

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
GALVESTON DIVISION

IN RE:	§	
	§	CASE NO. 17-80148
APOLLO COMPANIES INC	§	
	§	
Debtor	§	Chap 11 Small Business Case

THIRD AMENDED
PLAN OF REORGANIZATION AND DISCLOSURE STATEMENT UNDER
CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

APOLLO COMPANIES INC (the “Debtor”) files this Plan of Reorganization (the “Plan”) and Disclosure Statement. The Debtor is seeking to repay its debts over time. Pursuant to the Plan, the Debtor is seeking to repay its debts through ongoing operations of Debtor and funds received from collections on Debtor’s Accounts Receivables. Additionally, Debtor expects it may also be able to repay some of its debts through funds obtained from Debtor-in-Possession Financing. As required by the Bankruptcy Code, the Plan classifies claims and interests in various classes according to their right to priority of payments as provided in the Bankruptcy Code. The plan states whether each class of claims or interests is Impaired or Unimpaired (as defined below). The Plan provides the treatment each class will receive under the Plan.

This Plan includes a substantive consolidation, in accordance with In Re Texas Extrusion Corp, 68 B.R. 712, aff’d 836 F.2d 217 (5th Cir. 1988), of APOLLO OFFICE SYSTEMS LLC’s debts, which is a fully owned subsidiary of APOLLO COMPANIES INC for which all stocks and debts were acquired on 4/18/2013.

The Court has not yet confirmed the Plan. In other words, the terms of the Plan are not yet binding on anyone. If the Court later confirms the Plan, then the Plan will be binding on the Debtor and on all creditors and interest holders in this case.

The Debtor represents that everything in this document is true to the best of its knowledge.
READ THIS DOCUMENT CAREFULLY IF YOU WANT TO KNOW:

- Who can vote or object.
- The treatment of your claim is (*i.e.*, what your claim will receive if the Plan is confirmed).
- The history of the Debtor and significant events during the bankruptcy.
- How the Court will decide whether to confirm the Plan.

- The effect of Plan confirmation.
- Whether this Plan is feasible.

ARTICLE 1

**DEFINITIONS, INTERPRETATION AND
GENERAL DISCLOSURE STATEMENT INFORMATION**

1.1 **Definitions.** The following boldface terms, when capitalized, shall have the meanings specified below, and such meanings shall be equally applicable to the singular and plural forms of such terms. Any term used in this Plan that is not defined herein, but is defined in the United States Bankruptcy Code or the Federal Rules of Bankruptcy Procedure, shall have the meaning ascribed to that term in the Code or the Bankruptcy Rules.

Administrative Claim shall mean, and be the collective reference to, all costs and expenses of administration of these cases with priority under Bankruptcy Code § 507 (a)(1), including, without limitation, costs and expenses allowed under Bankruptcy Code § 503(b), the actual and necessary costs and expenses of preserving the estate of the Debtor, any Professional Fee Claim and any fees or charges assessed against the estate of the Debtor under 28 U.S.C. § 1930.

Administrative Claim Bar Date means the last day to file an application for allowance of an Administrative Claim (other than (i) quarterly U.S. Trustee fees and (ii) Professional Fee Claims), which shall be thirty (30) days after the Effective Date.

Allowed Claim or Interest shall mean a Claim or Interest (i) which has been scheduled by the Debtor pursuant to Bankruptcy Rule 1007 and (a) is not scheduled as disputed, contingent or unliquidated, (b) as to which no Proof of Claim or Proof of Interest has been filed and (c) as to which no objection to such scheduled Claim has been filed; (ii) as to which timely Proof of Claim or Interest has been filed as of the Bar Date and no objection thereto has been made; or (iii) that has been allowed by a Final Order. An Allowed Claim shall not include interest accrued subsequent to the Petition Date on the amount of any Claim except with respect to an Allowed Secured Claim as permitted by § 506(b) of the Bankruptcy Code.

Allowed Priority Tax Claim means any Allowed Claim, see above, that is a Claim of a governmental unit of the kind specified in Sections 502(i) and 507(a)(8) of the Bankruptcy Code. Specifically, for this case, Allowed Priority Tax Claims include the claims of following Creditors:

Brazoria County	\$ 41.12
Harris County	\$ 354.20
Internal Revenue Service	\$162,887.12
Texas Workforce Commission	\$ 1,818.68
Texas Comptroller	\$ 9,081.31
Texas Comptroller	\$ 600.00

Internal Revenue Service \$ 8,992.03

APOLLO Property means all assets owned by APOLLO COMPANIES INC, including any and all cash, cash equivalents, business checking accounts, investment ownerships and interest, financial assets, accounts receivables, inventory, equipment, supplies and parts, vehicles, machineries. **APOLLO Property** also includes all assets owned by APOLLO COMPANIES INC'S subsidiary, APOLLO OFFICE SYSTEMS LLC, including any and all cash, cash equivalents, business checking accounts, investment ownerships and interest, financial assets, accounts receivables, inventory, equipment, supplies and parts, vehicles, machineries belonging to the subsidiary. All the assets of Apollo Office Systems LLC were purchased by Apollo Companies Inc on 4/13/2013.

Assumed Contracts and Leases means those unexpired executory contracts and leases to which the Debtor and/or its subsidiary, APOLLO OFFICE SYSTEMS, LLC is a party and which are being assumed pursuant to Article 10 of this Plan.

Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure, as amended and promulgated under Section 2075 of Title 28 of the United States Code and local rules of the Court.

Bar Dates means the deadline established by the Bankruptcy Court for the filing of proofs of claim (**9/5/17, or 11/1/17 for a governmental unit**) and the deadline established by this Plan for the filing of requests for payment or applications for compensation and reimbursement with respect to Administrative Claims.

Business Day means any day other than a Saturday, Sunday or any other day on which commercial banks in Houston, Texas are required or authorized to close by law or executive order.

Case means Case No. 17-80148, pending in the United States Bankruptcy Court for the Southern District of Texas, Galveston Division.

Cash means cash, cash equivalents and other readily marketable securities or instruments issued by a Person other than the Debtor, including, without limitation, readily marketable direct obligations of the United States of America, certificates of deposit issued by the banks and commercial paper of any entity, including interest accrued or earned thereon.

Causes of Action means, without limitation, any and all claims, actions, adversary proceedings, causes of action (including but not limited to causes of action arising under any section of the Bankruptcy Code), liabilities, obligations, rights, suits, debts, sums of money, damages, judgments, and demands whatsoever, whether pending or not pending, known or unknown, whether or not scheduled as an asset of the Debtor, disputed or undisputed, legal or equitable, absolute or contingent, that are already pending or that have

accrued or are accruing to the Debtor or its estate, or that may be pursued derivatively by or on behalf of the Debtor or its estate.

Claim means, as against the Debtor, (i) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or (ii) a right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

Claim Register shall mean the Claim Register in the Case as maintained by the Court.

Class means a category or group of holders of Claims or Interests as designated in Article 3 of this Plan pursuant to 11 U.S.C. §§ 1122 and 1123(a)(1).

Code or Bankruptcy Code means the Bankruptcy Reform Act of 1978, as amended, 11 U.S.C. §§ 101 *et seq.*

Collateral means any property or interest in property of the estate of the Debtor subject to a Lien that is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law.

Confirmation means the entry of the Confirmation Order by the Bankruptcy Court pursuant to 11 U.S.C. § 1129.

Confirmation Date means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket.

Confirmation Hearing means the hearing held by the Bankruptcy Court to consider confirmation of the Plan pursuant to 11 U.S.C. § 1129, as such hearing may be adjourned or continued from time to time.

Confirmation Order means the order of the Bankruptcy Court confirming this Plan.

Court or Bankruptcy Court means the United States Bankruptcy Court for the Southern District of Texas, Galveston Division, having jurisdiction over the Case by reference pursuant to 28 U.S.C. § 157, as a unit of the United States District Court for the Southern District of Texas, Galveston Division, under 28 U.S.C. § 151.

Creditor means the holder of a Claim (other than as holder of an Administrative Claim).

Debtor means **APOLLO COMPANIES INC., and its substantively consolidated wholly owned subsidiary company Apollo Offices Systems, LLC.**

Deficiency Amount means an amount equal to an Allowed Secured Claim less the Fair Market Value as of the Confirmation Date of the assets securing such Claim (taking into account the amount of any senior Liens).

Disallowed, when used with respect to a Claim, means that the Claim or applicable portion thereof has been determined by a Final Order to be invalid.

Disclosure Statement means the disclosure statement relating to the Plan, including, without limitation, all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to 11 U.S.C. § 1125.

Disputed Administrative Claim means every Administrative Claim, or portion thereof, which is not an Allowed Administrative Claim or a Disallowed Administrative Claim.

Disputed Claim means every Claim, or portion thereof, other than Administrative Claims, which is not an Allowed Claim or a Disallowed Claim.

Disputed Claims Reserve means a reserve to be held by the Debtor in trust for the benefit of holders of Disputed Claims in accordance with the provisions of the Plan.

Distribution means the property required by the Plan to be distributed to the holders of Allowed Claims.

Effective Date means the first Business Day that is thirty (30) days after the date the Confirmation Order is entered.

Final Order means an order or judgment, the operation or effect of which has not been stayed, reversed, modified, or amended, as to which the time to appeal, petition for certiorari or seek reargument, review, or rehearing has expired and as to which no appeal, petition for certiorari or motion for reargument, review or rehearing was timely filed or, if timely filed, the order or judgment has been affirmed by the highest court to which the order or judgment was appealed or from which the reargument or rehearing was sought, or certiorari has been denied, and the time to file any further appeal or petition for certiorari or to seek further reargument or rehearing has expired.

General Unsecured Claim or Unsecured Claim means any Claim that is not a Secured Claim, Administrative Claim, Priority Tax Claim or Other Priority Claim and specifically includes Deficiency Amounts.

Impaired means, when used with reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of 11 U.S.C. § 1124.

Lien means a charge against, a security interest in or encumbrance upon property of the estate or the Debtor to secure payment of a debt or performance or an obligation.

Other Priority Claim means any Claim, other than an Administrative Claim or a Priority Tax Claim, entitled to priority in right of payment under Section 507(a) of the Bankruptcy Code.

Other Secured Claim _____ not applicable_____.

Person means an individual, a corporation, a partnership, and association, a joint stock company, a joint venture, and estate, a trust, an unincorporated association or organization, a government or any agency or subdivision thereof or any other entity.

Petition Date means May 5, 2017.

Plan means this Plan of Reorganization under Chapter 11 of the Bankruptcy Code, including, without limitation, all exhibits, supplements, appendices, and schedules hereto, either in its present form or as it may be altered, amended, or modified from time to time.

Priority Tax Claim means any Claim of a governmental unit of the kind specified in Sections 502(i) and 507(a)(8) of the Bankruptcy Code.

Professional Fee Claims means Administrative Claims for professional fees, expenses and other reimbursable costs incurred by Professionals from the Petition Date through the Effective Date, as well as fees, expenses and other reimbursable costs incurred after the Effective Date in connection with the preparation and filing of fee applications with the Bankruptcy Court in respect of Professional Fee Claims.

Professionals means any Court-approved professional Person, including lawyers, accountants, financial advisors, investment bankers, real estate brokers or agents and restructuring advisors, employed by the Debtor in the Case at any time before the Effective Date. **The term Professional shall also include E. Rhett Buck of Buck Law Firm, Eric D. Grimm, PLLC and Hannah Shepard whose employment by the Debtor is expressly approved pursuant to this Plan and whose fees shall be paid as a Professional Fee Claim pursuant to this Plan.**

Pro Rata means the proportion that the amount of an Allowed Claim in a particular Class or Subclass bears to the aggregate amount of all Allowed Claims or Allowed Interests in such Class or Subclass or, where applicable, Classes.

Rejected Contracts and Leases means those unexpired executory contracts and leases to which the Debtor is a party and which are being rejected pursuant to this Plan.

Reorganized Debtor means the Debtor as reorganized pursuant to this Plan.

Schedules means the schedules of assets and liabilities, the list of holders of Interests, and the statement of financial affairs filed by the Debtor under 11 U.S.C. § 521

and Bankruptcy Rule 1007, and all amendments and modifications thereto through the Confirmation Date.

Secured Claim means any Claim, including any Claim identified in the Schedules or a proof of claim as a Secured Claim, which is secured by a Lien on Collateral, but only to the extent of the value of such Collateral, as determined in accordance with 11 U.S.C. § 506(a), or in the event that such Claim for setoff under 11 U.S.C. § 553 or recoupment, to the extent of such setoff or recoupment. A Secured Claim shall not include any Deficiency Amount.

Secured Tax Claim means a Secured Claim asserted by a governmental unit for unpaid taxes.

Subclass means a subclass of any Class as designated in the Plan.

Substantial Consummation means the satisfaction of the requirements set forth in 11 U.S.C. § 1101(2).

Unimpaired means, when used with reference to a Claim or Interest, a Claim or Interest that is not impaired within the meaning of Section 1124 of the Bankruptcy Code.

1.2 **Interpretation.** Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neutral gender shall include the masculine, feminine and neuter. Unless otherwise specified, all section, article, schedule or exhibit references in the Plan are to the respective section in, Article of, Schedule to, or Exhibit to, the Plan. The words “herein,” “hereof,” “hereto,” “hereunder” and other words of similar import refer to the Plan as a whole and not to any particular section, subsection or clause contained in the Plan. The word “including” shall mean “including, without limitation.” The rules of construction contained in 11 U.S.C § 102 shall apply to the construction of the Plan. A term used herein that is not defined herein, but that is used in the Bankruptcy Code, shall have the meaning ascribed to that term in the Bankruptcy Code. The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions of the Plan.

1.3 **General Background.** Debtor, APOLLO COMPANIES INC. is a Texas Business Corporation formed on April 17, 2013 and located at 202 S. Hardie, Alvin, Texas 77511-2329. Currently, Debtor is engaged in the business of sale and service of office equipment. Initially, Debtor was established in order to fund the business operations of its subsidiary, APOLLO OFFICE SYSTEMS, LLC, with investments of the owner’s retirement 401K savings of \$250,000. The subsidiary required funding to replace its accounting systems for better Invoicing and Account Receivables processing, since its system of accounting was inadequate for business and industry needs. Additionally, the subsidiary needed a centralized storage business premises for operations and servicing as its rental unit at the time was insufficient. Managers of the subsidiary considered expanding business operations through purchase of similar industry competitors to address some of the operational problems. However, unable to make a purchase, APOLLO COMPANIES INC.

in turn purchased the subsidiary, APOLLO OFFICE SYSTEMS, LLC, with all assets and stocks owned by the subsidiary.

Subsequently, Debtor's financial controller, Killeen Hobbs, retired in December 2013, and in succession, two of her assistants retired also. Debtor hired a new financial controller, Kim Roberts, and two new assistants to replace its staff. The new financial staff were ineffective and were eventually terminated because they did not exercise proper bookkeeping; they made several payroll errors including failing to properly file and pay IRS payroll taxes in December 2014; they were behind on purchasing inventory and invoicing; they charged excessive overtime, claiming worktime when at home. Eventually, Debtor terminated Ms. Roberts including her two assistants, ended overtime work and pay and commenced monitoring staff closely. Debtor also upgraded its accounting system to address operational and accounting needs.

Debtor was unaware of IRS payroll taxes delinquency due to the actions of Ms. Roberts and her assistants who did not inform management of the failure to file and pay payroll taxes. Debtor only became aware of its debt to the IRS when contacted by the IRS. Debtor began making monthly payments to the IRS to satisfy the payroll taxes debt.

In 2015 and 2016, due to the economic downturn in the Oil and Gas Industry, Debtor's customers began making late payments or no payments at all to Debtor. Moreover, business operations also slowed down and Debtor was unable to keep up with its financial obligations to the IRS and other creditors. Debtor decided to sell the entire business to pay off its debts owed to creditors, but market conditions were not favorable and Debtor was unable to obtain a buyer. Debtor was forced to file Chapter 11 Reorganization Bankruptcy on May 5, 2017, in order to make affordable payments on past due debts to its creditors.

The first date scheduled for the meeting of creditors under § 341(a) of the Bankruptcy Code was June 5, 2017. The meeting commenced and subsequently was concluded.

Description of Assets. The Debtor filed the Schedules listing all of its assets and liabilities. The primary assets of the Debtor, their estimated values and associated Liens are, according to Debtor's amended Schedules:

Description of Assets	Estimated Fair Market Value	Amount of Debt Secured by Liens Against this Asset	Value Available to Estate	Basis of Estimate of Value to estate
Bank Accounts			\$ 23,171.20	
Accounts Receivable			\$153,631.76	
Interest in Incorporated business (Apollo Office Systems, LLC)			\$ 10.00	
Inventory	\$129,842.32		\$129,842.32	
Office Furniture	\$ 14,446.66		\$ 14,446.66	
Vehicles	\$ 23,726		\$ 23,726.00	
TOTAL	\$344,827.94		\$344,827.94	

The Debtor has not identified any lawsuits that may be filed by it after the Effective Date.

1.4 **Events Leading Up to Bankruptcy.** See paragraph 1.3 above for events leading up to bankruptcy.

1.5 **Sources of Funds.** Debtor expects to obtain funds to pay creditors through ongoing operations of the business and through funds received from collection activities on Debtor's Accounts Receivables. Additionally, Debtor expects to repay its debts through funds obtained from Debtor-in-Possession Financing.

Per the enclosed Cash Basis Cash Collateral Budget, see Exhibit B, the Debtor projects sufficient cash flow to fund the planned Schedule of Plan Payments as shown on Exhibit A. Further, even per the enclosed Accrual Basis Rolling Comparison Income Statement, see Exhibit C, the Debtor expects sufficient average monthly income sufficient to fund the proposed Schedule of Plan Payments.

1.6 **Events since case was filed.** After its Chapter 11 Bankruptcy filing on May 5, 2017, Debtor has continued to operate and generate positive cash flow. However, business operations were adversely affected by Hurricane Harvey at the end of August 2017, resulting in a temporary situation of negative cash flow for August and September 2017. The business was closed for two weeks after the Hurricane and flooding events. In addition, fifteen office machineries were damaged due to the storm and \$40,000 worth of inventory was damaged or lost. Moreover, several employees were impacted by the storm; for instance, one employee had to quit because his home and vehicle were flooded; Debtor's bookkeeper was stranded at home for three weeks and unable to return to work. The manager's home flooded. Furthermore, Debtor's clients were affected resulting in slowdown of orders for hardware and servicing, and payments by clients on amounts due.

However, Debtor expects to recover from the disaster.

1.7 **Management of the Debtor.** Since its inception the Debtor has been managed by Jeffrey Foley, Director and General Manager of APOLLO COMPANIES INC and by Pamela Foley, President of APOLLO COMPANIES INC. The Director and President each earn \$30,000 a year in their roles currently. They will continue in their current roles after the confirmation of the Plan as the primary managers of the Debtor. The Director/General Manager expects to have a salary increase to a competitive level, and the President expects to earn commissions on sales generated by her personal efforts, as the company's finances improve under reorganization.

ARTICLE 2

PROVISIONS FOR THE ALLOWANCE AND PAYMENT OF UNCLASSIFIED CLAIMS – ADMINISTRATIVE AND PRIORITY TAX CLAIMS

2.1 **Administrative Claims.** The Debtor estimates total administrative expenses in the amount of \$30,000, consisting of the fees of E. Rhett Buck, Attorney at Law and Mr. Eric C.

Grimm, PLLC and Hannah Shepard. Each holder of an Allowed Administrative Claim shall receive Cash in an amount equal to such Allowed Administrative Claim on the later of the Effective Date or the date such Administrative Claim becomes an Allowed Administrative Claim, or as soon thereafter as is practical considering the Debtor's financial situation; provided, however, that Allowed Administrative Claims representing liabilities incurred in the ordinary course of business of the Debtor will be paid in full and/or performed by the Reorganized Debtor in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other document relating to such transactions.

2.1.1 Bar Date for Requests For Payment of an Administrative Claim. All requests for payment of an Administrative Claim not covered by previous Bar Dates, except for (i) quarterly U.S. Trustee fees and (ii) Professional Fee Claims, shall be filed with the Court no later than thirty (30) days after the Effective Date or be forever barred.

Within five (5) days after the Effective Date, the Debtor shall serve notice of the Effective Date and the Administrative Claim Bar Date on all creditors and parties in interest.

2.1.2 Deadlines for Objections. All objections to allowance of Administrative Claims (excluding Professional Fee Claims) must be filed by any parties in interest within forty-five (45) days after the Administrative Claim Bar Date. If no objection to the applicable Administrative Claim is filed on or before that date, such Administrative Claim shall be deemed Allowed as of that date.

2.1.3 U.S. Trustee Fees. Quarterly fees owed to the Office of the U.S. Trustee shall be paid when due in accordance with applicable law and the Debtor shall continue to file quarterly reports to show the calculation of such fees for their estates until the Case is closed under 11 U.S.C. § 350.

2.1.4 Professional Fee Claims. Each holder of a Professional Fee Claim shall be paid in respect of such Professional Fee Claim in Cash, in full, on the Effective Date, or, if such Claim has not been approved by the Court on or before the Effective Date, promptly after Court approval of the Professional Fee Claim by a Final Order. Final fee applications for any Professional Fee Claim that has not been approved as of the Effective Date shall be filed within 45 days of the Effective Date and such applications and objections thereto (if any) shall be filed in accordance with and comply in all respects with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and applicable local rules.

2.2 Priority Tax Claims. Except to the extent that a holder of an Allowed Priority Tax Claim has been paid by the Debtor before the Effective Date, each holder of an Allowed Priority Tax Claim shall receive Cash in an amount equal to such Allowed Priority Tax Claim as scheduled under the Bankruptcy Plan. It is noted that almost all the Priority Tax Claims are secured claims, and the Plan provides for both the secured and unsecured Priority Tax Claims to be paid in full, with required interest.

ARTICLE 3

CLASSIFIED CLAIMS

3.1 **Classified Claims.** Claims against the Debtor are divided into the following Classes:

Class 1 – Administrative Claims

Class 2 – Secured Claims – Taxes, including secured priority taxes

Class 3 – Secured Claims – Business Loans

Class 4 – Secured Claims – Vehicle Loans

Class 5 – Unsecured Priority Claims – unsecured priority taxes

Class 6 – Unsecured General Claims – all other unsecured creditors

3.2 **Identification of Impaired Classes of Claims and Interest.**

3.2.1 **Impaired Classes of Claims and Interests.** Classes 3 and 6 are Impaired under this plan.

3.2.2 **Unimpaired Classes of Claims and Interests.** Class 1, 2, 4, and 5 are Unimpaired under this Plan.

ARTICLE 4

**PROVISIONS FOR TREATMENT OF
CLASSIFIED CLAIMS**

4.1 **Class 1 – Administrative Claims for Professional Fees** shall be paid as soon as Plan payment schedule allows. Administrative Claim for U.S. Trustee fees shall be paid when due.

4.2 **Class 2 – Secured Claims for taxes** shall be paid in full with interest in accordance with the Plan Schedule of Payments.

4.3 **Class 3 – Secured Claims for business loans** shall be paid at 20% of claim value with no interest under the terms of the Plan, in accordance with the Schedule of Payments, which provides for a 7 year term. **The remaining 80% of claim value shall be treated as an Unsecured Claim and paid in accordance with Para 4.6 Class 6.** If Creditors of secured claims for business loans do not vote to accept the Plan, then the Debtor will request either conversion to Chapter 7 or dismissal.

4.4 **Class 4** – Secured Claims for vehicle loans shall be paid in full with interest, because the vehicles are necessary to conduct the business of Debtor, at 5.25% in accordance with vehicle contract interest rate, under the terms of the Plan which provides for a 7 year term.

4.5 **Class 5** – Unsecured Priority Claims shall be paid in accordance with the Plan Schedule of Payments, which provides for payment in full with interest, over a term of 7 years.

4.6 **Class 6** – Unsecured General Claims shall be paid in accordance with the Plan Schedule of Payments, which provides for a 7 year term, which provides at least as much to Unsecured Claim as would be provided if Debtor had filed Chapter 7 bankruptcy. Unsecured Creditors will receive 1 % of claim value over the Plan term.

4.7 **Schedule of Payments:** See Exhibit A to this Plan for Schedule of Payments to each Creditor.

ARTICLE 5

PROVISIONS GOVERNING DISTRIBUTIONS

5.1 **Date of Distributions.** Distribution under the Plan shall begin within at least 30 days after Plan approval.

5.2 **Distributions After Effective Date.** Distributions made after the Effective Date to holders of Disputed Claims that are not Allowed Claims as of the Effective Date but which later become Allowed Claims shall be deemed to have been made on the Effective Date.

5.3 **Means of Cash Payment.** Cash Distributions made pursuant to this Plan shall be in United States funds, by check drawn on a domestic bank, or, if the Debtor so elects in its sole discretion for Distributions to certain large claimants, by wire transfer from a domestic bank. Cash Distributions by check shall be mailed to each Creditor entitled to such Distributions under this Plan at the addresses set forth on the Creditor's proof of claim, or, if no proof of claim was filed, shall be mailed to the Creditor's last known address contained in the records of the Debtors. If any Creditor's Distribution is returned as undeliverable, no further Distributions to such Creditor shall be made unless and until the Reorganized Debtor is notified of such Creditor's then current address, at which time all missed distributions shall be made to such holder without interest.

5.4 **Time Bar to Cash Payments.** Checks issued by the Debtor with respect to Claims shall be null and void if not cashed within ninety (90) days of the date of issuance thereof.

5.4.1 Requests for reissuance of any check must be made directly to the Debtor by the holder of the Allowed Claim or Interest with respect to which the check originally was issued.

5.4.2 Any Claim in respect of such a null and void check shall be made on or before one hundred fifty (150) days after the date of issuance of the check, after which time all Claims in respect of such null and void checks shall be forever barred, and the funds shall be retained by the Debtor for further disbursement in accordance with the terms of this Plan.

5.5 **Record Date.** The record date for purposes of Distributions under this Plan shall be the Bar Date (the "Record Date"). The Debtor will rely on the register of proofs of claim filed in the Case except to the extent a notice of transfer of Claim or Interest has been filed with the Court prior to the Record Date pursuant to Bankruptcy Rule 3001 or the Debtor has actual notice of a permitted transfer.

5.6 **Vesting of Assets in the Reorganized Debtor.**

5.6.1 Unless otherwise dealt with under the Plan, the property of the Debtor's estate, which term shall include all property of the estate under 11 U.S.C. § 541, shall vest in the Reorganized Debtor for the purpose of consummating the Plan.

5.6.2 From and after the Effective Date, the Reorganized Debtor may administer the estate pursuant to the terms of the Plan and may use, acquire and dispose of property, subject to the security interests and Liens granted and/or retained hereunder, free of any restrictions imposed under the Bankruptcy Code.

5.6.3 The Order confirming the Plan shall provide the Reorganized Debtor with express authority to convey, transfer and assign any and all property of the estate and to take all actions necessary to effectuate same.

5.6.4 As of the Effective Date, all property of the estate shall be free and clear of all liens, claims and interests of holders of Claims, except as otherwise provided in this Plan.

5.6.5 The Reorganized Debtor will be responsible for paying any quarterly U.S. Trustee fees that accrue after the Effective Date.

5.7 **Causes of Action.** Pursuant to 11 U.S.C. § 1123(b)(3)(B), as of the Effective Date, any Causes of Action that constitute property of the Debtor's estates shall vest in the Reorganized Debtor.

Unless a Cause of Action is a Released Cause of Action, no Cause of Action is released by confirmation of this Plan, and confirmation of the Plan shall not have any *res judicata* or collateral estoppel effect on the Debtor's or Reorganized Debtor's prosecution of any Cause of Action.

5.8 **Counterclaims.** The Debtor shall not be subject to any counterclaims with respect to any Causes of Action constituting property that has vested in the Reorganized Debtor pursuant to the Plan, provided however, that such Causes of Action will be subject to any set-off rights.

5.9 **Costs and Expenses of the Reorganized Debtor.** After the Effective Date, the Reorganized Debtor shall bear and pay the costs and expenses incurred by it and any professionals, agents or employees retained by the Reorganized Debtor, including without limitation the costs and expenses of creating and complying with tax return, tax information and other reporting requirements. The Reorganized Debtor may employ, without Bankruptcy Court order, professional persons, as such term is used in the Code, to assist in carrying out its duties under the Plan.

ARTICLE 6

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.1 **Not Applicable.**

ARTICLE 7

PROVISIONS REGARDING TREATMENT OF DISPUTED, CONTINGENT AND UNLIQUIDATED CLAIMS

7.1 **Disputed Claims.** The holder of a Claim entitled to payment on one specific payment date, which Claim is a Disputed Claim on such payment date, but which Claim subsequently becomes an Allowed Claim, shall receive payment on its Allowed Claim within 30 Business Days following the date on which such Claim becomes an Allowed Claim pursuant to a Final Order.

7.2 **Objections to and Resolutions of Disputed Claims.** After the Confirmation Date, the Reorganized Debtor, but no other party, shall have the right to make and file objections to Claims and to withdraw such objections.

7.3 **Procedure for Allowance of Late Filed Proofs of Claim.** Except as otherwise provided in the Plan, any proof of claim filed by the holder of a Claim after the Bar Date shall be deemed Disallowed unless such proof of claim is deemed to be timely filed or otherwise allowed by Final Order of the Bankruptcy Court issued pursuant to motion of such holder filed no later than 30 days after Effective Date, after notice and a hearing, finding excusable neglect.

ARTICLE 8

EFFECTS OF CONFIRMATION OF THE PLAN

8.1 **Injunction Enjoining Holder of Claims Against the Debtor and Reorganized Debtor.** Provided that there is no uncured Event or Default (as defined herein), the Plan shall be the sole means for resolving, paying or otherwise dealing with Claims. To that end, except as expressly provided herein, at all times on and after the Effective Date, through and including the date of entry of a Final Decree closing the Debtor's Case, all Persons who have been, are, or may be holders of Claims against the Debtor and/or Reorganized Debtor arising prior to the Effective Date, shall be enjoined from taking any of the following actions against or affecting the Debtor,

the Reorganized Debtor, its estate, or its property, with respect to such Claims (other than actions brought to enforce any rights or obligations under the Plan):

- a. commencing, conducting or continuing in any manner, directly or indirectly any suit, action, or other proceeding of any kind against the Debtor, the Reorganized Debtor, its estate, or its property (including, without limitation, all suits, actions, and proceedings that are pending as of the Effective Date which shall be deemed to be withdrawn or dismissed with prejudice);
- b. enforcing, levying, attaching, collecting, or otherwise, recovering by any manner or means whether directly or indirectly any judgment, award, decree, or order against the Debtor, the Reorganized Debtor, its estate, or its property;
- c. creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any Lien against Debtor, the Reorganized Debtor, its estate, or its property;
- d. asserting any right of subrogation, or recoupment of any kind, directly or indirectly against any obligation due the Debtor, the Reorganized Debtor, its estate, or its property; and
- e. proceeding in any manner in any place whatsoever against the Debtor, the Reorganized Debtor, its estate, or its property that does not conform to or comply with the provisions of the Plan.

ARTICLE 9

RETENTION OF JURISDICTION

9.1 **Claims and Actions.** The Court shall retain jurisdiction over this Case, including, without limitation, such jurisdiction as is necessary to ensure that the purposes and intent of this Plan are implemented. The Court shall also expressly retain jurisdiction to hear and determine all Claims against the Debtor.

9.2 **Retention of Additional Jurisdiction.** The Court shall also retain jurisdiction for the purpose of classification of the Claims of any Creditor and the determination of such objections as may be filed with respect to the Claims, including proceedings for estimation of Claims pursuant to 11 U.S.C. § 502(c). The Court shall further retain jurisdiction as set forth in this Plan and for the following additional purposes:

- a. To hear and determine pending applications for the assumption or rejection of executory contracts or unexpired leases, if any are pending, and the allowance of Claims resulting therefrom;
- b. To determine any and all Causes of Action, adversary proceedings, applications and contested matters;

- c. To hear and determine any objection to Administrative Claim or Claims;
- d. To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;
- e. To issue orders in aid of execution and consummation of the Plan, to the extent authorized by § 1142 of the Bankruptcy Code;
- f. To consider any amendments to or modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Code;
- g. To hear and determine all applications for compensation and reimbursement of expenses of Professionals under §§ 330, 331, and 503(b) of the Bankruptcy Code and the Plan;
- h. To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;
- i. To recover all assets of the Debtor, wherever located;
- j. To hear and determine matter concerning state, local and federal taxes in accordance with §§ 346, 505 and 1146 of the Bankruptcy Code;
- k. To hear and determine any applications for the assumptions and assignment or rejection or executory contracts and leases that may be designated by the Debtor prior to the Confirmation Hearing, and assumed and assigned or rejected thereafter, and the allowance of Claims resulting therefrom;
- l. To hear any other matter not inconsistent with the Bankruptcy Code;
- m. To enter a final decree closing the Case.

ARTICLE 10

NOTICE PROVISIONS

10.1 **Notices.** All notices, requests, elections or demands in connection with this Plan, including any change of address of any Creditor for the purposes of receiving Distributions under this Plan and to avoid forfeiting the same pursuant to Article 5 of this Plan, shall be in writing and shall be delivered personally, by facsimile, overnight courier or first class mail. Such notice shall be deemed to have been given when received or, if mailed by first class mail, five (5) Business Days after the date of mailing, or if by overnight courier, the next Business Day following the date of mailing. Notices required to be sent to the following parties under this Plan shall be addressed to:

To the Debtor/Reorganized Debtor:

APOLLO COMPANIES INC
c/o Jeffrey Foley, Director
202 S Hardie St
Alvin, TX 77511

Attorney for Debtor/Reorganized Debtor:

E. Rhett Buck
Attorney at Law
3730 Kirby Dr., Ste. 1200
Houston, TX 77098
Tel: 713-868-9447
Fax: 713-868-6157
Email: ERhettBuck@aol.com

Special Litigation Counsel for Debtor:

Eric C. Grimm, PLLC
State Bar No. 00787596
1017 West South Street
Alvin, Texas 77511
Ph: 734-717-4900
Fax: 888-502-1291

ARTICLE 11

MISCELLANEOUS PROVISIONS

11.1 **Exemption from Transfer and Other Taxes.** Pursuant to section 1146 of the Bankruptcy Code, the issuance, transfer or exchange of notes under the Plan, the creations of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, any merger agreements or agreements of consolidation, deeds bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan shall not be subject to any stamp, sales, real estate transfer, mortgage recording or other similar tax.

11.2 **Setoffs/Counterclaims.** Except as otherwise provided in this Plan, the Debtor may, but shall not be required to, set off or counterclaim against any Claim and the payments or other Distributions to be made pursuant to this Plan in respect of the Claim, claims of any nature whatsoever the estate may have against the holder of the Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtor of any claim that the estate may have against the holder, provided, however, that the Debtor will not seek to set off or counterclaim for any obligation that is not yet due. Setoffs or counterclaims arising from events after the Petition Date shall reduce the payouts under any Allowed Claim dollar for dollar. Setoffs or counterclaims arising from prepetition events shall only reduce the amount of the Allowed Claim and therefore, shall only reduce the payout amount proportionally with the reduction in the Allowed Claim. If any counterclaim or setoff asserted by the Debtor exceeds the

amount of any Claim, the holder of such Claim shall not be entitled to any Distribution under the Plan, and the Debtor will reserve the right to recover any such excess counterclaim or setoff from the holder of the applicable Claim.

11.3 Amendment or Modification of the Plan. Alterations, amendments or modifications of the Plan may be proposed in writing by the Debtor at any time prior to the Confirmation, provided that the Plan, as altered, amended or modified, satisfies the conditions of §§ 1122 and 1123 of the Bankruptcy Code, and the Debtor shall have complied with § 1125 of the Bankruptcy Code. The Debtor also reserves the right to make such modifications at or prior to any hearings on Confirmation as are necessary to permit this Plan to be confirmed under 11 U.S.C. § 1129.

11.4 Revocation and Withdrawal of the Plan. The Debtor reserves the right to revoke or withdraw this Plan at any time before entry of a Confirmation Order. If the Debtor revokes or withdraws this Plan prior to the Confirmation Date, or if the Confirmation or the Effective Date does not occur, then this Plan shall be deemed to be null and void. In such event, nothing contained herein or in any Disclosure Statement relating to the Plan shall be deemed to constitute an admission of validity, waiver or release of any Claims by or against the Debtor, the Reorganized Debtor or any Person or to prejudice in any manner the rights of the Debtor, the Reorganized Debtor or any Person in any proceeding involving the Debtor and/or Reorganized Debtor.

11.5 Cramdown – not applicable.

11.6 Liquidation Analysis. Section 1129(a)(7)(A) of the Bankruptcy Code requires that each holder of a claim must either accept the plan or receive payments or property with a value of at least as much as would be available in a Chapter 7 liquidation of the Debtor's assets.

As set forth above, each holder of a Secured Claim and an Unsecured Priority Claim is either receiving its collateral or is being paid the value of its Claim, with interest, under the Plan term. This treatment satisfies the liquidation test under § 1129(a)(7)(A).

Holders of unsecured claims are forecast to receive a dividend of 1 % of their Allowed Claim. The Debtor has estimated that its assets, upon liquidation and after payment of liens would not generate any funds to pay General Unsecured creditors.

Because the Plan forecasts that there would be no funds upon liquidation to pay holders of unsecured claims, this Plan satisfies the liquidation test as to holders of unsecured claims.

11.7 Prepayment. Any Claim may be prepaid at any time, without penalty. Interest as provided under the Plan must be paid through the date of prepayment.

11.8 Tax Issues. The federal income tax effects on holders of Claims will vary depending on how the holder has treated its claim for tax purposes. For example, if the holder has a basis in its debt claim and is paid an amount less than its basis, the holder may be entitled to a federal income tax deduction for its loss. This will depend on the holder's own tax characteristics

and cannot be assured. Conversely, if the holder has no basis in its debt claim, the holder may recognize income for federal income tax purposes based on payments under the Plan.

Because each holder's federal income tax situation may vary, you are urged to consult your own tax advisors to determine the federal income tax effect of the Plan on you.

The Debtor may also have a federal income tax effect from the Plan. To the extent that indebtedness is discharged, the Debtor may have a basis adjustment in its assets. Moreover, any sale of assets may produce taxable income. The forecasts set forth above incorporate the Debtor's best estimate of the federal income tax effect of the Plan.

11.9 Obligations to the United States Trustee. The Reorganized Debtor will be responsible for timely payment of United States Trustee quarterly fees incurred pursuant to 28 U.S.C. § 1930(a)(6). Any fees due as of the date of confirmation will be paid on the Effective Date. After confirmation, the Reorganized Debtor will continue to file quarterly financial reports in the format required by the United States Trustee and continue to pay quarterly fees as accrued until the Case is closed, converted to a case under chapter 7, or dismissed.

11.10 Event of Default. If there is a default in payment under this Plan, the default must be cured within 21 days of written notice sent to the Debtor and its counsel ("Event of Default"). If the Event of Default is not cured within the 21-day period, the case may be converted to a case under Chapter 7.

11.11 Severability. In the event that the Bankruptcy Court determines, prior to the Confirmation Date, that any provision in the Plan is invalid, void or unenforceable, such provision shall be invalid, void or unenforceable with respect to the holder or holders of such Claims or Interests as to which the provision is determined to be invalid, void or unenforceable. The invalidity, voidness or unenforceability of any such provision shall in no way limit or affect the enforceability and operative effect of any other provision of the Plan.

11.12 Binding Effect. The Plan shall be binding upon and inure to the benefit of the Debtor, the holders of Claims and their successors and assigns.

11.13 No Liability for Solicitation or Participation. Pursuant to § 1125 of the Bankruptcy Code, Persons that solicit acceptances or rejections of this Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, shall not be liable on account of such solicitation or participation, for violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of this Plan.

11.14 Injunctions or Stays. Unless otherwise provided, all injunctions or stays arising under or entered during the Case under § 105 or § 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

11.15 Governing Law. Except to the extent the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent an Exhibit to the Plan provides otherwise, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in

accordance with, the laws of the State of Texas, without giving effect to the principles of conflicts of law of such jurisdiction.

11.16 Withholding and Reporting Requirements. In connection with the consummation of the Plan, the Debtor shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all Distributions hereunder shall be subject to any such withholding and reporting requirements.

11.17 Headings. Headings are used in the Plan for convenience and reference only, and shall not constitute a part of the Plan for any other purpose.

11.18 Exhibits. All Exhibits to the Plan are incorporated into and are a part of the Plan as if set forth in full herein.

11.19 Filing of Additional Documents. On or before Substantial Consummation, the Debtor shall 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.

11.20 Enforcement of Confirmation Order. Any party in interest shall have standing to seek any such order from the Bankruptcy Court as shall be necessary to implement the Plan and enforce the terms and provisions of the Confirmation Order.

11.21 Informal or Substantive Consolidation. Debtor intends to consolidate its bankruptcy case and include the debts of Apollo Companies Inc and its wholly owned subsidiary Apollo Office Systems, LLC with an informal or substantive consolidation with required pleading, proof, or adequate findings under law. *See In re Texas Extrusion Corp.*, 68 B.R. 712, 722 (N.D.Tex. 1986), *aff'd*, 836 F.2d 217 (5th Cir. 1988).

11.22 Absolute Priority Rule. The equity owners of the Debtor intend to retain their equity interest in the Debtor. If the Debtor is unable to obtain the vote of general unsecured creditors for approval and confirmation of the Plan, the Debtor will either request conversion to Chapter 7 liquidation, or dismissal..

11.23 Status of Adversary Proceeding to collect delinquent accounts receivable: See Exhibit D for management's estimate of Adversary Proceedings of \$14,649 per month.

Dated: Galveston, Texas
12/21, 2017

Respectfully Submitted,
APOLLO COMPANIES INC
Debtor

X ___/s/ Jeffrey Foley___
Jeffrey Foley, Director

/s/ E. Rhett Buck
E. Rhett Buck
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Houston, TX 77098
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