
THIS PROPOSED DISCLOSURE STATEMENT HAS NOT BEEN APPROVED UNDER SECTION 1125(B) OF THE BANKRUPTCY CODE BY THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION FOR USE IN CONNECTION WITH THE SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE DEBTOR'S CHAPTER 11 PLAN OF REORGANIZATION DESCRIBED HEREIN. ACCORDINGLY, THE FILING AND DISSEMINATION OF THIS PROPOSED DISCLOSURE STATEMENT IS NOT INTENDED AND SHOULD NOT IN ANYWAY BE CONSTRUED AS A SOLICITATION OF VOTES FOR THE DEBTOR'S CHAPTER 11 PLAN OF REORGANIZATION, NOR SHOULD THE INFORMATION CONTAINED HEREIN BE RELIED UPON FOR ANY PURPOSE BEFORE A DETERMINATION BY THE BANKRUPTCY COURT THAT THE PROPOSED DISCLOSURE STATEMENT CONTAINS ADEQUATE INFORMATION.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

IN RE:

ALI A. SABERIOON,

DEBTOR.

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CASE NO. 15-35160-DRJ

CHAPTER 11

**DISCLOSURE STATEMENT IN SUPPORT OF
DEBTOR'S CHAPTER 11 PLAN OF REORGANIZATION, DATED SEPTEMBER 2, 2016**

Date: September 2, 2016

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IMPORTANT NOTICE

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT INCLUDES FORWARD-LOOKING STATEMENTS BASED LARGELY ON THE CURRENT EXPECTATIONS OF THE DEBTOR AND PROJECTIONS ABOUT FUTURE EVENTS AND FINANCIAL TRENDS AFFECTING THE FINANCIAL CONDITION OF THE DEBTOR OR THE REORGANIZED DEBTOR'S BUSINESS. THE WORDS "BELIEVE," "MAY," "WILL," "ESTIMATE," "CONTINUE," "ANTICIPATE," "INTEND," "EXPECT," AND SIMILAR EXPRESSIONS IDENTIFY THESE FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO A NUMBER OF RISKS, UNCERTAINTIES, AND ASSUMPTIONS, INCLUDING THOSE DESCRIBED BELOW UNDER THE CAPTION "RISK FACTORS." IN LIGHT OF THESE RISKS AND UNCERTAINTIES, THE FORWARD LOOKING EVENTS AND CIRCUMSTANCES DISCUSSED IN THIS DISCLOSURE STATEMENT MAY NOT OCCUR, AND ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THE FORWARD-LOOKING STATEMENTS. NEITHER THE DEBTOR NOR THE REORGANIZED DEBTOR HAS UNDERTAKEN ANY OBLIGATIONS TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE.

NO REPRESENTATIONS OR OTHER STATEMENTS CONCERNING THE DEBTOR (PARTICULARLY AS TO HIS FUTURE BUSINESS OPERATIONS OR THE VALUE OF HIS ASSETS) ARE AUTHORIZED BY THE DEBTOR, OTHER THAN THOSE EXPRESSLY SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE, WHICH ARE OTHER THAN AS SET FORTH IN THIS STATEMENT, SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISIONS. ANY SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR WHO SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT, WHICH MAY TAKE SUCH ACTION AS IT DEEMS APPROPRIATE.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN INDEPENDENTLY AUDITED, EXCEPT AS SPECIFICALLY REFERENCED HEREIN. THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN SUBMITTED BY THE DEBTOR AND ITS INTERNAL ACCOUNTING STAFF, UNLESS SPECIFICALLY STATED TO BE FROM OTHER SOURCES. THE DEBTOR'S PLAN IS AN INTEGRAL PART OF THIS DISCLOSURE STATEMENT,

AND EACH CREDITOR IS URGED TO REVIEW THE PLAN IN ITS ENTIRETY PRIOR TO VOTING ON IT.

THE DEBTOR MAKES NO REPRESENTATIONS WITH RESPECT TO THE EFFECTS OF TAXATION (STATE OR FEDERAL) ON THE CREDITORS WITH RESPECT TO THE TREATMENT OF THEIR CLAIMS OR INTERESTS UNDER THE PLAN, AND NO SUCH REPRESENTATIONS ARE AUTHORIZED BY THE DEBTOR. CREDITORS ARE ENCOURAGED TO SEEK THE ADVICE OF THEIR OWN PROFESSIONAL ADVISORS IF THEY HAVE ANY SUCH QUESTIONS.

I. **INTRODUCTION**

This Disclosure Statement is submitted by Ali A. Saberioon (“Saberioon,” the “Debtor,” and/or the “Debtor-in-Possession”) in connection with the Debtor’s efforts to solicit votes necessary to confirm the Debtor’s Chapter 11 Plan of Reorganization (the “Plan”). A copy of the Plan is attached hereto as Exhibit “A.”

1.1 The Chapter 11 Case

This case began when an involuntary petition under chapter 7 of Title 11 of the United States Code was filed on October 2, 2015 (the “Petition Date”). The original petitioning creditors include Green Bank, N.A., Texas Capital Bank, N.A., and Mostafa Alavi. The Bank of River Oaks later joined as a petitioning creditor. See Docket No. 72. The Debtor was represented as an alleged debtor by Matthew Okin and George Nino of Okin & Adams, LLC. William West was appointed as an examiner after the Petition Date. See Docket No. 35. An Agreed Order on Motion for Entry of and Order for Relief was entered on May 5, 2016. See Docket No. 80. Thereafter, the Debtor moved to convert the case to one under chapter 11. See Docket No. 81. On May 6, 2016, the bankruptcy court entered its Order converting the case to one under chapter 11. See Docket No. 83. The Debtor remains a Debtor-in-Possession.

1.2 Purpose of Disclosure Statement

The purpose of this Disclosure Statement is to provide you, as the holder of a Claim against the Debtor, with information to enable you to make a reasonably informed decision on the Plan before exercising your right to vote to accept or reject the Plan.¹

On _____, after notice and a hearing, the Bankruptcy Court approved this Disclosure Statement as containing information, of a kind and in sufficient detail, adequate to enable the holders of Claims against the Debtor to make an informed judgment to accept or reject the Plan. **THE BANKRUPTCY COURT’S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A GUARANTY OF THE ACCURACY OR COMPLETENESS OF THIS INFORMATION OR THE BANKRUPTCY COURT’S ENDORSEMENT OF THE PLAN.**

YOU SHOULD READ ALL OF THIS DISCLOSURE STATEMENT BEFORE VOTING ON THE PLAN. HOWEVER, THE DISCLOSURE STATEMENT

IS NOT INTENDED TO REPLACE A CAREFUL, DETAILED REVIEW AND ANALYSIS OF THE PLAN ITSELF BY EACH HOLDER OF A CLAIM OR INTEREST. THIS DISCLOSURE STATEMENT IS INTENDED TO AID AND SUPPLEMENT THAT REVIEW AND ANALYSIS. THE DESCRIPTION OF THE PLAN IS A SUMMARY ONLY. HOLDERS OF CLAIMS AND INTERESTS AND OTHER PARTIES IN INTEREST ARE CAUTIONED TO REVIEW THE PLAN AND ANY RELATED ATTACHMENTS IN THEIR ENTIRETY FOR A FULL UNDERSTANDING OF THE PLAN'S PROVISIONS. THIS DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN.

You are urged to consult with your own financial and other advisors in deciding whether to vote to approve or reject the Plan. No solicitation of votes may be made except pursuant to this Disclosure Statement, and no person has been authorized to use any information concerning the Debtor or their businesses other than the information contained in this Disclosure Statement.

About this Disclosure Statement:

- The statements contained in this Disclosure Statement are made as of the date that the Bankruptcy Court enters an order approving this Disclosure Statement, unless another time is specified in this Disclosure Statement. Neither the delivery of this Disclosure Statement nor any action taken in connection with the Plan implies that the information contained in this Disclosure Statement is correct as of any time after that date.

- Unless the context requires otherwise: (i) the gender (or lack of gender) of all words used in this Disclosure Statement includes the masculine, feminine, and neuter; (ii) references to articles and sections (other than in connection with the Bankruptcy Code, the Bankruptcy Rules, another specified law or regulation or another specified document) refer to the articles and sections of this Disclosure Statement; and (iii) "including" means "including, without limitation."

- Many capitalized words used in this Disclosure Statement have been defined in the context of the provisions in which they first appear within this Disclosure Statement. Any other capitalized terms used in this Disclosure Statement are intended to have the meanings ascribed to them in the Plan or the list of definitions accompanying the Plan. Any capitalized term not defined in the context of a provision in this Disclosure Statement, the Plan, or the list of definitions accompanying the Plan shall have the meaning ascribed to that term in the Bankruptcy Code or Bankruptcy Rules, whichever is applicable.

- You may not rely on this Disclosure Statement for any purpose other than to determine how to vote on the Plan. Nothing contained in this Disclosure Statement constitutes or will be deemed to be advice on the tax or other legal effects of the Plan on holders of Claims or interests.

- Certain information contained in this Disclosure Statement is forward-looking. This Disclosure Statement contains estimates and assumptions that may prove not to have been

accurate, and it contains financial projections that may be materially different from actual future occurrences.

▪ Acceptance or rejection of the Plan is subject to a number of risks. See “Risk Factors” in Article 8 herein.

1.3 Plan Balloting and Confirmation Procedures

1.3.1 Holders of Allowed Claims Entitled to Vote

Only holders of Allowed Claims that are (i) “impaired” by a plan of reorganization or liquidation; (ii) entitled to receive a distribution under such a plan; and (iii) are permitted by order of the Bankruptcy Court after notice and hearing are entitled to vote to accept or reject a plan under the Bankruptcy Code. Class 1 is not entitled to vote. Claims in Classes 2 through 9 are impaired under the Plan, and therefore, shall be entitled to vote to accept or reject the plan. If a controversy arises as to whether any Claim or interest or any Class of Claims or Interests is impaired under the Plan, the Court shall, upon notice and a hearing, determine such controversy.

1.3.2 Voting Procedures

If you are entitled to vote to accept or reject the Plan, a Ballot (the “Ballot”) for acceptance or rejection of the Plan and a pre-addressed envelope for return of the Ballot are enclosed. **BALLOTS FOR ACCEPTANCE OR REJECTION OF THE PLAN ARE BEING PROVIDED ONLY TO HOLDERS OF ALLOWED CLAIMS IN CLASSES TWO THROUGH SEVEN.** If you are the holder of an Allowed Claim in one of these Classes entitled to vote and did not receive a Ballot, received a damaged or illegible Ballot, or lost your Ballot, or if you are a party-in-interest and have any questions concerning the Disclosure Statement, the Plan, or the voting procedures, please contact:

Kell C. Mercer
State Bar No. 24007668
Kell C. Mercer, PC
1602 E. Cesar Chavez Street
Austin, TX 78702
(512) 627-3512
kell.mercer@mercerc-law-pc.com

After carefully reviewing this Disclosure Statement, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan. Return the Ballot to the Debtor’s counsel at the address set forth on the Ballot by **5:00 p.m.** (prevailing Central Standard Time) on _____. You may also return your Ballot by courier or facsimile by following the instructions on the Ballot. Any Ballot not indicating an acceptance or rejection will be deemed an acceptance of the Plan. **ANY BALLOTS RECEIVED BY THE DEBTOR’S COUNSEL AFTER 5:00 P.M. (PREVAILING CENTRAL STANDARD TIME), ON____,**

WILL NOT BE COUNTED UNLESS THIS DATE IS EXTENDED BY THE BANKRUPTCY COURT.

1.3.3 Voting Requirements for Class Acceptance of the Plan

In order for the Plan to be “accepted” by Creditors, at least sixty-six and two-thirds percent (66.66%) in amount of Allowed Claims and more than fifty percent (50%) in number of Allowed Claims voting in each Class must accept the Plan.

1.3.4 Confirmation Hearing

The Bankruptcy Court has entered an order fixing at _____ (Prevailing Central Standard Time), Bankruptcy Courtroom for the Honorable Chief United States Bankruptcy Judge, David R. Jones, Bob Casey Federal Courthouse, Courtroom 400, Rusk, Houston, Texas 77002, as the date, time and place for the initial commencement of a hearing on the confirmation of the Plan, and _____, which all objections to Confirmation of the Plan must be filed with the Bankruptcy Court and served on counsel for the Debtor. The confirmation hearing may be adjourned from time to time without further notice except for the announcement of the adjourned time and date at the confirmation hearing or any adjournment thereof.

Section 1128(b) of the Bankruptcy Code provides that any creditor or party-in-interest may object to confirmation of a plan. Any objection to confirmation of the Plan must: (i) be in writing; (ii) conform to the Federal Rules of Bankruptcy Procedure and Local Rules of the Bankruptcy Court; (iii) set forth the name of the objecting party; (iv) the nature and amount of the Claim or Interest held or asserted by the objecting party against the Debtor’s Bankruptcy Estate; and (v) the basis for the objection. The objection, together with proof of service, must then be filed with the Bankruptcy Court, with copies served upon parties required to receive service under Local Rule 9013-1(d), and to the Debtor’s counsel at:

Kell C. Mercer
State Bar No. 24007668
Kell C. Mercer, PC
1602 E. Cesar Chavez Street
Austin, TX 78702
(512) 627-3512
kell.mercer@mercerc-law-pc.com

UNLESS AN OBJECTION IS TIMELY AND PROPERLY SERVED AND FILED BY____, AT 5:00 P.M. (PREVAILING CENTRAL STANDARD TIME), THE OBJECTION MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

II. DEBTOR'S BACKGROUND

2.01 General and Causes of Bankruptcy Filing

The Debtor is an individual residing in Houston, Harris County, Texas. By education, the Debtor is a petroleum engineer, and has been successfully engaged in the oil and gas industry for over thirty years. The Debtor owns interests in several oil and gas companies, including Alvand Interests, LLC, Sabco Energy, LLC, Sabco Enterprises, Inc., Sabco Oil, LLC, Sabco, LLC, and Saberioon & Ramesh Holdings Company. The Debtor is married and has two adult children. The Debtor's son resides with him in the Debtor's homestead.

In July of 2008, the Debtor became indebted to Texas Capital Bank, NA ("TCB") pursuant to an Amended and Restated Promissory Note (the "TCB Promissory Note"). In October of 2011, the TCB Promissory Note was modified a fifth and final time, and the maturity date was extended until December 31, 2012. The Debtor failed to pay the TCB Promissory Note at maturity. In June of 2013, after filing suit in Harris County, Texas, TCB obtained a judgment against the Debtor in the amount of \$3,594,881.12 through May 16, 2013, plus attorneys' fees in the amount of \$6,400.00, plus costs of court, plus postjudgment interest at the rate of \$766.58 per day until fully paid (the "TCB Judgment").

The Debtor became indebted to Green Bank, NA ("Green Bank") pursuant to three promissory notes in the aggregate original principal amounts of \$2,516,771.02. The Debtor failed to pay the Green Bank Notes, whereupon Green Bank instituted suit against the Debtor in Harris County, Texas. On June 10, 2013, Green Bank obtained a judgment entered against the Debtor for amounts due on the Green Bank Notes (\$959,759.99 on Note 1, \$1,238,570.29 on Note 2, \$318,450.74 on Note 3, plus interest through June 10, 2013 in the amount of \$30,249.66 on Note 1, \$38,420.82, on Note 2, and \$8,437.57 on Note 3, with a per diem rate until paid in full of \$144.61 on Note 1, \$189.22 on Note 2, and \$47.98 on Note 3, plus attorneys' fees and costs of court in the total amount of \$8,000) (the "Green Bank Judgment").

On September 4, 2013, TCB sued the Debtor, his wife, daughter and son-in-law in Harris County over the 2012 transfer of the Debtor's and his wife's interest in certain real property located at 303 Gable Lodge Ct., Houston, Texas 77024 to Debtor's daughter and son-in-law.

On December 10, 2013, TCB as a petitioning creditor, commenced an involuntary bankruptcy proceeding against the Debtor before this Court styled and numbered, *In re Ali A. Saberioon, Alleged Debtor*, Case No. 13-37649-DRJ (the "First Involuntary Bankruptcy Case").

On February 12, 2014, Green Bank sued the Debtor's daughter and Alvand Interests, LLC in Harris County, asserting several causes of action, including a request for declaratory judgment that the Debtor's daughter and Alvand Interests, LLC engaged in a fraudulent transfer of the Alvand Resources Interest held by the daughter.

The Debtor, his wife, his son, his daughter, Alvand Interests, Alvand Resources, LLC and Alvand

Properties, LLC entered into a Forbearance Agreement with Green Bank and TCB on May 19, 2014. The Forbearance Agreement has subsequently been amended and/or ratified on multiple occasions (as amended and ratified, the “Forbearance Agreement”). Pursuant to the original Forbearance Agreement, in exchange for dismissal of the lawsuits, and for forbearing to collect on the TCB Judgment and the Green Bank Judgment, TCB and Green Bank were granted liens¹ in the following collateral:

- 22.563333 percent membership interest held by the Debtor in Alvand Interests, LLC – Green Bank first lien, TCB second lien
- 22.56333 percent membership interest held by Andyshea Saberioon in Alvand Interests, LLC – TCB first lien, Green Bank second lien
- 50% of the 26.563333 membership interest of Anooshea Saberioon Taghdisi in Alvand Interests, LLC – TCB first lien, Green Bank second lien
- 50% of the 26.563333 membership interest of Anooshea Saberioon Taghdisi in Alvand Interests, LLC – Green Bank first lien, TCB second lien
- to the extent of \$2.75 million (as allocated in the Forebearance Agreement between TCB and Green Bank), 100% of the membership interests held by Andyshea Saberioon and Anooshea Saberioon Taghdisi in Alvand Properties, LLC – *pari passu* liens granted to Green Bank and TCB
- TCB granted a collateral assignment in the amount of \$3,000,000 in the American General Life Insurance Policy No. US0013914L
- TCB granted a collateral assignment in the amount of \$3,000,000 in the American General Life Insurance Policy No. US0022073L.

The Forbearance Agreement also created other payment and performance obligations, including the sale of certain property located on or about the 8900 block of West Airport Blvd., Houston, Texas 77071, among the Debtor, his wife, son and daughter, and affiliated entities, and TCB and Green Bank, as well, all as stated therein. True and correct copies of the Forbearance Agreement are attached hereto as Exhibit “B.”

Following execution of the Forbearance Agreement and commencement of the performance of its terms, the First Involuntary Bankruptcy Case was dismissed. The post-judgment Harris County litigation by Green Bank and TCB against the Debtor, his wife, daughter, son-in-law was dismissed with prejudice.

Thereafter, as mentioned above, the Debtor, TCB, Green Bank entered into a series of six

¹ The description of the liens and other provisions of the Forbearance Agreement contained herein is intended to be a summary. Any inconsistency between the description herein and the actual terms of the Forbearance Agreement is unintentional and is resolved in favor of the provisions of the Forbearance Agreement.

Amendments to the Forbearance Agreement. The amendments generally contained performance and payment obligations by the Debtor, and further extension of the term of forbearance by TCB and Green Bank. A schedule of all payments made to TCB and Green Bank under the Forbearance Agreement is attached hereto as Exhibit “C.”

Ultimately, the Debtor defaulted under the terms of the Sixth Amendment to the Forbearance Agreement by failing to make payments specified therein. On October 2, 2015, Green Bank, TCB and Mostafa Alavi (“Alavi”), filed a petition for involuntary bankruptcy as petitioning creditors against the Debtor commencing this Bankruptcy Case.

III.

SIGNIFICANT PROCEEDINGS IN THE DEBTOR’S BANKRUPTCY CASE

3.01 Commencement and Administration of the Case

As noted above, this Bankruptcy Case was commenced on October 2, 2015. Thereafter, the Debtor was represented by Matthew Okin and George Nino of Okin and Adams, LLP (“Okin and Adams”). Green Bank moved for the appointment of an Interim Trustee. See Docket No. 11. The Debtor opposed this request. See Docket No. 29. The Debtor moved to dismiss the Bankruptcy Case. See Docket No. 28. Additionally, the Debtor resolved its issues with petitioning creditor Mostafa Alavi. Other alleged creditors joined in Green Bank’s motion for the appointment of an Interim Trustee. See Docket Nos. 23, 24. An agreement was reached and an examiner, William G. West, PC, CPA was appointed in lieu of an interim trustee. The parties continued to reserve their rights as to whether an order for relief should be entered in the Bankruptcy Case. The trial setting on the order for relief was continued four times. Mr. West filed a Status Report on November 13, 2015. See Docket No. 38.

Between December 10, 2015 and March 30, 2016, the Debtor, TCB and Green Bank entered into a series of ratification agreements with respect to the Forbearance Agreement. The Amended Ratification Agreement dated January 20, 2016, contained a requirement that the Debtor execute an Agreed Motion for Entry of Order for Relief and an accompanying Agreed Order for Relief, which would be entered under certain conditions outlined therein. Ultimately, the Debtor, Green Bank and TCB entered into the Third Amended Ratification Agreement dated March 30, 2016. The Debtor defaulted under the Third Amended Ratification Agreement resulting in the entry by the Bankruptcy Court of an Agreed Order for Relief on May 5, 2016. See Docket No. 80. Thereafter, the Debtor moved to convert the case to one under chapter 11. An order converting the case to one under chapter 11 was entered on May 6, 2016. See Docket No. 83. Mr. West filed a second Status Report on May 13, 2016. See Docket No. 89. Both of Mr. West’s Status Reports are attached hereto as Exhibits “D” and “E.”

3.02 Approval of Employment of Kell C. Mercer and Kell C. Mercer, PC as Debtor’s Bankruptcy Counsel

With the entry of the order for relief and the conversion of the case to one under chapter 11, Okin and Adams completed their work for the Debtor as an “alleged debtor.” Okin and Adams was a creditor

of the Debtor by this time, being owed approximately \$78,100.00 in fees and \$1,283.97 in expenses. The Debtor, as debtor-in-possession, sought bankruptcy court permission to retain Kell C. Mercer and Kell C. Mercer, PC to serve as the Debtor's bankruptcy counsel. See Docket No. 91. An order was entered on May 16, 2016, approving Mercer's employment. As a professional retained under § 327(a) of the Bankruptcy Code, Mercer is entitled to seek interim and final compensation from the Debtor's Bankruptcy Estate upon a duly noticed application and after a hearing before the Court.

3.03 Bankruptcy Schedules and SOFA

On May 31, 2016, the Debtor filed his Bankruptcy Schedules and Statement of Financial Affairs. See Docket Nos. 106. Amended Bankruptcy Schedules were filed on July 14, 2016.

3.04 Sale of Memphis Property

On May 13, 2016, the Debtor moved for permission to sell his interest in 127 Madison #1701, Memphis TN 38103 (the "Memphis Property"). See Docket No. 92. The Bankruptcy Court approved the sale of the Memphis Property on June 11, 2016 (entered on June 15, 2016). See Docket No. 111. The sale of the Memphis Property closed on June 15, 2016. The Debtor's counsel is holding the sum of \$34,470.68, representing the net proceeds due the Debtor from the sale of the Memphis Property, in his IOLTA account. See Docket Nos. 129 and 132. A true and correct copy of the closing statement from the sale of the Memphis Property is attached hereto as Exhibit "F."

3.05 341 Meeting of Creditors

The 341 Meeting of Creditors was held and concluded on June 29, 2016. No creditors' committee was appointed.

3.06 Filing of Monthly Operating Reports

As of the date hereof, the Debtor has filed Monthly Operating Reports for May, June, and July of 2016. See Docket Nos. 130, 139. The Debtor will continue to file Monthly Operating Reports until the Effective Date.

3.07 Professional Fee Applications

William G. West, PC, CPA filed a final fee application for fees in the amount of \$18,064.58 and expenses in the amount of \$541.49. See Docket Nos. 99, 100. Okin and Adams filed a final fee application for \$78,100.00 in fees and \$1,283.97 in expenses. See Docket Nos. 114, 115. The Bankruptcy Court approved each of these final fee applications. See Docket Nos. 116, 131.

3.08 Proofs of Claim and Claims Objections

As of the date hereof, proofs of claim have been filed by the following parties asserting claims against the Debtor and the bankruptcy estate:

Azimpoor Management, Ltd. - \$1,000,000.00
 Hamid Razavi, PhD - \$500,000.00
 S&A Family Limited Partnership - \$200,000.00
 IRS - \$178,149.77 (total); \$128,050.86 (priority)
 Ramesh Sadeghian - \$120,000.00
 Alief Independent School District - \$1,005.20 (secured)
 City of Houston - \$232.33 (secured)
 American Express Centurion Bank - \$14,925.99
 Green Bank - \$1,967,615.98 (secured)
 City of Memphis - \$3,995.01
 Shelby County, Tennessee - \$5,134.75
 TCB - \$4,061,503.35.

The Debtor has objected to the proofs of claim originally filed by Azimpoor Management, Ltd, (“AML”), Hamid Razavi, PhD (“Razavi”), S&A Family Limited Partnership (“S&A”), and Ramesh Sadeghian (“Sadeghian”). See Docket Nos. 117, 118, 119, 120. Those claims were subsequently withdrawn and amended. The Debtor intends to file objections to the amended claims. The Debtor disputes the calculation of the Green Bank claim. The Debtor disputes the calculation of the TCB Claim. The Debtor satisfied the claims of the City of Memphis and Shelby County, Tennessee at the closing of the Memphis Property and intends to object to those claims if they are not withdrawn. The Debtor disputes the calculation of the IRS Claim.

3.09 Adversary Case No. 16-03176-DRG

On August 8, 2016, AML filed a complaint against the Debtor seeking a determination of non-dischargeability of its alleged claim. AML also seeks entry of an order denying the Debtor’s discharge under section 727(a)(2) and (5). The Debtor disputes all the allegations contained in this adversary proceeding and intends to move to dismiss the suit. This adversary has been consolidated with any claim objections to be filed by the Debtor to the claims of AML, Razavi, S&A, and Sedeghian. The Debtor also has scheduled tort claims against AML, Razavi, S&A, Sedeghai. The Debtor plans to bring those claims in the adversary.

IV.

SUMMARY OF THE DEBTOR’S CHAPTER 11 PLAN OF REORGANIZATION

4.01 Explanation of Chapter 11 of the Bankruptcy Code

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Under Chapter 11, a plan proponent, typically the debtor, attempts to restructure a debtor’s financial affairs or effectively liquidate the debtor’s assets for the benefit of the debtor’s creditors, equity interest holders, and other parties-in-interest. Subject to approval by the Bankruptcy Court, the Chapter 11 plan of reorganization is a debtor’s agreement with his creditors. The Chapter 11 plan of reorganization contains the terms and conditions for the operation and/or liquidation of a debtor’s assets, and the treatment of Claims and interests of creditors and parties-in-interest.

Under § 1125 of the Bankruptcy Code, acceptances of a Chapter 11 plan of reorganization may be solicited by the debtor only after a written disclosure statement approved by a bankruptcy court as containing adequate information for each creditor or equity interest holder.

4.02 Terms of the Plan Control

The following represents the Debtor's best effort to describe the treatment afforded the Claims of the Creditors in various Classes. Creditors should be aware that the terms of the Plan control the treatment of all Claims. In the event of any inconsistencies between the Plan and this Disclosure Statement, the terms of the Plan shall be, in all events, determinative. The Debtor urges all Creditors to read the Plan for a complete understanding of the treatment of their Claims.

4.03 Treatment of Administrative Claims, Including Professional Fees and US Trustee Fees

Administrative Claims. Each holder of an Allowed Administrative Claim shall receive from the Debtor either: (i) the amount of such Allowed Administrative Claim in one Cash payment on the Effective Date or (ii) such other treatment as may be agreed upon in writing by the Debtor and the holder of the Allowed Administrative Claim. An Allowed Administrative Claim representing a liability incurred in the ordinary course of business of the Debtor shall be paid by the Debtor upon presentment or otherwise in accordance with the terms of the particular transaction and any agreements relating hereto.

Administrative Claim Bar Date. The Plan constitutes a motion to fix and establish a deadline to file Administrative Claims, such deadline being thirty (30) days following the Confirmation Date (the "Administrative Claim Bar Date"). Upon entry of the Confirmation Order, the Debtor shall provide notice of such Administrative Claim Bar Date to every Person that may assert an Administrative Claim against the Debtor. Applications for compensation and reimbursement filed by professionals employed under Section 327 of the Bankruptcy Code shall also be filed no later than thirty (30) days after the Confirmation Date, or by a date set by the Bankruptcy Court.

Administrative Claim Reserve. On the Effective Date, the Reorganized Debtor will fund the Administrative Claim Reserve in an amount sufficient to pay all Allowed Administrative Claims in full (other than those Administrative Claims to be paid in the ordinary course of business of the Reorganized Debtor or as otherwise agreed). The funds in the Administrative Claim Reserve shall be released and paid over to those holders of Allowed Administrative Claims. Any funds remaining in the Administrative Claim Reserve following payment of all Allowed Administrative Claims shall be released to the Reorganized Debtor for further use in accordance with the Plan.

Claims of Professionals. Any Claims of Professionals approved by the Court, and not previously paid pursuant to any orders approving such payments, shall be paid in Cash in such amounts as are Allowed by Final Order of the Court: (i) within five (5) days following the date such Claim of a Professional becomes an Allowed Administrative Claim or (ii) upon such other terms as may be mutually agreed upon between the holder of a Claim for Professional Fees and the Reorganized Debtor.

Claims of Professionals Bar Date. The Plan constitutes a motion to fix and establish a bar date of thirty (30) days after the Confirmation Date for the filing of final applications for allowances of compensation for services rendered and reimbursement of expenses incurred through the Confirmation Date. All Professionals seeking compensation for unpaid services rendered or reimbursement of expenses incurred through and including the Confirmation Date shall file their respective applications no later than such date as set forth in this Section. Upon entry of the Confirmation Order, the Debtor shall provide notice of such Professionals Bar Date to every Person that may assert a Claim for Professional fees against the Debtor.

Claims of Professionals Objection Deadline. The Plan constitutes a motion to fix and establish a deadline to object to timely filed Claims of Professionals, such deadline being thirty (30) days following the Professionals Bar Date.

Professionals Account. On the Effective Date, the Reorganized Debtor will fund the Professionals Account in an amount sufficient to pay all Allowed Claims of Professionals in full.

United States Trustee Requirements. All fees owing to the United States Trustee pursuant to 28 U.S.C. § 1930 shall be paid by the Reorganized Debtor in Cash as such fees become due. The Reorganized Debtor shall timely file quarterly post-confirmation reports until this case is closed, converted, or dismissed.

4.04 Classification and Treatment of Claims and Interests

Class	Impairment	Treatment
Class 1 – Allowed Priority Claims of Governmental Entities	Unimpaired	Each holder of an Allowed Priority Claim of a Governmental Entity shall be paid its Priority Claim in such amount as is Allowed, in full, in Cash, through equal Monthly Plan Payments, or as otherwise agreed, together with interest at the rate required by Bankruptcy Code section 511, or if applicable, the rate authorized by Texas Tax Code § 33.01, over a period through the fifth anniversary of the Petition Date. Each Governmental Entity shall retain its Liens until paid in full.
Class 2 – Allowed Priority Claims of Non-Governmental Entities	Impaired	Each holder of an Allowed Priority Claim of a Non-Governmental Entity shall be paid its Priority Claim in such amount as is Allowed, in full, in Cash, through equal Monthly Plan Payments, or as otherwise agreed, together with interest at the Plan Interest Rate, over a period through the fifth anniversary of the Petition Date. There are not anticipated to be any Allowed Class 2 Claims.

Class 3 – Allowed Secured Claims of Governmental Entities	Impaired	Each holder of an Allowed Secured Claim of a Governmental Entity shall be paid its Allowed Secured Claim, in full, in Cash, through equal Monthly Plan Payments, or as otherwise agreed, together with interest at the rate required by Bankruptcy Code section 506(b), or if applicable, the rate authorized by Texas Tax Code § 33.01, over a period through the fifth anniversary of the Petition Date. Each Governmental Entity shall retain its Liens until paid in full.
Class 4 – Allowed Secured Claim of JPMC	Impaired	JPMC's Allowed Secured Claim will be paid, in full, together with pre-petition interest at the non-default contract rate, post-Petition Interest at the non-default contract rate, and interest from the Effective Date until paid in full, at the Plan Interest Rate, at the Closing of the sale of the Harness Creek Exempt Property. The Outside Date of the Closing of the Harness Creek Exempt Property shall be twenty-four (24) months from the Effective Date. In the event JPMC's Allowed Secured Claim is not paid in full by the Outside Date, JPMC's Allowed Secured Claim will be reamortized and paid in full over the remaining term of Pre-Petition notes with the Debtor, at the Plan Interest Rate, with Monthly Plan Payments the first day of the 25 th Month following the Effective Date. In the event of a Material Default thereafter, JPMC may exercise its rights against its Pre-Petition collateral in full and final satisfaction of its Allowed Secured Claim. Any deficiency, if any, recoverable under state law shall be treated as a Class 8 Claim. The foregoing constitutes the JPMC Restructuring Terms.

Class 5 – Allowed Secured Claim of TCB	Impaired	<p>TCB's Allowed Secured Claim, together with interest at the Plan Interest Rate from the Effective Date until paid in full, will be paid, in Cash, with net proceeds obtained from the sale of the Wynden Property, and: (i) with the net proceeds attributable to the Debtor, his son, and his daughter's interests following the sale of the assets of Alvand Interests, LLC; or (ii) with funds voluntarily contributed by the Reorganized Debtor obtained from the net proceeds of any sale of the Harness Creek Exempt Property following payment in full of the JPMC Allowed Secured Claim. Such payments shall be made and due at the Closing of the Wynden Property, the Closing of a Alvand Interests Transaction, and/or the Closing of the Harness Creek Exempt Property, respectfully. The Outside Date of the Closing of the Wynden Property, the Closing of the Alvand Interests Transaction, and the Closing of the Harness Creek Exempt Property shall be twenty-four (24) months from the Effective Date. Upon receipt of such payment, TCB's Allowed Secured Claim shall be satisfied and any and all liens shall be discharged and released. In the event TCB's Allowed Secured Claim is not paid in full by the Outside Date, an Event of Default shall be deemed to have occurred, and subject to the provisions of the Plan, TCB may exercise its rights against its Pre-Petition Collateral in full and final satisfaction of its Allowed Secured Claim. Any deficiency, if any, recoverable under state law shall be treated as a Class 8 Claim. Funds available from the Harness Creek Exempt Property are voluntarily contributed by the Debtor and are not available: (i) under any other Plan proposed by any other person, or (ii) in any liquidation under chapter 7. Nothing contained herein constitutes or creates any collateral interest in TCB in the Harness Creek Exempt Property. TCB shall have no right to force a sale of the Harness Creek Exempt Property. The Debtor reserves the right to withdraw this provision at any time prior to commencement of the Confirmation Hearing. The foregoing constitutes the TCB Restructuring Terms.</p>
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Class 6 – Allowed Secured Claim of Green Bank	Impaired	<p>Green Bank's Allowed Secured Claim, together with interest at the Plan Interest Rate from the Effective Date until paid in full, will be paid, in Cash, with net proceeds obtained from the sale of the Wynden Property, and: (i) with the net proceeds attributable to the Debtor, his son, and his daughter's interests following the sale of the assets of Alvand Interests, LLC; or (ii) with funds voluntarily contributed by the Reorganized Debtor obtained from the net proceeds of any sale of the Harness Creek Exempt Property following payment in full of the JPMC Allowed Secured Claim. Such payments shall be made and due at the Closing of the Wynden Property, the Closing of a Alvand Interests Transaction, and/or the Closing of the Harness Creek Exempt Property, respectfully. The Outside Date of the Closing of the Wynden Property, the Closing of the Alvand Interests Transaction, and the Closing of the Harness Creek Exempt Property shall be twenty-four (24) months from the Effective Date. Upon receipt of such payment, Green Bank's Allowed Secured Claim shall be satisfied and any and all liens shall be discharged and released. In the event Green Bank's Allowed Secured Claim is not paid in full by the Outside Date, an Event of Default shall be deemed to have occurred, and subject to the to the provisions of the Plan, Green Bank may exercise its rights against its Pre-Petition Collateral in full and final satisfaction of its Allowed Secured Claim. Any deficiency, if any, recoverable under state law shall be treated as a Class 8 Claim. Funds available from the Harness Creek Exempt Property are voluntarily contributed by the Debtor and are not available: (i) under any other Plan proposed by any other person, or (ii) in any liquidation under chapter 7. Nothing contained herein constitutes or creates any collateral interest in Green Bank in the Harness Creek Exempt Property. Green Bank shall have no right to force a sale of the Harness Creek Exempt Property. The Debtor reserves the right to withdraw this provision at any time prior to commencement of the Confirmation Hearing. The foregoing constitutes the Green Bank Restructuring Terms.</p>
Class 7 – Allowed Other Secured Claims	Impaired	<p>Each holder of an Allowed Other Secured Claim shall be paid its Allowed Secured Claim, in full, in Cash, through equal Monthly Plan Payments, together with interest at the Plan Interest Rate, over the period through the fifth anniversary of the Effective Date, or, at the Reorganized Debtor's election, through return of such holder of an Allowed Other Secured Claim's collateral on the Effective Date in full and final satisfaction of such Other Allowed Secured Claim.</p>

Class 8 – Allowed Unsecured Claims	Impaired	<p>Each holder of an Allowed Unsecured Claim shall be paid its Allowed Claim, up to the full amount of such Allowed Claim, in Cash, with funds voluntarily contributed by the Reorganized Debtor obtained from the net proceeds of the Alvand Interests Transaction or from the sale of the Harness Creek Exempt Property, if any, after payment in full of Classes 5, 6, and 7. Such payments shall be made and due at the Closing of the Alvand Interests Transaction or Closing of the Harness Creek Exempt Property. The Outside Date of the Closing of the Harness Creek Exempt Property and the Alvand Interests Transaction shall be twenty-four (24) months from the Effective Date. In the event the net proceeds remaining from the Alvand Interests Transaction or the sale of the Harness Creek Exempt Property are not sufficient to pay Classes 5, 6, and 7 in full, holders of Allowed Unsecured Claims shall receive, in full and final satisfaction and discharge of their Claims, Pro-Rata Quarterly Plan Payments from: (i) the Reorganized Debtor's Net Disposable Income, if any, with such payments commencing upon the 25th month following the Effective Date and continuing through the 60th month following the Effective Date; and (ii) net proceeds of any Avoidance Actions and Causes of Action (except the Causes of Action against holders of Class 9 Claims), which such proceeds will be distributed quarterly following receipt with the first distribution due in the 25th month following the Effective Date. Funds available from the Harness Creek Exempt Property are voluntarily contributed by the Debtor and are not available: (i) under any other Plan proposed by any other person, or (ii) in any liquidation under chapter 7. Nothing contained herein constitutes or creates any collateral interest in holders of Class 8 Allowed Unsecured Claims in the Harness Creek Exempt Property. No Class 8 Creditor shall have the right to force a sale of the Harness Creek Exempt Property. The Debtor reserves the right to withdraw this provision at any time prior to commencement of the Confirmation Hearing.</p>
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<p>Class 9 – Allowed Claims Subject to Set-Off, if any, including the claims of: (i) Azimpoor Management, Ltd., (ii) Hamid Razavi, PhD, (iii) S&A Family Limited Partnership, and (iv) Ramesh Sadeghian.</p>	<p>Impaired</p>	<p>In full satisfaction of their Allowed Class 9 Claims, commencing on or before the 45th day following the conclusion of the first full quarter occurring after the Allowance of such Claims, if any, if ever, after deducting any counterclaims of the Bankruptcy Estate against such holders of Class 9 Claims, so long as there has been no Material Default by the Reorganized Debtor in treatment of Classes 1 through 8, holders of Allowed Class 9 Claims shall receive, Pro-Rata Quarterly Plan Payments from: (i) the Reorganized Debtor's Net Disposable Income, if any, continuing through the 60th month following the Effective Date; and (ii) net proceeds of any Avoidance Actions and Causes of Action (except the Causes of Action against holders of Class 9 Claims). Class 9 Claimants shall receive nothing if the counterclaims of the Estate exceed the Allowed Class 9 Claims. Class 9 Claims shall receive no interest in the proceeds of the Harness Creek Exempt Property. The Debtor and the Reorganized Debtor expressly reserve and preserve all arguments, claims, claims for relief, collection rights, rights of offset and/or setoff, rights of recoupment, counterclaims, demands, defenses, actions, causes of actions, suits, rights, compensation, damages, debts, obligations, charges, expenses, costs, obligations, and controversies of whatsoever nature or character, in law or in equity, against holders of Class 9 Claims, and confirmation of the Plan and entry of the Confirmation Order shall not, in any way, be res judicata or collaterally estop the assertion of such by the Debtor and/or the Reorganized Debtor.</p>
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4.05 Discharge of Claims

Discharge. The Debtor shall receive a discharge when the Court enters a Discharge Order pursuant to 11 U.S.C. § 1141(d)(5)(A) upon completion of all payments required the Plan, or earlier as permitted by 1141(d)(5)(B). The Bankruptcy Case shall be administratively closed (but shall be deemed to remain open pursuant to 11 U.S. C. § 362(c)(2)(C)) following the Effective Date upon certification by the Debtor of Substantial Consummation of the Plan, subject to reopening for: (1) modification pursuant to section 1127(c) of the Bankruptcy Code, and/or (2) entry of the Discharge Order pursuant to section 1141(d)(5)(A) upon completion of all payments required under the Plan, or earlier as permitted by 1141(d)(5)(B). The automatic stay shall remain in place pending entry of the Discharge Order pursuant to 11 U.S.C. 362(c)(2)(c).

Upon entry of the Discharge Order, in connection with the discharge, except as otherwise expressly provided in the plan, on and after the Discharge Date, all persons who have been, are, or may be holders of Claims against the Debtor arising on or before the Effective Date shall be enjoined from taking any of the following actions against or affecting the Debtor, his estate, and

the Property of the Estate regarding such Claims (other than actions brought to enforce any rights or obligation under the Plan) to the fullest extent provided under Bankruptcy Code sections 1141 and 524:

(i) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind against the Reorganized Debtor, his estate, or the Property of the Estate, including without limitation, the revested Property of the Estate and including all suits, action, and proceedings that are pending against the Debtor and/or the Reorganized Debtor on the Effective Date, which shall be deemed withdrawn and dismissed with prejudice;

(ii) enforcing, levying, attaching, collecting, or otherwise recovering by any manner or means, directly or indirectly, any judgment, awarded, decreed, or order against the Debtor and/or Reorganized Debtor, his estate, or the Property of the Estate, including without limitation, the revested Property of the Estate;

(iii) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any Lien against the Debtor and/or the Reorganized Debtor, his estate, or the Property of the Estate, including the revested Property of the Estate;

(iv) asserting any right of subrogation, setoff, or recoupment of any kind, directly or indirectly, against any obligation due the Debtor and/or the Reorganized Debtor, the estate, or the Property of the Estate, including without limitation, the revested Property of the Estate; and

(v) proceeding in any manner and in any place whatsoever that does not conform to or comply with the provision of the Plan.

Any Plan confirmed by the Debtor does not operate to discharge a debt that is excepted from discharge pursuant to 11 U.S.C. § 523. Notwithstanding any provision contained herein, the Debtor reserves all rights under Bankruptcy Code section 1141(d)(5).

Discharge Injunction. Upon occurrence of the Effective Date, in connection with the discharge, except as otherwise expressly provided in the plan, on and after the Discharge Date, all persons who have been, are, or may be holders of Claims against the Debtor arising on or before the Effective Date shall be enjoined from taking any of the following actions against or affecting the Debtor, his estate, and the Property of the Estate regarding such Claims (other than actions brought to enforce any rights or obligation under the Plan) to the fullest extent provided under Bankruptcy Code sections 1141 and 524:

- a. commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind against the Reorganized Debtor, his estate, or the Property of the Estate, including without limitation, the revested Property of the Estate, including all suits, action, and proceedings that are pending against the Debtor and/or the Reorganized Debtor on the Effective Date,

which shall be deemed withdrawn and dismissed with prejudice;

- b. enforcing, levying, attaching, collecting, or otherwise recovering by any manner or means, directly or indirectly, any judgment, awarded, decreed, or order against the Debtor and/or Reorganized Debtor, his estate, or the Property of the Estate, including without limitation, the revested Property of the;
- c. creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any Lien against the Debtor and/or the Reorganized Debtor, his estate, or the Property of the Estate, including the revested Property of the Estate;
- d. asserting any right of subrogation, setoff, or recoupment of any kind, directly or indirectly, against any obligation due the Debtor and/or the Reorganized Debtor, the estate, or the Property of the Estate, including without limitation, the revested Property of the Estate; and
- e. proceeding in any manner and in any place whatsoever that does not conform to or comply with the provision of the Plan.

V.

IMPLEMENTATION OF THE DEBTOR'S PLAN

5.01 Summary of the Implementation of the Plan

Revesting of Property of the Estate. Except as otherwise provided in the Plan, on the Effective Date, the Property of the Estate of the Debtor shall revert in the Reorganized Debtor. Subject to the terms and conditions of the Plan, the Reorganized Debtor may operate his business and use, acquire, and disburse Property without supervision by the Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules. As of the Effective Date, all Property of the Reorganized Debtor shall be free and clear of all Claims, Liens, encumbrances and other interests of Creditors, except as otherwise provided in the Plan.

Net Cash Flow from Operations. After the Effective Date, the Reorganized Debtor will continue to operate his consulting business through Sabco Energy, LLC. Additionally, the Reorganized Debtor may, from time to time, receive distributions and/or dividends on account of his interest in Alvand Interests, LLC, Sabco Enterprises, Inc., Sabco Oil, LLC, Sabco, LLC, and/or Saberioon & Ramesh Holdings Company. After payment of amounts reasonably necessary for the maintenance and support of the Reorganized Debtor and any dependents of the Debtor, and for charitable contributions, all monthly income received by the Debtor from these sources will be distributed to holders of Allowed Claims pursuant to the provisions of the Plan.

Sale of the Wynden Property. The Debtor will continue to cause Alvand Properties, LLC to market and sell the Wynden Property to a buyer. The Debtor will cause the net proceeds from Alvand Properties, LLC to be distributed pursuant to the provisions of the Plan.

The Alvand Interests Transaction. The Debtor, his daughter, and son each hold membership interests in Alvand Interests, LLC. The Debtor will continue to market and sell the assets of Alvand Interests, LLC for a suitable transaction. There are other members with interests in Alvand Interests, LLC. In the event a suitable transaction is identified, and such transaction closes, the Debtor will cause the net proceeds attributable to his interests, his daughter's interests and his son's interests to be distributed pursuant to the provisions of the Plan.

Sale of the Harness Creek Exempt Property. Before and after the Effective Date, the Debtor and the Reorganized Debtor, respectively, will market and attempt to sell the Harness Creek Exempt Property. The Debtor will cause the net proceeds from the Harness Creek Exempt Property to be distributed pursuant to the provisions of the Plan. Any excess funds remaining from the sale of the Harness Creek Exempt Property after distributions are made pursuant to the Plan shall be and remain the Debtor's exempt property subject to any applicable limitations of Texas Property Code § 41.001(c) (2016). Funds available from the Harness Creek Exempt Property are voluntarily contributed by the Debtor and are not available: (i) under any other Plan proposed by any other person, or (ii) in any liquidation under chapter 7. Nothing contained herein constitutes or creates any collateral interest in any party in the Harness Creek Exempt Property. Nothing contained herein shall create any right in any creditor or party in interest to force a sale of the Harness Creek Exempt Property. The Debtor reserves the right to withdraw this provision at any time prior to commencement of the Confirmation Hearing.

Effective Date of Plan. The Effective Date of this Plan is the first business day following the date that is fourteen days after the entry of the order of confirmation. If, however, a stay of the confirmation order is in effect on that date, the effective date will be the first business day after the date on which the stay of the confirmation order expires or is otherwise terminated.

Conditions to Occurrence of Effective Date. The effectiveness of this Plan is subject, in addition to the requirements provided in § 1129 of the Bankruptcy Code, to satisfaction of the following conditions precedent (any of which may be waived by the Debtor):

- a. All actions, documents and agreements necessary to implement the Plan shall have been effected or executed;
- b. The Debtor shall have received all authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions or documents that are determined by the Debtor to be necessary to implement the Plan; and
- c. Entry of a Confirmation Order that is a Final Order in form and substance suitable to Debtor.

5.02 The Reorganized Debtor's Obligations Under the Plan

Following the Effective Date, the Reorganized Debtor may pay his post-Effective Date operating expenses in the ordinary course of his business without notice or orders of this Court. The

Reorganized Debtor shall continue to perform the statutory duties of the Debtor, as applicable, and those conferred by and contemplated under the Plan until this Case is closed.

5.03 Exemption from Transfer Taxes

Pursuant to § 1146(c) of the Bankruptcy Code, the issuance, transfer, or exchange of notes or equity securities under the Plan or the making or delivery of any deed or other instrument or transfer under, in furtherance of, or in connection with the Plan, including without express or implied limitation, any transfers to or by the Reorganized Debtor shall not be subject to any transfer, sales, stamp, or other similar tax.

5.04 Claims Objections

Objections to Claims. Except as otherwise provided in the Plan in connection with Administrative Claims and Claims of Professionals, objections to Claims must be filed with the Court and served in accordance with the Bankruptcy Rules by the later of (i) thirty (30) days following the Effective Date or (ii) thirty (30) days following the date such proof of Claim was timely filed; otherwise, such Claims shall be deemed Allowed in accordance with § 502 of the Bankruptcy Code, unless an extension of such time period is sought by the Reorganized Debtor.

Responses to Objections. Prior to the expiration of twenty-one (21) days from receipt of an objection, the claimant whose Claim has been objected to must file with the Court and serve upon the objecting party a response to such Claim objection. Failure to file such a response within the twenty-one (21) day time period shall cause the Court to enter a default judgment against the non-responding claimant and thereby grant the relief requested in the claim objection.

Distributions on Allowed Claims Only. Distributions under the Plan shall be made only to the holders of Allowed Claims. Until a Disputed Claim becomes an Allowed Claim, the holder of that Disputed Claim shall not receive the consideration otherwise provided to holders of Claims in the same Class as such Claim under the Plan. The Claim of any holder of an Allowed Claim that has received notice that the Reorganized Debtor may seek to bring an Avoidance Action against such holder under Chapter 5 of the Bankruptcy Code shall be deemed Disallowed pursuant to § 502(d) of the Bankruptcy Code until such time as the avoidable transfers are returned to the Debtor's Bankruptcy Estate or the Avoidance Action is otherwise resolved. Disallowance shall include any Assumed Agreement that has any outstanding balance owed to the Debtor. No distribution shall be made to any holder of an Assumed Agreement unless and until such holder pays any outstanding amount due to the Debtor

Establishment of Disputed Claims Reserve. On the occasion of each payment required under the Plan, the Reorganized Debtor shall deposit Cash in a segregated, interest bearing account in such amount necessary to pay all Disputed Claims in accordance with the terms of the Plan if such Claims were to become Allowed Claims. This account shall be called the Disputed Claim Reserve. The Reorganized Debtor shall hold the Disputed Claim Reserve in trust for the benefit of the holders of Allowed Claims whose distributions are unclaimed and the holders of Disputed Claims pending determination of their entitlement thereto under the terms of the Plan. When a Disputed Claim becomes an Allowed Claim, the Reorganized Debtor shall release and deliver

the distributions reserved for such Allowed Claims (net of distribution costs) from the Disputed Claim Reserve. To the extent that any funds exist in the Disputed Claim Reserve after resolution of all Disputed Claims and distribution to all Allowed Claims, such funds shall be released to the Reorganized Debtor free and clear of any Liens, claims and encumbrances. For clarity, the alleged Smith Energy Company Claim is a Disputed Claim.

Record Date. The record date for purposes of the Plan will be the Effective Date (the “Record Date”). At the close of business on the Record Date, there shall be no further changes in the record holders of Claims. The Reorganized Debtor shall have no obligation to recognize any transfer of any such Claims occurring after the Record Date and shall be entitled instead to recognize and deal for all purposes hereunder with only those record holders stated on the transfer of ledgers as of the close of business on the Record Date.

Delivery of Distributions and Undeliverable Distributions. Any distribution to be made to a Creditor will be sent to that Creditor at the address set forth on the proof of claim filed for such Creditor, or if no proof of claim is filed, at the address set forth on the Debtor’s Bankruptcy Schedules. In the event that a distribution as herein provided is returned as undeliverable, or a distribution is returned on account of there being no payment due to the affected Creditor, the Reorganized Debtor shall hold such distribution for the affected Creditor for a period of sixty (60) days following the Date of that distribution for the benefit of the Creditor. If the affected Creditor does not make a demand, in writing, for such unclaimed distribution within the sixty-day period, the Creditor shall forfeit all entitlement to the distribution, and the distribution shall revert to the Reorganized Debtor.

Time Bar to Cash Payments. All uncashed distributions shall be handled in accordance with this Article, unless provided otherwise by applicable law. Checks issued by the Reorganized Debtor with respect to any Allowed Claim shall be null and void if not negotiated within ninety (90) days after the date of issuance thereof. The holder of the Allowed Claim to whom such check originally was issued shall make a request for re-issuance of any check to the Reorganized Debtor. Any Claim with respect to a voided check shall be made on or before thirty (30) days after the expiration of the ninety (90) day period following the date of issuance of such check; provided however checks issued for the final distribution that become null and void in accordance with provisions contained herein shall not be re-issued and the holders of such Claims shall waive any right to the reissuance of such checks. After such date, all funds held on account of such voided check shall be remitted to the Reorganized Debtor; the holder of any such Claim shall not be entitled to any other or further distribution under the Plan on account of such Claim and such Claim shall be deemed Disallowed for purposes of any such distribution.

Prepayments. So long as the Reorganized Debtor remains current on all other Plan payments, the Reorganized Debtor reserves the right to prepay or settle Allowed Claims except as otherwise provided in the Plan.

5.09 Additional Charges

Except as may be expressly provided in the Plan or allowed by the Bankruptcy Court, no interest, penalty, attorney’s fee or late charge shall be allowed or paid with respect to any Claim.

5.10 Treatment of Executory Contracts and Unexpired Leases

Assumed Executory Contracts and Unexpired Leases. The Debtor assumes the executory contracts and/or unexpired leases identified on *Schedule 6.1* of the Plan effective upon the Effective Date of the Plan as provided in Article VII of the Plan.

Rejected Executory Contracts and Unexpired Leases; Bar Date for Rejection Proofs of Claim. Upon the Effective Date of the Plan, the Debtor will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed under section 6.1 in the Plan, or before the date of the order confirming the Plan. **A PROOF OF A CLAIM ARISING FROM THE REJECTION OF AN EXECUTORY CONTRACT OR UNEXPIRED LEASE UNDER THIS SECTION MUST BE FILED NO LATER THAN THIRTY (30) DAYS AFTER THE DATE OF ENTRY OF THE ORDER CONFIRMING THE PLAN.**

5.11 Pending Claims and Causes of Action

After the Effective Date, the Reorganized Debtor, in his sole discretion, shall evaluate the potential Causes of Action, including Avoidance Actions, and determine whether to pursue any such Causes of Action, including Avoidance Actions, for the benefit of the holders of Allowed General Unsecured Claims. The Debtor's Disclosure Statement of Financial Affairs identifies the parties who received payments and transfers from the Debtor, which payments and transfers may be avoidable under the Bankruptcy Code. In particular, Part 3 of the Debtor's Statement of Financial Affairs identifies those parties that received transfers from the Debtor during the ninety (90) days preceding the Filing Date, which transfers may be avoidable under Chapter 5 of the Bankruptcy Code. The Reorganized Debtor will continue to litigate, compromise or otherwise resolve any Avoidance Actions and other Causes of Action commenced prior to the Effective Date by the Debtor-in-Possession, including without limitation, any claims and defenses asserted in Adversary Case No. 16-03176-DRJ, *Azimpoor Management, Ltd. v. Saberioon*, in the United States Bankruptcy Court for the Southern District of Texas, Houston Division.

THE PLAN DOES NOT AND IS NOT INTENDED TO RELEASE CAUSES OF ACTION, INCLUDING AVOIDANCE ACTIONS, AND ALL SUCH RIGHTS OF CAUSES OF ACTION, INCLUDING AVOIDANCE ACTIONS, ARE SPECIFICALLY RESERVED IN FAVOR OF THE REORGANIZED DEBTOR ON BEHALF OF THE HOLDERS OF ALLOWED GENERAL UNSECURED CLAIMS.

After the Effective Date, the Reorganized Debtor shall prosecute, compromise or otherwise resolve any and all Causes of Action, including Avoidance Actions that the Reorganized Debtor determines should be pursued. The Reorganized Debtor shall retain counsel on an appropriate basis to prosecute any Causes of Action including the Avoidance Actions. The Bankruptcy Court shall retain jurisdiction to adjudicate any and all Causes of Action including Avoidance Actions and approve any settlement thereof. The net proceeds of the Causes of Action, including Avoidance Actions, shall be distributed, first, in payment of the litigation fees and expenses of

the Reorganized Debtor, and second, for distribution to holders of Allowed Claims pursuant to the terms of the Plan.

After the Effective Date, the Reorganized Debtor shall prosecute, compromise or otherwise resolve any and all Causes of Action, including Avoidance Actions that the Reorganized Debtor determines should be pursued. The Reorganized Debtor shall retain counsel on an appropriate basis to prosecute any Causes of Action including the Avoidance Actions. The Bankruptcy Court shall retain jurisdiction to adjudicate any and all Causes of Action including Avoidance Actions and approve any settlement thereof. The net proceeds of the Causes of Action, including Avoidance Actions, shall be distributed, first, in payment of the litigation fees and expenses of the Reorganized Debtor, and second, for distribution to holders of Allowed Claims.

THE FOLLOWING DISCUSSION IS NOT INTENDED TO BE EXHAUSTIVE AND SHALL NOT LIMIT OR MODIFY ANY CLAIMS OR CAUSES OF ACTION OF THE ESTATE, INCLUDING AVOIDANCE ACTIONS. ALL CLAIMS OF THE BANKRUPTCY ESTATE ARE BEING PRESERVED AND TRANSFERRED TO THE REORGANIZED DEBTOR UNDER THE PLAN. ADDITIONALLY, THE PLAN DOES NOT AND IS NOT INTENDED TO RELEASE ANY CAUSES OF ACTION.

Any and all Causes of Action that the Debtor may have, including, but not limited to Avoidance Actions, which may be enforceable under any statute, shall be preserved and shall constitute Property of the Estate to be conveyed to Reorganized Debtor in accordance with the Plan. After the Effective Date, the Reorganized Debtor, in his sole discretion, shall evaluate the potential Causes of Action including, but not limited to, Avoidance Actions and determine whether to pursue any such Causes of Action for the benefit of the holders of Allowed General Unsecured Claims. The Reorganized Debtor may prosecute, compromise, or otherwise resolve any and all Causes of Action, including Avoidance Actions, that the Reorganized Debtor determines should be pursued. The Reorganized Debtor shall retain counsel on an appropriate basis to prosecute any Causes of Action, including Avoidance Actions. The Bankruptcy Court shall retain jurisdiction to adjudicate any and all Causes of Action including Avoidance Actions and approve any settlement thereof. The Net Proceeds of the Causes of Action, including the Avoidance Actions, shall be distributed, first, in payment of the litigation fees and expenses of the Reorganized Debtor, and, second, for pro rata distribution to the holders of Allowed General Unsecured Claims.

The Debtor's Statement of Financial Affairs identifies the parties who received payments and transfers from the Debtor, which payments and transfers may be avoidable under the Bankruptcy Code. In particular, Part 3 of the Debtor's Statement of Financial Affairs identifies those parties that received transfers from the Debtor during the ninety (90) days preceding the Petition Date, which transfers may be avoidable under Chapter 5 of the Bankruptcy Code.

The Debtor may have Causes of Action, including Avoidance Actions, against the above-listed creditors. The Reorganized Debtor may prosecute, compromise, or otherwise resolve any and all Causes of Action, including Avoidance Actions, against the above-listed creditors.

ADDITIONALLY, YOU MAY BE SUED IF:

1. You were or are a creditor and you received a payment on a prior debt within ninety (90) days before the Petition Date;
2. You were an insider of the Debtor and you received a payment on a prior debt within one (1) year before the Petition Date;
3. You received any payments or property from the Debtor for goods or services you did not deliver or provide before the Petition Date;
4. You received any payments of property from the Debtor without providing reasonably equivalent value;
5. You received pre-payments, advances, or deposits from the Debtor which you did not earn;
6. You were involved in pending litigation with the Debtor at the time of the Petition Date or have been sued thereafter;
7. You owe the Debtor any money under a contract or as a result of your breach of contract with the Debtor;
8. Potential claims against you or any of your affiliates are described or referred to in this Disclosure Statement; or
9. The Debtor has any claims against you under state or federal law, whether in contract or in tort, whether known or unknown.

VI.
CONFIRMATION OF THE PLAN

6.01 Feasibility

As a condition to confirmation of a plan, § 1129 of the Bankruptcy Code requires, among other things, that the Bankruptcy Court determine that confirmation is not likely to be followed by the liquidation or the need for further financial reorganization of the debtor.

Because funding of the Plan includes the possibility of future payments based upon the Debtor's future income, the Debtor has prepared projections of his income during the Plan Period (the "Projections"). The Projections provide the revenues and expenses under the Plan, and demonstrate the Plan's feasibility.

6.02 Best Interests Test

In order to confirm the Plan, the Court must find that each holder of an impaired Claim or Equity Interest either (i) accepted the Plan or (ii) received or retained under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive if the debtor was liquidated under Chapter 7 of the Bankruptcy Code. In a typical Chapter 7 case the debtor ceases operations and a Chapter 7 trustee is appointed to conduct an orderly liquidation of the Debtor's assets. The liquidation proceeds, net of trustee's fees and other costs and expenses incurred in conducting the liquidation, are distributed to Creditors in accordance with their rights and statutorily prescribed priorities of payment under the Bankruptcy Code.

If this Case were converted to a Chapter 7 liquidation, the Court may lift the automatic stay to permit TCB, Green Bank and/or JPMC to foreclose upon their collateral.

Alternatively, a Chapter 7 Trustee may try to market and sell the Debtor's assets. The Debtor believes that a sale of the Debtor's assets by the Chapter 7 Trustee would likely not provide any recovery to holders of Allowed General Unsecured Claims. Once the assets are sold, and subject to prior orders of the Court, Claims would be paid in the following order:

1. Allowed Claims of Secured Creditors (Governmental Entities, TCB, Green Bank, JPMC);
2. The Chapter 7 Trustee's expenses, including the fees and expenses of Professionals retained by the Chapter 7 Trustee to assist in the marketing and sale of the Property;
3. Expenses incurred during the Chapter 11 case and allowed by the Court, including Allowed Administrative Claims from the Chapter 11 period of the case; and
4. A Pro Rata distribution of any remaining funds to the Allowed Claims of General Unsecured Creditors.

The Harness Creek Exempt Property would not be subject to liquidation by the Chapter 7 Trustee. Given the foregoing, because the Debtor is voluntarily contributing the Harness Creek Exempt Property on the terms set forth herein, the Debtor believes that holders of Allowed Claims would receive under the Plan a distribution that is equal to, if not substantially greater than, what they would receive in a Chapter 7 liquidation.

VII.

ALTERNATIVES TO THE PLAN

7.01 General

The Debtor believes that the Plan affords the holders of Claims the potential for the greatest realization on the Debtor's assets and, therefore, is in the best interests of such holders. If the Plan is not confirmed, however, the theoretical alternatives include: (a) an alternative plan of reorganization; (b) liquidation of the Debtor under Chapter 7 of the Bankruptcy Code; or (c) dismissal of the Chapter 11 Case.

7.02 Alternative Plans

If the Plan is not confirmed, the Debtor or any other party in interest in the case could attempt to formulate and propose a different plan. Other parties may propose alternative plans, but the Debtor does not believe that any other plan will provide a greater recovery for the Creditors than proposed by Debtor's Plan, or that any such plans will be feasible.

7.03 Liquidation Under Chapter 7 or Dismissal

As described above in Section 6.02, the Debtor believes that holders of Allowed Claims would receive a distribution under the Plan that is equal to, if not substantially greater than, what they would receive in any Chapter 7 liquidation.

VIII. **RISK FACTORS**

The Projections are based on numerous assumptions that are an integral part of the Projections. The assumptions and estimates underlying the Projections are inherently uncertain, and are subject to business risk, economic risk, competitive risk, and other uncertainties that could materially affect the accuracy of the Projections. Consequently, the Projections contained in this Disclosure Statement are not intended to be, nor should they be received as, representations that the Projections will be achieved.

IX. **CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN**

The transactions contemplated by the confirmation of the Plan may have an impact on the tax treatment received with respect to distributions under the Plan. That impact may be adverse to a creditor or interest holder. The Debtor has attempted to structure the Plan to preserve any valuable tax attributes.

An analysis of federal income tax consequences of the Plan to Creditors, interest holders, and the Debtor requires a review of the Internal Revenue Code, the Treasury regulations promulgated thereunder, judicial authority, and current administrative rulings and practice. The Plan and its related tax consequences are complex. Neither the Debtor nor the Debtor's counsel have requested a ruling from the Internal Revenue Service with respect to these matters. Accordingly, no assurance can be given as to the Internal Revenue Service's interpretation of the Plan.

THE TRANSACTION CONTEMPLATED BY THE CONFIRMATION OF THE PLAN MAY HAVE AN IMPACT ON THE TAX TREATMENT OF ANY CREDITOR OR INTEREST HOLDER. THAT IMPACT MAY BE ADVERSE TO THE CREDITOR OR INTEREST HOLDER. NOTHING HEREIN INTENDED TO BE ADVICE OR OPINION AS TO THE TAX IMPACT OF THE PLAN ON ANY INDIVIDUAL CREDITOR OR INTEREST HOLDER. EACH CREDITOR OR INTEREST HOLDER IS CAUTIONED TO OBTAIN INDEPENDENT AND COMPETENT TAX ADVICE PRIOR TO VOTING ON

THE PLAN.

X.
JURISDICTION OF THE COURT

The Bankruptcy Court shall retain and have exclusive jurisdiction over this Case for the purposes stated in items one through thirteen below. 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 Case, this section shall not prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

1. To determine any and all objections and proceedings involving the allowance, estimation, classification and subordination of Claim, including any counterclaim;
2. To determine any and all applications for allowance of compensation and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code or this Plan;
3. To determine any applications pending on the Effective Date for the rejection or assumption of executory contracts or unexpired leases or for the assumption and assignment, as the case may be, of executory contracts or unexpired leases to which the Debtor is a party or with respect to which the Debtor may be liable, and to hear and determine, and if need be to liquidate, any and all Claims arising therefrom;
4. To determine any and all applications, adversary proceedings, and contested or litigated matters that may be pending on the Effective Date;
5. To consider any modifications of this Plan, remedy any defect or omission or reconcile any inconsistency in any order of the Court, including the Confirmation Order, to the extent authorized by the Bankruptcy Code;
6. To determine all controversies, suits, disputes and proceedings that may arise in connection with the interpretation, enforcement, consummation or performance of the Plan or any Person's obligations hereunder;
7. To determine all controversies, suits, disputes and proceedings that may arise in connection with this Plan;
8. To hear and determine any Claim belonging to the Debtor, and to consider and act on the compromise and settlement of any other Claim against, or cause of action asserted by, the Debtor;
9. To recover all assets of the Debtor and property of the Debtor's Estate, wherever located;

10. To hear and determine matters concerning state, local, and federal taxes in accordance with §§ 346, 505, and 1146 of the Bankruptcy Code (including any requests for expedited determinations under § 505(b) of the Bankruptcy Code filed, or to be filed, with respect to tax returns for any and all taxable periods ending after the Petition Date through, and including, the date that any final distribution is made);
11. To enter a Final Decree closing the Case;
12. To issue orders in aid of execution of this Plan to the extent authorized by § 1142 of the Bankruptcy Code; and
13. To determine such other matters as may be set forth in the Confirmation Order or which may arise in connection with this Plan or the Confirmation Order.

XI.

MISCELLANEOUS

11.01 Amendment or Modification of the Plan

The Debtor's Plan may be amended or modified by the Debtor prior to the Confirmation Hearing pursuant to § 1127(a) of the Bankruptcy Code, and, to the extent applicable, Bankruptcy Rule 3019. Post-confirmation amendments or modifications of the Plan may be allowed by the Court under § 1127(b) of the Bankruptcy Code if the proposed amendment or modification is offered before the Plan has been substantially consummated. The sole right to amend or modify the Plan at any time shall be reserved to the Debtor and the Reorganized Debtor.

XII.

MATERIAL DEFAULT PROVISIONS

12.01 Material Default Provisions

A failure to timely make a payment to a holder of an Allowed Claim pursuant to the terms of the Plan shall be an "Event of Default." Following an Event of Default, each holder of an Allowed Claim shall have the right to enforce their rights under the Plan by sending a written "Notice of Default" to the Reorganized Debtor at the following address:

Ali A. Saberioon
8823 Harness Creek Lane
Houston, Texas 77024

with a copy to:

Kell C. Mercer
Kell C. Mercer, PC
1602 E. Cesar Chavez Street
Austin, Texas 78702

If the Event of Default is not cured within ninety (90) days after service of a written Notice of Default then a “Material Default” shall have occurred and the holder of an Allowed Claim having provided such Notice of Default may enforce their rights as provided by the Plan.

XIII.
CONCLUSION & RECOMMENDATION

THE DEBTOR BELIEVES THAT CONFIRMATION OF THE PLAN IS PREFERABLE TO ANY OF THE ALTERNATIVES DESCRIBED ABOVE AND THAT THE PLAN IS DESIGNED TO PROVIDE GREATER RECOVERIES THAN THOSE AVAILABLE IN ANY OTHER FORM OF LIQUIDATION. ANY OTHER ALTERNATIVE WOULD CAUSE SIGNIFICANT DELAY AND UNCERTAINTY, AS WELL AS ADDITIONAL ADMINISTRATIVE COSTS. THUS, THE DEBTOR RECOMMENDS CONFIRMATION OF THE PLAN.