. In connection with the Plan, the Reorganized Debtor shall comply with all withholding and reporting requirements imposed by federal, state and local Taxing Authorities and all Distributions under the Plan shall be subject to such withholding and reporting requirements. Notwithstanding the above, each holder of an Allowed Claim or Interest that is to receive a Distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such Distribution under the Plan.

[The remainder of this page has been left intentionally blank.]

Dated: November 7, 2018.

Respectfully submitted,

TENET CONCEPTS, LLC

By:



APPROVED:

/s/ J. Robert Forshey
J. Robert Forshey
State Bar No. 07264200
Laurie Dahl Rea
State Bar No. 00796150
FORSHEY & PROSTOK LLP
777 Main St., Suite 1290
Fort Worth, TX 76102
Telephone: 817-877-8855
Facsimile: 817-877-4151
bforshey@forsheyprostok.com
lrea@forsheyprostok.com

ATTORNEYS FOR DEBTOR
AND DEBTOR IN POSSESSION

L:\BFORSHEY\Tenet Concepts, LLC (C11) #5927\Plan and Disclosure Statement\Plan DS Ballot\Plan of Reorganization 11.5.18.docx

Exhibit A

Retained Causes of Action

1. The cause of action against RLI Insurance Company for non-payment of insurance claims.
2. Except as expressly set forth in the Plan, all causes of action, claims, counterclaims, defenses and rights of offset or recoupment (including but not limited to all Estate Claims, Estate Defenses and Avoidance Actions) belonging to the Debtor shall, upon the occurrence of the Effective Date, be retained by, received by and vested in the Reorganized Debtor for the benefit of the Debtor's Estate.
3. Except as expressly set forth in the Plan the rights of the Reorganized Debtor to commence, prosecute or settle such causes of action shall be preserved notwithstanding the occurrence of the Effective Date. **No person may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any cause of action against them as any indication that the Debtor's Estate or the Reorganized Debtor will not pursue any and all available causes of action (including the Estate Claims, Estate Defenses and Avoidance Actions) against any Person, except as otherwise provided in the Plan.**
4. Unless any causes of action against a Person are expressly waived, relinquished, exculpated, released, compromised or settled in the Plan or a Final Order, the Debtor's Estate expressly reserves all causes of action (including all Estate Claims, Estate Defenses and Avoidance Actions) for later adjudication and, therefore, no preclusion doctrine, including without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to such causes of action upon or after the confirmation or consummation of the Plan. Without limiting the foregoing, parties are advised that the Debtor specifically preserves for the Reorganized Debtor any Avoidance Actions it may hold against all parties disclosed in the Debtor's Schedules or Statement of Financial Affairs, as hereafter amended or supplemented, as having received any conveyances or transfers from the Debtor.

Exhibit B

Schedule of Rejected Contracts

**TO BE FILED AT LEAST THIRTY (30)
DAYS PRIOR TO THE HEARING ON
CONFIRMATION OF THE PLAN**

Exhibit 2

Plan Projection Analysis

TENET CONCEPTS, LLC**SOURCE AND USE OF FUNDS (\$000)**

Monthly Summary

Accrual Basis

	March-19	April-19	May-19	June-19	July-19	August-19	September-19
BILLING	1,037,600.67	1,037,600.67	1,037,600.67	1,037,600.67	1,037,600.67	1,037,600.67	1,037,600.67
	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)
PAYROLL (including fees)	(692,903.75)	(692,903.75)	(692,903.75)	(692,903.75)	(692,903.75)	(692,903.75)	(692,903.75)
Enterprise/Hertz/Element Fleet payments	(136,562.50)	(136,562.50)	(136,562.50)	(136,562.50)	(136,562.50)	(136,562.50)	(136,562.50)
Damage Claims	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)
Tolls	(5,750.00)	(5,750.00)	(5,750.00)	(5,750.00)	(5,750.00)	(5,750.00)	(5,750.00)
Regions Credit Card	(7,000.00)	(7,000.00)	(7,000.00)	(7,000.00)	(7,000.00)	(7,000.00)	(7,000.00)
Rent and AT & T	(14,460.34)	(14,460.34)	(14,460.34)	(14,460.34)	(14,460.34)	(14,460.34)	(14,460.34)
Wright Express	(5,000.00)	(5,000.00)	(5,000.00)	(5,000.00)	(5,000.00)	(5,000.00)	(5,000.00)
Auto Policy	(42,000.00)	(42,000.00)	(42,000.00)	(42,000.00)	(42,000.00)	(42,000.00)	(42,000.00)
Legal Fees	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)
Workes Comp Premiums	(25,000.00)	(25,000.00)	(25,000.00)	(25,000.00)	(25,000.00)	(25,000.00)	(25,000.00)
Health Insurance premiums	(32,000.00)	(32,000.00)	(32,000.00)	(32,000.00)	(32,000.00)	(32,000.00)	(32,000.00)
D&O and GL/Umbrella	(2,813.00)	(2,813.00)	(2,813.00)	(2,813.00)	(2,813.00)	(2,813.00)	(2,813.00)
Background Checks	(7,250.00)	(7,250.00)	(7,250.00)	(7,250.00)	(7,250.00)	(7,250.00)	(7,250.00)
Recruiting	(916.33)	(916.33)	(916.33)	(916.33)	(916.33)	(916.33)	(916.33)
Computer Services	(1,750.00)	(1,750.00)	(1,750.00)	(1,750.00)	(1,750.00)	(1,750.00)	(1,750.00)
Taxes	(833.33)	(833.33)	(833.33)	(833.33)	(833.33)	(833.33)	(833.33)
US Trustee	-	-	-	-	-	-	-
OTHER DISBURSEMENTS	(6,500.00)	(6,500.00)	(6,500.00)	(6,500.00)	(6,500.00)	(6,500.00)	(6,500.00)
Income Taxes	(9,090.35)	(9,090.35)	(9,090.35)	(9,090.35)	(9,090.35)	(9,090.35)	(9,090.35)
Bankruptcy Settlement payments	(10,656.00)	(10,656.00)	(10,656.00)	(10,656.00)	(10,656.00)	(10,656.00)	(10,656.00)

(note payment term change from 7 to 14 days 9/1/2019)

NET INCOME (Accrual Basis) See Note 1	36,361.41	36,361.41	36,361.41	36,361.41	36,361.41	36,361.41	36,361.41
NET INCOME (less income taxes) See Note 2	16,615.06	16,615.06	16,615.06	16,615.06	16,615.06	16,615.06	16,615.06

NOTE

1. Net Income is calculated before bankruptcy settlement payments
2. Net Income (less income taxes) - Is Net Income less income taxes and bankruptcy settlement payments.

TENET CONCEPTS, LLC**SOURCE AND USE OF FUNDS (\$000)**

Monthly Summary

Accrual Basis

	October-19	November-19	December-19	TOTAL
BILLING	1,037,600.67	1,037,600.67	1,037,600.67	12,451,208
	(500.00)	(500.00)	(500.00)	(6,000)
PAYROLL (including fees)	(692,903.75)	(692,903.75)	(692,903.75)	(8,314,845)
Enterprise/Hertz/Element Fleet payments	(136,562.50)	(136,562.50)	(136,562.50)	(1,638,750)
Damage Claims	(10,000.00)	(10,000.00)	(10,000.00)	(120,000)
Tolls	(5,750.00)	(5,750.00)	(5,750.00)	(69,000)
Regions Credit Card	(7,000.00)	(7,000.00)	(7,000.00)	(84,000)
Rent and AT & T	(14,460.34)	(14,460.34)	(14,460.34)	(173,524)
Wright Express	(5,000.00)	(5,000.00)	(5,000.00)	(60,000)
Auto Policy	(42,000.00)	(42,000.00)	(42,000.00)	(504,000)
Legal Fees	(10,000.00)	(10,000.00)	(10,000.00)	(120,000)
Workes Comp Premiums	(25,000.00)	(25,000.00)	(25,000.00)	(300,000)
Health Insurance premiums	(32,000.00)	(32,000.00)	(32,000.00)	(384,000)
D&O and GL/Umbrella	(2,813.00)	(2,813.00)	(2,813.00)	(33,756)
Background Checks	(7,250.00)	(7,250.00)	(7,250.00)	(87,000)
Recruiting	(916.33)	(916.33)	(916.33)	(10,996)
Computer Services	(1,750.00)	(1,750.00)	(1,750.00)	(21,000)
Taxes	(833.33)	(833.33)	(833.33)	(10,000)
US Trustee	-	-	-	-
OTHER DISBURSEMENTS	(6,500.00)	(6,500.00)	(6,500.00)	(78,000)
Income Taxes	(9,090.35)	(9,090.35)	(9,090.35)	(109,084)
Bankruptcy Settlement payments	(10,656.00)	(10,656.00)	(10,656.00)	(127,872)
				-
(note payment term change from 7 to 14 days 9/1/2019)				
NET INCOME (Accrual Basis) See Note 1	36,361.41	36,361.41	36,361.41	436,337
NET INCOME (less income taxes) See Note 2	16,615.06	16,615.06	16,615.06	199,381

NOTE

1. Net Income is calculated before bankruptcy settlement payments

2. Net Income (less income taxes) - Is Net Income less income taxes and bankruptcy settlement payments.

Exhibit 3

Monthly Plan Payment

Amortization Schedule

	\$ 585,777
Int. Rate:	3.00%
Amortization / Months:	120
Total Interest Expense	\$ 68,918.78

		Note Prin.	Monthly Payment	Monthly Interest	Monthly Principal	End Prin Balance
4/1/2019	1	\$ 585,777	(\$5,656.31)	\$1,464	\$4,192	\$ 581,585
5/1/2019	2	\$ 581,585	(\$5,656.31)	\$1,454	\$4,202	\$ 577,383
6/1/2019	3	\$ 577,383	(\$5,656.31)	\$1,443	\$4,213	\$ 573,170
7/1/2019	4	\$ 573,170	(\$5,656.31)	\$1,433	\$4,223	\$ 568,947
8/1/2019	5	\$ 568,947	(\$5,656.31)	\$1,422	\$4,234	\$ 564,713
9/1/2019	6	\$ 564,713	(\$5,656.31)	\$1,412	\$4,245	\$ 560,468
10/1/2019	7	\$ 560,468	(\$5,656.31)	\$1,401	\$4,255	\$ 556,213
11/1/2019	8	\$ 556,213	(\$5,656.31)	\$1,391	\$4,266	\$ 551,947
12/1/2019	9	\$ 551,947	(\$5,656.31)	\$1,380	\$4,276	\$ 547,671
1/1/2020	10	\$ 547,671	(\$5,656.31)	\$1,369	\$4,287	\$ 543,384
2/1/2020	11	\$ 543,384	(\$5,656.31)	\$1,358	\$4,298	\$ 539,086
3/1/2020	12	\$ 539,086	(\$5,656.31)	\$1,348	\$4,309	\$ 534,777
4/1/2020	13	\$ 534,777	(\$5,656.31)	\$1,337	\$4,319	\$ 530,458
5/1/2020	14	\$ 530,458	(\$5,656.31)	\$1,326	\$4,330	\$ 526,128
6/1/2020	15	\$ 526,128	(\$5,656.31)	\$1,315	\$4,341	\$ 521,787
7/1/2020	16	\$ 521,787	(\$5,656.31)	\$1,304	\$4,352	\$ 517,435
8/1/2020	17	\$ 517,435	(\$5,656.31)	\$1,294	\$4,363	\$ 513,072
9/1/2020	18	\$ 513,072	(\$5,656.31)	\$1,283	\$4,374	\$ 508,698
10/1/2020	19	\$ 508,698	(\$5,656.31)	\$1,272	\$4,385	\$ 504,314
11/1/2020	20	\$ 504,314	(\$5,656.31)	\$1,261	\$4,396	\$ 499,918
12/1/2020	21	\$ 499,918	(\$5,656.31)	\$1,250	\$4,407	\$ 495,512
1/1/2021	22	\$ 495,512	(\$5,656.31)	\$1,239	\$4,418	\$ 491,094
2/1/2021	23	\$ 491,094	(\$5,656.31)	\$1,228	\$4,429	\$ 486,666
3/1/2021	24	\$ 486,666	(\$5,656.31)	\$1,217	\$4,440	\$ 482,226
4/1/2021	25	\$ 482,226	(\$5,656.31)	\$1,206	\$4,451	\$ 477,775
5/1/2021	26	\$ 477,775	(\$5,656.31)	\$1,194	\$4,462	\$ 473,314
6/1/2021	27	\$ 473,314	(\$5,656.31)	\$1,183	\$4,473	\$ 468,840
7/1/2021	28	\$ 468,840	(\$5,656.31)	\$1,172	\$4,484	\$ 464,356
8/1/2021	29	\$ 464,356	(\$5,656.31)	\$1,161	\$4,495	\$ 459,861
9/1/2021	30	\$ 459,861	(\$5,656.31)	\$1,150	\$4,507	\$ 455,354
10/1/2021	31	\$ 455,354	(\$5,656.31)	\$1,138	\$4,518	\$ 450,836
11/1/2021	32	\$ 450,836	(\$5,656.31)	\$1,127	\$4,529	\$ 446,307
12/1/2021	33	\$ 446,307	(\$5,656.31)	\$1,116	\$4,541	\$ 441,767
1/1/2022	34	\$ 441,767	(\$5,656.31)	\$1,104	\$4,552	\$ 437,215
2/1/2022	35	\$ 437,215	(\$5,656.31)	\$1,093	\$4,563	\$ 432,651
3/1/2022	36	\$ 432,651	(\$5,656.31)	\$1,082	\$4,575	\$ 428,077
4/1/2022	37	\$ 428,077	(\$10,656.31)	\$1,070	\$9,586	\$ 418,491
5/1/2022	38	\$ 418,491	(\$10,656.31)	\$1,046	\$9,610	\$ 408,881
6/1/2022	39	\$ 408,881	(\$10,656.31)	\$1,022	\$9,634	\$ 399,246
7/1/2022	40	\$ 399,246	(\$10,656.31)	\$998	\$9,658	\$ 389,588
8/1/2022	41	\$ 389,588	(\$10,656.31)	\$974	\$9,682	\$ 379,906
9/1/2022	42	\$ 379,906	(\$10,656.31)	\$950	\$9,707	\$ 370,199
10/1/2022	43	\$ 370,199	(\$10,656.31)	\$925	\$9,731	\$ 360,469
11/1/2022	44	\$ 360,469	(\$10,656.31)	\$901	\$9,755	\$ 350,713

12/1/2022	45	\$	350,713	(\$10,656.31)	\$877	\$9,780	\$	340,934
1/1/2023	46	\$	340,934	(\$10,656.31)	\$852	\$9,804	\$	331,130
2/1/2023	47	\$	331,130	(\$10,656.31)	\$828	\$9,828	\$	321,301
3/1/2023	48	\$	321,301	(\$10,656.31)	\$803	\$9,853	\$	311,448
4/1/2023	49	\$	311,448	(\$10,656.31)	\$779	\$9,878	\$	301,571
5/1/2023	50	\$	301,571	(\$10,656.31)	\$754	\$9,902	\$	291,668
6/1/2023	51	\$	291,668	(\$10,656.31)	\$729	\$9,927	\$	281,741
7/1/2023	52	\$	281,741	(\$10,656.31)	\$704	\$9,952	\$	271,789
8/1/2023	53	\$	271,789	(\$10,656.31)	\$679	\$9,977	\$	261,812
9/1/2023	54	\$	261,812	(\$10,656.31)	\$655	\$10,002	\$	251,811
10/1/2023	55	\$	251,811	(\$10,656.31)	\$630	\$10,027	\$	241,784
11/1/2023	56	\$	241,784	(\$10,656.31)	\$604	\$10,052	\$	231,732
12/1/2023	57	\$	231,732	(\$10,656.31)	\$579	\$10,077	\$	221,655
1/1/2024	58	\$	221,655	(\$10,656.31)	\$554	\$10,102	\$	211,553
2/1/2024	59	\$	211,553	(\$10,656.31)	\$529	\$10,127	\$	201,425
3/1/2024	60	\$	201,425	(\$10,656.31)	\$504	\$10,153	\$	191,273
4/1/2024	61	\$	191,273	(\$10,656.31)	\$478	\$10,178	\$	181,095
5/1/2024	62	\$	181,095	(\$10,656.31)	\$453	\$10,204	\$	170,891
6/1/2024	63	\$	170,891	(\$10,656.31)	\$427	\$10,229	\$	160,662
7/1/2024	64	\$	160,662	(\$10,656.31)	\$402	\$10,255	\$	150,407
8/1/2024	65	\$	150,407	(\$10,656.31)	\$376	\$10,280	\$	140,127
9/1/2024	66	\$	140,127	(\$10,656.31)	\$350	\$10,306	\$	129,821
10/1/2024	67	\$	129,821	(\$10,656.31)	\$325	\$10,332	\$	119,489
11/1/2024	68	\$	119,489	(\$10,656.31)	\$299	\$10,358	\$	109,132
12/1/2024	69	\$	109,132	(\$10,656.31)	\$273	\$10,383	\$	98,748
1/1/2025	70	\$	98,748	(\$10,656.31)	\$247	\$10,409	\$	88,339
2/1/2025	71	\$	88,339	(\$10,656.31)	\$221	\$10,435	\$	77,903
3/1/2025	72	\$	77,903	(\$10,656.31)	\$195	\$10,462	\$	67,442
4/1/2025	73	\$	67,442	(\$10,656.31)	\$169	\$10,488	\$	56,954
5/1/2025	74	\$	56,954	(\$10,656.31)	\$142	\$10,514	\$	46,440
6/1/2025	75	\$	46,440	(\$10,656.31)	\$116	\$10,540	\$	35,900
7/1/2025	76	\$	35,900	(\$10,656.31)	\$90	\$10,567	\$	25,333
8/1/2025	77	\$	25,333	(\$10,656.31)	\$63	\$10,593	\$	14,740
9/1/2025	78	\$	14,740	(\$10,656.31)	\$37	\$10,619	\$	4,121
10/1/2025	79	\$	4,121	(\$4,120.90)	\$10	\$4,111	\$	10

Exhibit 4

Liquidation Analysis

Liquidation Analysis for Tenet Concepts, LLC

Assets (Projected as of January 15, 2019)	Value
Cash	\$360,000.00
Accounts Receivable	\$206,000.00
Deposits	\$0.00
Uniforms	\$0.00
Used Computers, printers, handtruck, computers, servers	\$2,000.00
Automobiles	\$15,000.00
Automobile lease deposits	\$9,000.00
Potential cause of action	\$125,000.00
Total Assets	\$717,000.00
Liabilities (Projected as of January 15, 2019)	
Secured Claim of Triumph	\$0.00
Accrued employee vacation/sick leave	\$90,000.00
Miscellaneous chapter 11 operating expenses	\$625,000.00
UST Trustee Fees	\$35,000.00
Taxes	\$10,000.00
Estimated Chapter 7 Fees	\$50,000.00
Estimated Chapter 11 Administrative Claims	\$150,000.00
Total Liabilities Payable Before General Unsecured Creditors	\$960,000.00
Net Available to Pay Unsecured Claims	(\$243,000.00)

Under liquidation, there will be no available funds for unsecured creditors, whereas, under the Plan they will be paid 100%.