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 PLAN OF REORGANIZATION DESCRIBED HEREIN. ACCORDINGLY, THE FILING AND DISSEMINATION OF THIS PROPOSED DISCLOSURE STATEMENT ARE NOT INTENDED AND SHOULD NOT IN ANY WAY BE CONSTRUED AS A SOLICITATION OF VOTES ON THE PLAN, 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.

THIS PAGE TO BE REMOVED AFTER APPROVAL OF THE DISCLOSURE STATEMENT

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
GALVESTON DIVISION

IN RE:	§	**(Chapter 11)**
	§	
THE TIFARO GROUP, LTD.	§	**CASE NO. 17-80171-G2-11**
	§	
Debtor.	§	**Judge David R. Jones**
	§	

DISCLOSURE STATEMENT UNDER
11 U.S.C. § 1125 AND BANKRUPTCY RULE 3016 IN
SUPPORT OF PLAN OF REORGANIZATION OF DEBTOR

THIS DISCLOSURE STATEMENT IS SUBMITTED TO ALL CREDITORS OF THE DEBTOR ENTITLED TO VOTE ON THE PLAN OF REORGANIZATION HEREIN DESCRIBED AND CONTAINS INFORMATION THAT MAY AFFECT YOUR DECISION TO ACCEPT OR REJECT THE DEBTOR'S PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE. THIS DISCLOSURE STATEMENT IS INTENDED TO PROVIDE ADEQUATE INFORMATION AS REQUIRED BY THE BANKRUPTCY CODE AS TO THE DEBTOR'S PLAN OF REORGANIZATION. ALL CREDITORS ARE URGED TO READ THE DISCLOSURE STATEMENT AND ATTACHMENTS WITH CARE AND IN THEIR ENTIRETY.

ON _____, THE BANKRUPTCY COURT APPROVED THIS DISCLOSURE STATEMENT AS CONTAINING ADEQUATE INFORMATION UNDER SECTION 1125(b) OF THE BANKRUPTCY CODE. SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN OF REORGANIZATION HEREIN DESCRIBED AND ATTACHED AS EXHIBIT A, IS BEING SOUGHT FROM CREDITORS WHOSE CLAIMS AGAINST THE DEBTOR ARE IMPAIRED UNDER THE PLAN OF REORGANIZATION. CREDITORS ENTITLED TO VOTE ON THE PLAN OF REORGANIZATION ARE URGED TO VOTE IN FAVOR OF THE PLAN AND TO RETURN THE BALLOT INCLUDED WITH THIS DISCLOSURE STATEMENT 2UPON COMPLETION IN THE ENVELOPE ADDRESSED TO HOOVER SLOVACEK LLP., ATTENTION: EDWARD L. ROTHBERG, 5051 WESTHEIMER, SUITE 1200, HOUSTON, TEXAS 77056, NOT LATER THAN _____, AT _:_. _ _____.M. HOUSTON TIME.

Table Contents

DISCLOSURE STATEMENT

The Tifaro Group, Ltd. ("Tifaro"), debtor and debtor-in-possession herein submits this Disclosure Statement ("Disclosure Statement") under section 1125 of the Bankruptcy Code and Bankruptcy Rule 3016 in Support of its Chapter 11 Plan to all of the Debtor's known Creditors.

I. INTRODUCTORY STATEMENT

Debtor submits this Disclosure Statement under 11 U.S.C. § 1125 in support of its Chapter 11 Plan (the "Plan") filed by the Debtor pursuant to Chapter 11 of the United States Bankruptcy Code in connection with their solicitation of acceptances of the Plan. A copy of the Plan is attached as Exhibit "A" for your review. All terms used in this Disclosure Statement but not otherwise defined herein have the meanings ascribed to such terms in the Plan.

Tifaro was organized as an investment vehicle for the purpose of owning interests in various physician owned freestanding emergency clinics. Tifaro initiated its chapter 11 Bankruptcy Case on June 2, 2017, under Case No 17-80171 in the United States Bankruptcy Court for the Southern District of Texas, Galveston Division. The Debtor has prepared this Disclosure Statement to disclose that information which, in its opinion, is material, important, and necessary to an evaluation of the Plan. Pursuant to the terms of the United States Bankruptcy Code, this Disclosure Statement must be presented to and approved by the Bankruptcy Court. Such approval is required by statute and does not constitute a judgment by the Court as to the desirability of the Plan or as to the value or suitability of any consideration offered thereby.

Affiliate EC Mansfield LLC initiated a Chapter 11 bankruptcy on July 25, 2017 under case no 17-34452. Mansfield's case is currently jointly administered with this Bankruptcy Case. However, the Plan is filed solely on behalf of Tifaro and does not purport to treat the separate claims of creditors and interest holders of Mansfield. Claims of Mansfield's separate creditors and interest holders will be treated in any plan which may be filed by Mansfield. The current deadline for Mansfield to file its plan is November 22, 2017.

The material herein contained is intended solely for the use of known creditors and interest holders of the Debtor, and may not be relied upon for any purpose other than a determination by them of how to vote on the Plan. As to Contested Matters, Adversary Proceedings and other actions or threatened actions, the Disclosure Statement and exhibits shall not constitute or be construed as an admission of any fact or liability, stipulation or waiver, but rather as a statement made in settlement negotiations under Rule 408 of the Federal Rules of Evidence. This Disclosure Statement shall not be admissible in any non-bankruptcy proceeding nor shall it be construed as to be advice on the tax, securities or other legal effects of the plan as to the holders of claims against or equity interests in the Debtors or their affiliates.

To ensure compliance with Treasury department circular 230, each holder of a claim or interest is hereby notified that: (a) any discussion of U.S. Federal Tax issues in this disclosure statement is not intended or written to be relied upon, and cannot be relied upon, by any holder for the purpose of avoiding penalties that may be imposed upon a holder under the Tax Code; (b) such

discussion is included hereby by the Debtor in connection with the promotion or marketing (within the meaning of Circular 230) by the Debtor of the transactions or matters addressed herein; and (c) each holder should seek advice based upon its particular circumstances from an independent tax advisor.

Certain of the materials contained in this Disclosure Statement are taken directly from other, readily accessible instruments or are digests of other instruments. While the Debtor has made every effort to retain the meaning of such other instruments or the portions transposed, it urges that any reliance on the contents of such other instruments should depend on a thorough review of the instruments themselves.

No representations concerning the Debtor or the Plan are authorized other than those that are set forth in this Disclosure Statement. Any representations or inducements made by any person to secure your vote which are other than those contained herein should not be relied upon, and such representations or inducements should be reported to counsel for the Debtor who shall deliver such information to the Bankruptcy Court. Finally, all terms not otherwise defined in this Disclosure Statement shall have the meanings assigned to them under the Plan.

Creditors should read this Disclosure Statement in its entirety prior to voting on the Plan. No solicitation of votes on the Plan may be made, except pursuant to this Disclosure Statement and Section 1125 of the Bankruptcy Code. No other party has been authorized to utilize any information concerning the Debtor or its affairs, other than the information contained in this Disclosure Statement, to solicit votes on the Plan. Creditors and holders of equity interest should not rely on any information relating to the Debtor, other than that contained in this Disclosure Statement and the exhibits attached hereto.

EXCEPT AS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE ATTACHMENTS, NO REPRESENTATIONS CONCERNING THE DEBTOR, THE ASSETS, THE PAST OPERATIONS OF THE DEBTOR, OR THE PLAN ARE AUTHORIZED, NOR ARE ANY SUCH REPRESENTATIONS TO BE RELIED UPON IN ARRIVING AT A DECISION WITH RESPECT TO THE PLAN. ANY REPRESENTATIONS MADE TO SECURE ACCEPTANCE OR REJECTION OF THE PLAN OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR.

EXCEPT AS SPECIFICALLY NOTED, THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTOR IS NOT ABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY. THE FACTUAL INFORMATION REGARDING THE DEBTOR, INCLUDING THE ASSETS AND LIABILITIES OF THE DEBTOR, HAS BEEN DERIVED FROM NUMEROUS SOURCES, INCLUDING, BUT NOT LIMITED TO, DEBTORS' BOOKS AND RECORDS, SCHEDULES AND DOCUMENTS SPECIFICALLY IDENTIFIED HEREIN.

THE DEBTOR ALSO COMPILED THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT FROM RECORDS AVAILABLE TO IT, INCLUDING, BUT NOT LIMITED TO, PLEADINGS AND REPORTS ON FILE WITH THE

BANKRUPTCY COURT, LOAN AGREEMENTS, TAX RETURNS AND BUSINESS RECORDS.

THE APPROVAL BY THE BANKRUPTCY COURT OF THE DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE PLAN OR A GUARANTY OF THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

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

NEITHER THE DEBTOR NOR COUNSEL FOR THE DEBTOR CAN WARRANT NOR REPRESENT THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS WITHOUT INACCURACIES. NEITHER THE DEBTOR NOR ITS COUNSEL HAS VERIFIED THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, ALTHOUGH THEY DO NOT HAVE ACTUAL KNOWLEDGE OF ANY INACCURACIES.

IF THE REQUISITE VOTE IS ACHIEVED FOR EACH CLASS OF IMPAIRED CLAIMS, THE PLAN IS SUBSEQUENTLY CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS AGAINST THE DEBTOR (INCLUDING, WITHOUT LIMITATION, THOSE HOLDERS OF CLAIMS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN), WILL BE BOUND BY THE TERMS OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

II. VOTING PROCEDURES

Any creditor of the Debtor whose claim is IMPAIRED under the Plan is entitled to vote, if either (1) the claim has been scheduled by the Debtor and such claim is not scheduled as disputed, contingent or unliquidated, or (2) the creditor has filed a proof of claim on or before the last date set by the Bankruptcy Court for such filings, *provided, however*, any claim as to which an objection has been filed (and such objection is still pending) is not entitled to vote, unless the Bankruptcy Court temporarily allows the creditor to vote upon motion by the creditor. Such motion must be heard and determined by the Bankruptcy Court prior to the date established by the Bankruptcy Court to confirm the Plan. In addition, a creditor's vote may be disregarded if the Bankruptcy Court determines that the creditor's acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

Holders of impaired claims who are entitled to vote and fail to do so will not be counted as either accepting or rejecting the Plan. Nevertheless, if the requisite vote is achieved for your class of impaired claims, you will be bound by the terms of the Plan.

A ballot to be used for voting to accept or reject the Plan is enclosed with this Disclosure Statement and mailed to creditors entitled to vote. A creditor must (1) carefully review the ballot

and the instructions thereon, (2) execute the ballot, and (3) return it to the address indicated thereon by the deadline to enable the ballot to be considered for voting proposes.

THE DEADLINE FOR RETURNING YOUR BALLOT IS _____.M. CENTRAL TIME ON _____, 2017 (THE "VOTING DEADLINE").

After completion of the ballot, creditors should return the executed ballot via US Mail in the self-addressed envelope or via facsimile to:

THE TIFARO GROUP, LTD.
c/o EDWARD L. ROTHBERG / MELISSA A. HASELDEN
HOOVER SLOVACEK LLP
GALLERIA TOWER II, 5051 WESTHEIMER, SUITE 1200
HOUSTON, TX 77056
FAX (713)977-5395

VOTING INFORMATION AND INSTRUCTION FOR COMPLETING THE BALLOT:

FOR YOUR VOTE TO BE COUNTED YOU MUST COMPLETE THE BALLOT, INDICATE ACCEPTANCE OR REJECTION OF THE PLAN IN THE BOXES INDICATED ON THE BALLOT AND SIGN AND RETURN THE BALLOT TO THE ADDRESS SET FORTH ON THE PRE-ADDRESSED ENVELOPE. IF A BALLOT IS RECEIVED AFTER THE VOTING DEADLINE, IT WILL NOT BE COUNTED.

IF YOU HOLD CLAIMS IN MORE THAN ONE CLASS UNDER THE PLAN, YOU MAY RECEIVE MORE THAN ONE BALLOT. EACH BALLOT YOU RECEIVE VOTES ONLY YOUR CLAIMS FOR THAT CLASS. PLEASE COMPLETE AND RETURN EACH BALLOT YOU RECEIVE. YOU MUST VOTE ALL OF YOUR CLAIMS WITHIN A SINGE CLASS UNDER THE PLAN TO EITHER ACCEPT OR REJECT THE PLAN. ACCORDINGLY, A BALLOT (OR MULTIPLE BALLOTS WITH RESPECT TO MULTIPLE CLAIMS WITHIN A SINGLE CLASS) THAT PARTIALLY REJECTS AND PARTIALLY ACCEPTS THE PLAN WILL NOT BE COUNTED.

THE BALLOT IS FOR VOTING PURPOSES ONLY AND DOES NOT CONSTITUTE AND SHALL NOT BE DEEMED A PROOF OF CLAIM OR INTEREST OR AN ASSERTION OF A CLAIM.

III. IMPAIRMENT OF CLAIMS

A class is "impaired" if the legal, equitable or contractual rights attaching to the claims or interest of that class are modified under a plan. Modification for purposes of determining impairment however, does not include curing defaults and reinstating maturity or cash payment in full. Classes of claims or interests that are not "impaired" under a plan are conclusively presumed to have accepted the plan and are thus not entitled to vote. Classes of claims or interests receiving no distribution under a plan are conclusively presumed to have rejected the plan and thus are not entitled to vote. Acceptances of the Plan are being solicited only from those persons who hold claims in an impaired class entitled to receive a distribution under the Plan.

Under Section 1124 of the Bankruptcy Code, a class of claims or interests is impaired under a plan, **unless**, with respect to each claim or interest of such class, the plan:

1. Leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or interest; or

2. Notwithstanding any contractual provision or applicable law that entitles the holder of a claim or interest to receive accelerated payment of its claim or interest after the occurrence of a default:

(a) Cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of a kind specified in Section 365(b)(2) of the Bankrupt Code;

(b) Reinstates the maturity of such claim or interest as it existed before the default;

(c) Compensates the holder of such claim or interest for damages incurred as a result of reasonable reliance on such contractual provision or applicable law; and

(d) Does not otherwise alter the legal, equitable or contractual rights to which such claim or equity interest entitles the holder of such claim or interest; or

3. Provides that, on the Effective Date the holder of such claim or interest receives, on account of such claim or interest, cash, equal to:

(a) With respect to a claim, the allowed amount of such claim; or

(b) With respect to an interest, if applicable, the greater of:

(i) Any applicable fixed liquidation preference; or

(ii) Any fixed preference at which the Debtors, under the terms of the security, may redeem the security.

4. In Article 4 of the Plan, the Debtor has identified the impaired classes of creditors under the Plan. In the event there are questions regarding whether a person is in an impaired class, the person should assume that his or her claim is impaired and vote. If the claim is determined to be impaired, the vote will be considered by the Bankruptcy Court. The Class 1, 2, 3, 4 and 5 holders of claims and the Class 6 interest holders of the Debtor are impaired under the Plan. Classes 1, 2, 3, 4, and 5 Claims are impaired and therefore are entitled to vote on this Plan. Accordingly, the acceptances of these Classes of Claims must be solicited. Class 6 Interests are impaired and deemed to have rejected the Plan.

IMPAIRED CREDITORS ANTICIPATED TO RECEIVE A DISTRIBUTION UNDER THE PLAN ARE BEING SOLICITED TO VOTE. IF YOU HOLD AN

ADMINISTRATIVE CLAIM OR UNIMPAIRED CLAIM, THE DEBTOR IS NOT SEEKING YOUR VOTE.

IV. NATURE AND HISTORY OF BUSINESS

A. Source of Information and Accounting Method

The Debtors books are currently maintained under the supervision of J. Patrick Magill, through Magill PC, financial agent of the general partner of Tifaro. Accounting is on a modified cash basis. The historical financial information contained in this disclosure statement as well as the bankruptcy schedules and statement of affairs was derived from the Debtor's books and records. **THE DEBTOR'S BOOKS HAVE NOT BEEN RECENTLY AUDITED BY AN INDEPENDENT PUBLIC ACCOUNTANT. NO ABSOLUTE REPRESENTATION IS MADE AS TO THE ACCURACY OF THE DEBTOR'S RECORDS. HOWEVER, THE DEBTORS HAVE ATTEMPTED TO ACCURATELY REFLECT ITS BUSINESS OPERATIONS.**

B. General Information about the Debtor

1. The Debtor

a. Business Operation Model/Assets

Tifaro is a Texas limited partnership formed in 2012 as the investment vehicle for a group of freestanding physician owned emergency centers operating in the Houston and Dallas /Fort Worth Markets under the trade name "EliteCare". The Tifaro Group Management Company, LLC is a Texas limited liability company and, as of December 2015, is the general partner of Tifaro. Prior to December 2015, GHEP was the general partner of Tifaro. Tifaro has no employees and no real or tangible personal property.

Tifaro's investment portfolio consists of a 19.80% ownership interest in each of FSED Investment Fund 1, LP ("Fund 1") and FSED Investment Fund 2 ("Fund 2"). Fund 1 and Fund 2 each wholly own or owned the interest in many of the EliteCare clinics in which Tifaro has invested. Most of these clinics have been sold or closed. A chart reflecting Tifaro's investment in Fund 1 and Fund 2 is attached hereto as Exhibit "C". Additionally, Tifaro also maintains other investments, including minority interests in other nonrelated medical facilities, receivables and is the holder of a promissory note.

The Debtor filed with the Bankruptcy Court the Schedules of Assets and Liabilities and Statements of Financial Affairs (collectively, the "Schedules"). The Schedules contain a detailed listing of the Debtor's assets and the amounts owed to the creditors based upon the Debtor's books and records. In connection with this Disclosure Statement, Creditors and Interest Holders are referred to the Schedules. A copy of the schedules is available from the Bankruptcy Clerk's office.

(i) Debtor's Investments

The primary assets of the Debtor are its investments. As stated above, Debtor owns interests in Fund 1 and Fund 2, each of which own significant interest in freestanding emergency clinics. Additionally, Tifaro owns interests in other non-related medical centers including

Walnut Hill Hospital and Bay Area Regional Hospital. Debtor holds additional assets which are described in Section IV(B)(1)(a)(ii) below. Below is a chart describing Tifaro's significant investments:

DESCRIPTION OF INVESTMENT
1. **ERLC (20%)-** Tifaro currently owns 20% interest in a League City emergency clinic. The ownership entitles Tifaro to a 40% profit distribution. The Members Agreement restricts the sale of individual shares of ERLC with a first right of refusal from other members, followed by a sale to outsiders, as approved by the members. Currently there is no market for the sale of individual ERLC shares. It is possible that a buyer could be located to purchase the entire ERLC ownership, which could yield as much as $7.5 million in proceeds. Tifaro would yield 20% of the sale proceeds from the sale of ERLC as a whole. That would require approval from the majority of the voting interest held by the members of ERLC. There is currently less than $200,000 in ERLC debt. Because of the illiquid nature of the investment, any short-term value should be restricted to the possible annual distribution. That distribution cannot be accurately calculated until year end as it is based on profitability of ERLC. No cash distribution was made in 2016. All distributions made to shareholders of ERLC must be approved by the board of managers. A cash disbursement is anticipated for 2017, based on profitability.
2. **EMG (59%)** - a Houston emergency room clinic was sold to an independent operator in February 2017. Proceeds from the sale were used in part to pay outstanding operating debts of Tifaro, as well as reserves for obligations to former shareholder promissory notes, 401K obligations; medical malpractice tail coverage; and settlement of the Mansfield promissory note held by Capital One Bank. As a result of Capital One Bank sweeping cash balances in late May 2017, no funds are currently available.
3. **EC Bitters Road LLC**- a San Antonio emergency clinic was sold to Christus in March 2017. The proceeds from the sale were used in part, to pay 100% of the outstanding debt of EC Bitters Road LLC held by Capital One Bank. The remaining amount of the sales proceeds were used to pay the remaining operating debts of EC Bitters. No funds were available to disburse to the owners of EC Bitters.
4. **FSED Investment Fund 1, L.P.-** an investment fund in which Tifaro owns 19.8% interest. This Tifaro ownership had an equivalent ownership in 5 separate operating entities, all freestanding emergency clinics. The ownership interest and status of entities are as follows:
a. **EC Bandera LLC (19.80%)**- a San Antonio emergency clinic was sold to Christus in March 2017. The proceeds from the sale were used in part, to pay 100% of the outstanding debt of EC Bandera held by Capital One Bank. The remaining amount of the sales proceeds were used to pay the operating debts of the EC Bandera. No funds were available to disburse to the owners of EC Bandera.

b. **EC Lewisville LLC (19.80%)**- a Dallas area emergency clinic was sold to an independent operator in February 2017. The proceeds from the sale were used, in part, to pay 100% of the outstanding debt of Lewisville held by Capital One Bank. The remaining amount of the sales proceeds were used to pay the operating debt of EC Lewisville. No funds were available to disburse to the owners of EC Lewisville.

c. **EC Mansfield LLC (19.80%)**- a Fort Worth area emergency clinic was closed in January 2017. The equipment for the facility remains at the location with an estimated value of $500,000 and are collateral to an outstanding indebtedness to Capital One. Mansfield also owns outstanding A/R with an estimated net value of $400,000. No funds were available to disburse to the owners of EC Mansfield.

d. **EC Harmony LLC (19.80%)**- a non-operational Montgomery County emergency clinic transferred to St. Luke's in August, 2016. No proceeds resulted from the transfer of ownership and no funds were available to disburse to the owners of. EC Harmony.

e. **EC Plano (3.96%)**- a Dallas area emergency clinic currently operational. No distributions were made in 2016 and none are anticipated for 2017 as the clinic is break even.

5. **FSED Investment Fund 2, L.P**.- an investment fund which Tifaro owns 12.35% interest. This Tifaro ownership had an equivalent ownership in 3 separate operating entities, all free-standing emergency clinics. The ownership interest and status of entities are as follows:

a. **EC Coppell LLC (12.35%)**- a Dallas area emergency clinic closed in March 2017. The assets were sold and the proceeds from the sale were used to satisfy the outstanding debt of EC Coppell LL held by Iberia Bank. No funds were available to disburse to the owners of EC Coppell.

b. **EC Potranco LLC (12.35%)**- a Dallas area emergency clinic was closed in July 2015. The assets were sold and the proceeds from the sale were used to satisfy the outstanding debt of EC Potranco LLC held by Iberia Bank. No funds were available to disburse to the owners of EC Lewisville.

c. **EC Keller LLC (12.35%)**- a Fort Worth area emergency clinic was never operational and remains closed.

6. **Walnut Hill Hospital -** Tifaro owns an interest in Walnut Hill Hospital which recently ceased operations in June 2017 and filed a Chapter 7 bankruptcy case under Case No. 17-32255 in the United States Bankruptcy Court for the Northern District of Texas. The current value is unknown due to the bankruptcy filing.

7. **Bay Area Regional Medical Center**- Tifaro owns 18 units of equity Interests and 18 cash notes, which are convertible to equity. The cash notes are unsecured, subordinated

notes with a twenty-five year maturity date (which may be extended) and interest payable at 17%. No payment of interest or principal will be made until all secured obligations are paid in full. Tifaro has never received any payment of interest or principal on the cash notes. Further, based on the current operations of the hospital and related entities, Tifaro does not anticipate any distribution of profits in the foreseeable future. There are no prospects of liquidating the investment in the near future. Tifaro plans to file a motion with the Bankruptcy Court seeking to convert the cash notes to equity.

(ii) Assets & Values

In addition to the investments described above, Tifaro also holds a promissory note from Apollo Hospital Systems, LP and a judgment against University General Hospital. Finally, Tifaro holds claims against various related entities, although most of these funds are not collectible.

As of the Petition Date, Tifaro estimated the value of its investments ad assets as follows.

Investments	**Initial Cost**	**Current Value**
Walnut Hill Hospital (1)	$ 500,000	unknown
Bay Area Regional Med Center (2)	$ 990,000	unknown
ERLC (3)	n/a	$1.4m- $1.5million
EC Mansfield LLC (4)	n/a	$ 900,000
EC Plano (5)	n/a	$ -0-
Investment Receivables		
Univ. Gen. Hosp.- Judgment (6)	$ 1,202,000	unknown
Apollo Hospital- note rec (7)	$ 1,580,191	$ 1,105,951
Accounts Receivables- Elite		
EC Lewisville (8)	$ 394,442	$ 369,442
GHEP (9)	$ 187,015	$ 187,015
Elite Intercompany (10)	$ 628,028	$ -0-
	Total:	**$ 4,012,408 (11)**

Notes:

(1) Walnut Hill closed June 2017 and subsequently filed a Chapter 7 bankruptcy case under Case No. 17-32255 in the United States Bankruptcy Court for the Northern District of Texas. This bankruptcy filing impacts the potential collectability of this asset.

(2) 18 ownership units @ $5,000 each; 18 cash notes @ $50,000 each. Tifaro will be seeking to convert the cash notes to equity in order to derive a tax benefit from the same.

(3) Current value ($7.0 m-$7.5m) based on sale of 100% of ownership @ 20% Tifaro. Anticipated 2017 cash flow based on profitability.

(4) Estimated value of remaining assets located at Mansfield including equipment with an estimated value of $500,000 and outstanding accounts receivable with an estimated net value of $400,000 at located at Mansfield. Capital One retains a first lien on these assets. To the

extent these assets are liquidated, Capital One's claim with respect to the Capital One Loans will be reduced which provides a benefit to the Debtor.
(5) Plano breakeven profitable- Tifaro 3.96% ownership currently valued at -0-
(6) $ 1,202,000 judgment, pre-bk; post bk possible recovery from D&O coverage- 4th qtr 2017. However, UGH has filed a second Chapter 11 bankruptcy case under Case No. 17-42570 in the United States Bankruptcy Court for the Northern District of Texas. This bankruptcy filing impacts the potential collectability of this asset.
(7) $ 74,848.05 quarterly payments- as of the Petition Date, 15 payments remaining through 12/31/2020
(8) Amount due from EC Lewisville for payoff of Advanced AR loan; amount is expected to be collectible from A/R collections of EC Lewisville.
(9) Amount due from GHEP for payoff of Advanced AR loan; amount is expected to be collectible.
(10) Amount due from Fund 1 & GHEP for intercompany loans, not including amounts referenced in (9) above; $ 0 recovery anticipated
(11) Value includes assumption of sale of ERLC shares @ $1,450,000

b. Liabilities and Claims against the Debtor

The Schedules contain a detailed listing of Creditors, together with the estimated amount of Claims. Creditors and Interest Holders are referred to the Debtor's Schedules. In addition, proofs of claims have been filed in the Bankruptcy Case. A list of claims filed or scheduled in the Bankruptcy Case ("Claims Analysis") is attached hereto as Exhibit "B".

Debtor's schedules reflect the following classes of claims:

Secured Claims. Tifaro has no secured claims. However, a UCC Financing Statement was filed by FNB Bank in March 2017. Tifaro is not a obligor on this debt and disputes this claim. Upon information and belief, the obligation to FNB Bank is owed by a related entity and has been recently paid in full. No secured proofs of claim have been filed.

Priority Claims. Tifaro scheduled priority claims in the amount of approximately $165,164.92. These claims are related to 401(k) obligations of GHEP which Tifaro was required to pay, along with $58,446.02 in related unsecured claims ("401(k) Obligations"). Prior to the bankruptcy filing, Capital One swept Tifaro's bank account, including the funds earmarked pay the 401(k) Obligations. As further discussed below, an order authorizing payment of the 401(k) Obligations was entered by the Bankruptcy Court on September 7, 2017 (Docket #94). No other priority claims are owed by Tifaro.

General Unsecured Claims. Based on the claims register and the schedules, unsecured claims of over $4.5 million have been filed or scheduled against the Debtor. This number includes disputed claims of approximately $2.8 million for rejection damages related to purported guarantees of medical facility leases. As further discussed below, Tifaro contends that the guarantees of the leases may be avoided under Section 548 of the Bankruptcy Code. Unsecured claims also include a deficiency claim related to the Capital One Loans of approximately $832,000; aggregate claims of approximately $569,000 related to unsecured promissory notes issued by Tifaro in connection with it's repurchase of interests held by former partners; $90,000 in claims

held by current partners, approximately $100,000 of intercompany claims and an estimated $25,000 in other general unsecured claims.

THE RIGHT OF THE DEBTOR AND/OR THE LIQUIDATING TRUSTEE (WHETHER EXISTING OR FORMED UNDER THE PLAN) TO OBJECT TO ANY CLAIM FILED IN THIS CASE IS EXPRESSLY RESERVED. THE INCLUSION OF A CLAIM OR CLAIMS WITHIN THIS DISCLOSURE STATEMENT IS NOT AN ADMISSION REGARDING THE VALIDITY OR ALLOWANCE OF ANY CLAIM. YOU SHOULD NOT ASSUME THAT A VOTE FOR OR AGAINST THE PLAN WILL HAVE ANY AFFECT OF THE STATUS OF YOUR CLAIM. IF ANYONE SUGGESTS THAT THE STATUS OF YOUR CLAIM MAY BE AFFECTED BY YOUR VOTE, YOU SHOULD REPORT SUCH INCIDENT TO COUNSEL FOR THE DEBTOR IMMEDIATELY AS ANY SUCH SUGGESTION MAY VIOLATE TITLE 18.

2. Financial Difficulties and Restructuring – Events Leading to Bankruptcy

a. *Capital One Litigation and Offset*

On May 19, 2014, Mansfield entered into the Capital One Loans through a promissory note and related loan documents in the amount of $2.4 million ("Equipment Note") and a promissory note and related loan documents in connection with a revolving line of credit in the amount of $500,000 ("RLOC"). Capital One retains a first lien and security interest on substantially all the assets of Mansfield in connection with the Capital One Loans. Tifaro and various other parties each executed guarantees of the Capital One Loans.

Mansfield ceased operating in early January 2017 and defaulted on the Capital One Loans. As of March 2017, the outstanding principal balance owed to Capital One with respect to the Equipment Note was approximately $1.65 million and $200,000 on the RLOC. In March 2017, Capital One initiated the Capital One Litigation against Tifaro and other guarantors of the Capital One Loans in the United States District Court for the Southern District of Texas ("District Court") under Civil Action No. 4:1717-CV-750 filed on March 8, 2017 and styled as *Capital One, National Association v. The Tifaro Group, Ltd, Greater Houston Emergency Physicians, PLLC, Timothy Seay, Jason Lebwohl, Gary Yee, Jason Gukhool, Maureen Fuhrmann, Abel Longoria & Tarek Koussayer*. Mansfield was not a named party to this litigation. Subsequently, in May 2017, Capital One offset $954,056.33 in Tifaro's bank account in connection with its guaranty of the Capital One Loans ("Offset"). Capital One also setoff $195,755.05 from Mansfield's bank account. Included in the Offset, was approximately $230,000 in funds earmarked to pay the 401(k) Obligations discussed below. The Offset rendered Tifaro without the ability to pay its expenses, including the 401(k) Obligations. This Offset, coupled with the mounting litigation, prompted Tifaro's bankruptcy filing on June 2, 2017.

On June 2, 2017, the District Court entered orders in the Bankruptcy Case withdrawing the reference to the District Court and terminating the automatic stay to allow the Capital One Litigation to proceed. On June 9, 2017, the District Court further modified the automatic stay, in part, to clarify that Capital One shall be allowed a claim in Tifaro's bankruptcy case for any debt determined in the Capital One Litigation (Docket #17).

Tifaro disputed the Offset and asserted counterclaims against Capital One in the Capital One Litigation regarding the same. Tifaro and Capital One subsequently reached a compromise and settlement of the Capital One Litigation whereby (i) Capital One returned $230,000 from the Offset to Tifaro to be utilized to pay the 401(k) Obligations; (ii) the balance of the Offset is applied to the principal balance of the Capital One Loans; (iii) Capital One shall be allowed a general unsecured claim in the amount of $1,162,017.78 in Tifaro's Bankruptcy Case, consisting of principal ($681,877.06), interest ($181,318.49), late fees ($13,785.94), attorney's fees/expenses ($55,036.29), and settlement amount ($230,000.00). Capital One shall periodically modify this allowed claim as the balance the Capital One Loans are reduced from collateral proceeds received by Capital One or payments received by Capital One from any obligor of the Capital One Loans; (iv) Capital One shall dismiss Tifaro from the Capital One Litigation and Tifaro shall dismiss its counterclaims against Capital One; and (v) the parties shall execute mutual releases.

On September 7, 2017, the Bankruptcy Court entered an order approving Tifaro's compromise with Capital One (Docket #94). Subsequently, upon information and belief, Capital One and the remaining parties to the Capital One Litigation reached settlements. On September 20, 2017, the District Court entered a Conditional Dismissal with prejudice of the Capital One Litigation indicating that the case was being dismissed based upon the fact that the parties have reached a settlement. All parties may move for reinstatement until October 20, 2017. Upon information and belief, subsequent to the approval of the settlement with Tifaro, Capital One has received additional payments with respect to the Capital One Loans which reduce the outstanding balance of Capital One's claim in this case. As of the date this Disclosure Statement is filed, Tifaro contends that the current balance owed to Capital One is $832,017.78, plus applicable interest accrued since entry of the of order approving the settlement with Capital One.

b. *Tifaro Obligation for GHEP 401(k) Payment*

GHEP is a Texas professional limited liability company formed in 2012 for the purposes of providing physician services to the various EliteCare facilities. Tifaro was organized as the investment arm of GHEP to own membership interest in the various EliteCare entities. GHEP began to wind down operations in early 2016 due to sustained losses resulting from the cost of providing physician services exceeding reimbursement rates from insurers. As a result, Tifaro subsidized these losses by covering the cash deficiencies of GHEP on an as needed basis. In September 2014, Tifaro amended its partnership agreement, effective as of December 31, 2012, to require Tifaro to cover operational cash deficiencies of GHEP. In the course of its business, GHEP adopted a 401(k) plan for its employees through OneAmerica Financial Partners, Inc. Volume Submitted 401(k) Profited Sharing Plan ("401(k) Plan"). For several years, Tifaro facilitated the payments required under the 401K Plan. In May 2017, at the time of the Offset by Capital One, Tifaro held the funds in its bank accounts which were earmarked to pay certain 2015 and 2016 obligations owed under GHEP's 401(k) Plan, including $58,446.02 related to 2015 lost earnings assessment and $165,164.92 in employee participant contributions for 2016. As further discussed above, Tifaro and Capital One reached a compromise regarding the Offset, including repayment to Tifaro of the amounts required to fund these prepetition 401(k) Plan obligations. Tifaro issued payment of these obligations in September 2017.

c. *Litigation with Landlords Related to Purported Guarantees of MOB Leases.*

(i) Background and Pending Litigation

In June 2012, Mansfield entered into a one hundred forty-four (144) month lease agreement with Mansfield ED MOB, LLC ("Mansfield Landlord") for the lease of a medical office building located in Mansfield, Texas ("Mansfield Lease"). Contemporaneously, GHEP and Remco Emergency, LLC executed guarantees of the Mansfield Lease. As discussed above, Mansfield discontinued operations in early January 2017. Subsequently, on January 25, 2017, Tifaro executed a guarantee of performance of the Mansfield Lease ("Mansfield Guaranty"). On or about February 28, 2017, the Mansfield Landlord terminated the Mansfield Lease and subsequently, on April 11, 2017, filed a lawsuit for breach of contract and guarantor liability against Tifaro, Mansfield and the additional lease guarantors the 333rd District Court of Harris County, Texas under Cause No 2017-24678 styled as *Mansfield ED MOB, LLC v. EC Mansfield, LLC Greater Houston Emergency Physicians, PLLC, Remco Emergency, LLC and Tifaro Group, Ltd* ("Mansfield Litigation"). In the Mansfield Litigation, the Mansfield Landlord sought payment of past due rent for the periods of November 2016 through February 2017 in the aggregate amount of $218,775.34, current and future rents and related damages. The Defendants each filed answers generally denying the allegations in the lawsuit. The Mansfield Litigation remained pending on the Filing Date and is currently stayed as to Tifaro due to it's bankruptcy filing. Tifaro has scheduled this alleged debt as disputed, contingent and unliquidated claim in its Bankruptcy Case.

In September 2012, EC Coppell, LLC ("Coppell") (as discussed above, Tifaro owns an interest in this entity) entered into a one hundred forty-four (144) month lease agreement with Coppell ED MOB, LLC ("Coppell Landlord") for the lease of a medical building located in Coppell, Texas ("Coppell Lease"). Contemporaneously, GHEP and Remco Emergency, LLC executed guarantees of the Coppell Lease. Subsequently, on January 25, 2017, Tifaro executed a guarantee of performance of the Coppell Lease ("Coppell Guaranty"). Coppell discontinued operations in March 2017. On or about April 28, 2017, the Coppell Landlord terminated the Coppell Lease and subsequently, on May 2, 2017, filed a lawsuit for breach of contract and guarantor liability against Tifaro, Coppell and the additional lease guarantors the 234th District Court of Harris County, Texas under Cause No 2017-29453 styled as *Coppell ED MOB, LLC v. EC Coppell, LLC Greater Houston Emergency Physicians, PLLC, Remco Emergency, LLC and Tifaro Group, Ltd* ("Coppell Litigation"). In the Coppell Litigation, the Coppell Landlord sought payment of past due rent for the periods of January through February 2017 in the aggregate amount of $162,888.75, current and future rents and related damages. The Coppell Litigation remained pending on the Filing Date and is currently stayed as to Tifaro due to it's bankruptcy filing. Tifaro has scheduled this alleged debt as disputed, contingent and unliquidated claim in its Bankruptcy Case.

In September 2013, EC Potranco, LLC ("Potranco") (as discussed above, Tifaro owns an interest in this entity) entered into a one hundred forty-four (144) month lease agreement with Frisco ED MOB, LLC ("Potranco Landlord") for the lease of a medical building located in Frisco, Texas ("Potranco Lease"). Contemporaneously, Fund 2 and Remco Emergency, LLC executed guarantees of the Potranco Lease. Potranco discontinued operations in July 2015. Subsequently, on January 25, 2017, Tifaro executed a guarantee of performance of the Potranco

Lease ("Potranco Guaranty"). On or about November 30, 2016, the Potranco Landlord issued a notice of default, demand for payment of delinquent rent and lockout notice with respect to the Potranco Lease and subsequently, on April 11, 2017, filed a lawsuit for breach of contract and guarantor liability against Tifaro, Potranco, and the additional lease guarantors the 190th District Court of Harris County, Texas under Cause No 2017-24679 styled as *Frisco ED MOB, LLC v. EC Potranco, LLC, FSED Investment Find 2, Remco Emergency, LLC and Tifaro Group, Ltd* ("Potranco Litigation"). In the Potranco Litigation, the Potranco Landlord sought payment of past due rent for the periods of November 2016 through February 2017 in the aggregate amount of $516,040.26, current and future rents and related damages. The Defendants each filed answers generally denying the allegations in the lawsuit. The Potranco Litigation remained pending on the Filing Date and is currently stayed as to Tifaro due to it's bankruptcy filing. Tifaro has scheduled this alleged debt as disputed, contingent and unliquidated claim in its Bankruptcy Case.

The Mansfield Landlord, the Coppell Landlord and the Potranco Landlord are collectively referred to hereafter as "MOB Landlords". The Mansfield, the Coppell Lease and the Potranco Lease are collectively referred to hereafter as "MOB Leases". The Mansfield Guaranty, the Coppell Guaranty and the Potranco Guaranty are collectively referred to hereafter as "MOB Lease Guarantees".

(ii) Purported Guarantees are Fraudulent Conveyances

Upon information and belief, the MOB Landlords have common ownership and control. The MOB Lease Guarantees were each executed on January 25, 2017, years after the MOB Leases were implemented. In fact, when the MOB Lease Guarantees were executed, each of the MOB Leases were in default. Mansfield and Potranco each ceased operations prior to Tifaro's execution of the MOB Lease Guarantees and Coppell ceased operations shortly thereafter. Tifaro did not receive reasonably equivalent value for incurring this obligation and was insolvent or became insolvent as a result of the transactions and could not pay its debts as they matured.

Tifaro contends that the MOB Lease Guarantees are fraudulent conveyances which can be set aside under Section 548 of the Bankruptcy Code which provides, in pertinent part, as follows:

(1)The [Debtor]… may avoid any transfer (including any transfer to or for the benefit of an insider under an employment contract) of an interest of the debtor in property, or any obligation (including any obligation to or for the benefit of an insider under an employment contract) incurred by the debtor, that was made or incurred on or within 2 years before the date of the filing of the petition, if the debtor voluntarily or involuntarily—

(A) made such transfer or incurred such obligation with actual intent to hinder, delay, or defraud any entity to which the debtor was or became, on or after the date that such transfer was made or such obligation was incurred, indebted; or

(B) (i) received less than a reasonably equivalent value in exchange for such transfer or obligation; and

(ii)

(I) was insolvent on the date that such transfer was made or such obligation was incurred, or became insolvent as a result of such transfer or obligation;

(II) was engaged in business or a transaction, or was about to engage in business or a transaction, for which any property remaining with the debtor was an unreasonably small capital;

(III) intended to incur, or believed that the debtor would incur, debts that would be beyond the debtor's ability to pay as such debts matured; or

(IV) made such transfer to or for the benefit of an insider, or incurred such obligation to or for the benefit of an insider, under an employment contract and not in the ordinary course of business.

11 U.S.C. §548. As stated above, Tifaro has disputed any debt related to the MOB Lease Guarantees. Tifaro has scheduled disputed claims related to the MOB Lease Guarantees aggregating $2.8. million (See Exhibit "B" attached hereto for a list of individual scheduled amounts). As of the date this Disclosure Statement is filed, the MOB Landlords have not asserted a claim in the Bankruptcy Case. However, the Bar Date for filing proofs of Claim in the Bankruptcy Case is October 10, 2017. To the extent that any of the MOB Landlords assert a Claim in the Bankruptcy Case, Tifaro intends to object to the same and initiate appropriate proceedings in the Bankruptcy Case to set the guarantee aside and disallow the claim as a fraudulent conveyance. If Tifaro is successful, Claims related to MOB Lease Guarantees should be disallowed in their entirety.

3. Ownership and Management

a. General Overview

Tifaro is a limited partnership. The Tifaro Group Management Company, LLC ("Tifaro Group Mgt") owns .10 interest in Tifaro and is its general partner. The remaining 99.9% limited partner interests are physician owned. Tifaro currently has 37 limited partners. No limited partner owns more than 3 % in limited partner interests. Tifaro Group Mgt manages Tifaro through its board of managers. The current board of managers of Tifaro Group Mgt are John Temple, MD; Patricia Short, MD; James Grueskin, MD; Tracey Antill, MD; and Jason Gukhool, MD.

b. Current Management Team.

The board of managers of Tifaro Group Mgt. has appointed J. Patrick Magill to supervise the Debtor's day to day operations. Mr. Magill is a turnaround consultant with significant experience in the industry. Mr. Magill is authorized to exercise authority to manage the business affairs of the Debtor.

c. Relationship with Non-Debtor Affiliates

The Debtor has business relationships with EC Mansfield, LLC, a Chapter 11 Debtor whose case is jointly administered with Tifaro. Tifaro also has business relationships with the following non-Debtor affiliates described above in Section IV(B)(1)(a) and Exhibit C attached hereto.

4. Significant Actions in Bankruptcy Case

The Debtor continues to operate as a debtor-in-possession subject to the supervision of the Bankruptcy Court and in accordance with the Bankruptcy Code and is authorized to operate its business and manage its property in the ordinary course, with transactions outside of the ordinary course of business requiring Bankruptcy Court approval. An immediate effect of the filing of the Debtor's bankruptcy petitions is the imposition of the automatic stay under the Bankruptcy Code which, with limited exceptions, enjoins the commencement or continuation of all collection efforts by creditors, the enforcement of Liens against property of the Debtor, and the continuation of litigation against the Debtor. The relief provided the Debtor with the "breathing room" necessary to reorganize its business and prevents creditors from obtaining an unfair recovery advantage while the Bankruptcy Case is ongoing.

a. Withdrawal of Reference and Re-Referral of Case

On June 2, 2017, the District Court for the Southern District of Texas ("District Court") in which the Capital One Litigation was pending *sua sponte* entered orders withdrawing the reference (Docket #4) and lifting the automatic stay to allow the Capital One Litigation to proceed (Docket #5). After conducting a status conference, the District Court subsequently entered orders re-referring the Bankruptcy Case to the Bankruptcy Court (Docket #18) and an agreed order modifying the automatic stay with respect to the Capital One Litigation (Docket #17).

b. Joint Administration.

On July 26, 2017, the Court entered an order authorizing joint administration of Tifaro's Bankruptcy Case with the Chapter 11 bankruptcy case filed by affiliate EC Mansfield, LLC under Case No 17-34452 in the United States Bankruptcy Court for the Southern District of Texas (Docket #54).

c. Retention of Professionals.

The Debtor retained Hoover Slovacek LLP as its bankruptcy counsel on an hourly fee basis. On July 13, 2017, the Court entered an order authorizing this employment (Docket #34).

d. Compromise with Capital One

As further discussed in Section IV(B)(2), prior to the bankruptcy filing, Capital One initiated the Capital One Litigation against Tifaro and other guarantors of the Capital One Loans and subsequently swept approximately $954,000 from Tifaro's bank account. Tifaro then asserted counterclaims against Capital One. Capital One and Tifaro subsequently reached a settlement of the dispute (detailed above in Section IV(B)(2) and the Court entered an order approving the compromise on September 7, 2017 (Docket #94).

e. Claims Bar Date.

The last day to file a proof of claim is October 10, 2017.

5. Case Management Going Forward

a. Plan Negotiations

Prior to filing the Plan, Debtor attempted to negotiate the terms of a plan with its largest

creditors. No agreement was reached. However, Debtor was able to subsequently negotiate a settlement with Capital One and liquidate its claim.

b. Assumption and Rejection

The bankruptcy law allows the Debtor to assume or reject any pending lease agreements or executory contracts that exist on the date of the order for relief. Additionally, the law provides that the Debtor can assign their interest in lease agreements and executory contracts provided they cure all defaults and provide adequate assurance that the assignee will comply with the terms of the lease or contract. Executory contract and lease assumption and rejection are treated in the Plan. Any contract or lease not specifically assumed or rejected in the Plan, or by prior court order, is deemed rejected.

c. Future Operations and Management

The Debtor has no employees and does not operate except to manage its investments. After the Effective Date, Tifaro will no longer operate and, under the terms of the Plan, Debtor's assets will be transferred into a Liquidating Trust.

V. DESCRIPTION OF PLAN

A. Overall Structure of the Plan

A copy of the Plan is attached as **Exhibit A**. The Plan should be read carefully and independently of this Disclosure Statement. The following is a brief overview of the Plan is intended to provide a context for understanding the remainder of this Disclosure Statement. It is qualified by reference to the Plan itself.

The Plan also provides for the creation of a Liquidating Trust to be administered pursuant to a Liquidating Trust Agreement. Debtor's assets, other than Debtor's Available Cash, shall be transferred to the trust. The Liquidating Trustee shall be responsible trust administration as is outlined in Article 6 of the Plan, including Net Collections, liquidation of assets, prosecuting Reserved Litigation Claims and Claims Objections and making distributions to creditors holding Allowed Class 2, Class 3, Class 4, Class 5 Claims and Class 6 Interests. Debtor shall be responsible for payment of Allowed Administrative Claims, Allowed Priority Claims and Allowed Class 1 Claims.

Generally, if the Plan is confirmed by the Bankruptcy Court and consummated: (1) Allowed Administrative Claims will be paid in Cash in full unless otherwise agreed; (2) Allowed Non-Tax Priority Claims will be paid in full in Cash unless otherwise agreed; (3) Allowed Priority Tax Claims will be paid in full from Cash; (4) the Allowed General Unsecured Claim of $3,000 or less will be paid 75% of the Allowed Claim in Cash, without interest; (5) the Allowed Deficiency Claim of Capital One shall be paid a pro rata share of the Trust's Available Cash as provided in Article 4.5 of the Plan; (6) Holders of Allowed Unsecured Claims of Settlement with Noteholders shall have their claim reduced by the Preference Offset, with the reduced claim to be paid a pro rata share of the Trust's Available Cash as provided in Article 4.5 of the Plan; (7) Holders of Allowed General Unsecured Claims Not Otherwise Classified shall be paid a pro rata share of the Trust's Available Cash as provided in Article 4.5 of the Plan; (8) Holders of Allowed

Claims of Affiliates shall be allowed to offset any amount owed by the Debtor, and shall receive not distribution until Allowed Class 1, Class 2, Class 3, and Class 4 Claims, are paid in full in accordance with the terms of the Plan; and (9) Equity Interest Holders shall receive no distribution or any property under the Plan on account of said Interests until Allowed Class 1, Class 2, Class 3, Class 4 and Class 5 are paid as provided under the terms of this Plan.

The Effective Date of the Plan is the later of (i) fourteen (14) days after the Confirmation Order becomes a Final Order, (ii) the date upon which all conditions precedent to the effectiveness of the Plan set forth in Article 10 of the Plan have been fulfilled or waived, or (iii) such later date as determined by the Debtor or Liquidating Trustee and approved by the Bankruptcy Court.

B. Administrative Expenses and Timing of Payment

1. Administrative Claims Bar Date.

Any Holder of an Administrative Claim (including any cure Claims for Executory Contracts or leases that are assumed pursuant to this Plan) against the Debtor, except for administrative expenses incurred in the ordinary course of operating the Debtor's business or allowed by prior order of the Bankruptcy Court, shall file an application for payment of such Administrative Claim on or within sixty (60) days after entry of the Confirmation Order with actual service upon counsel for the Debtor, otherwise such Holder's Administrative Claim will be forever barred and extinguished and such Holder shall, with respect to any such Administrative Claim, be entitled to no distribution and no further notices. The Debtor shall pay pre-confirmation quarterly U.S. Trustee fees in full in Cash within thirty (30) days after the Effective Date. U.S. Trustee fees which accrue after confirmation shall be paid by the Liquidating Trustee until the case is closed or converted.

2. Payment of Administrative Claims.

Each Holder of an unpaid Allowed Administrative Claim shall be paid in Cash by the Debtor, from Debtor's Available Cash in full on the later of thirty (30) days after the Effective Date or the date such Claim becomes an Allowed Administrative Claim, unless the Holder of such Claim agrees to a different treatment.

3. Payment to Professionals.

All payments to professionals for actual, necessary services and costs advanced in behalf of the bankruptcy cases up until the Confirmation Date shall be pursuant to Bankruptcy Court order and subject to the restrictions of 11 U.S.C. §330. Professional fees incurred for services rendered and costs advanced subsequent to the Effective Date shall be paid by the Liquidating Trustee from the Trust's Available Cash.

4. Priority Claims. Allowed priority Claims, if any, shall be paid within thirty (30) days of the Effective Date from Debtor's Available Cash.

C. Classes of Secured, Priority, and Unsecured Claims and Treatment of Interests

1. Class 1. Allowed Claims of Allowed General Unsecured Claims of $3,000 or less.
   a. Classification. Class 1 consists of the Allowed General Unsecured Claims of $3,000 or less.

   b. Treatment. The Holders of Allowed General Unsecured Class 1 Claims shall receive a distribution of 75% of the Allowed Claim, without interest, on the later of fourteen (14) days after the Effective Date or the date such Claims become Allowed Claims. If a creditor with an Allowed Claim in excess of $3,000 wishes to have their claim treated as a Class 1 claim and paid accordingly, then the creditor will make that election on the ballot when voting, and the Allowed Claim will be limited to $3,000.

   c. Impairment. Class 1 Claims are impaired.

2. Class 2. Allowed Deficiency Claim of Capital One.
   a. Classification. Class 2 consists of the Allowed Deficiency Claim of Capital One.

   b. Treatment. The Holder of the Allowed Class 2 Claim shall be paid by the Liquidating Trustee and receive a Pro Rata share of quarterly distributions from the Trust's Available Cash if sufficient funds are available to make pro rata distributions of at least 3% to creditors. To the extent sufficient funds are available as provided herein, distributions from Trust's Available Cash shall be made beginning on the first day of the first calendar quarter following the Effective Date, and continuing on the same day of each succeeding calendar quarter for the earlier of (i) a period not to exceed five years from the Petition Date, (ii) until the Class 2 Claims are paid in full, without interest, or (iii) Trust Assets are fully depleted. DistribDebtor estimates a return

   c. Impairment. Class 2 Claims are impaired.

3. Class 3. Allowed Unsecured Noteholder Claims.
   a. Classification. Class 3 consists of the Allowed Unsecured Claims of Noteholders.

   b. Treatment. Allowed Class 3 Unsecured Noteholder Claims shall be calculated as follows: the Allowed Class 3 claims shall either be (i) allowed in full if no payment was made by the Debtor to the Class 3 claimant in the 90 days prior to the Petition Date or (ii) reduced by the Preference Offset if a payment was made by the Debtor to the Class 3 claimant in the 90 days prior to the Petition Date. The Allowed Class 3 Claims shall be paid by the

Liquidating Trustee and receive a Pro Rata share of quarterly distributions from the Trust's Available Cash if sufficient funds are available to make pro rata distributions of at least 3% to creditors. To the extent sufficient funds are available as provided herein, distributions from Trust's Available Cash shall be made beginning on the first day of the first calendar quarter following the Effective Date, and continuing on the same day of each succeeding calendar quarter for the earlier of (i) a period not to exceed five years from the Petition Date, (ii) until the Class 3 Claims are paid in full, without interest, or (iii) Trust Assets are fully depleted.

A list of potential preference claims subject to a potential Avoidance Action is found in the Debtor's Statement of Financial Affairs and attached to the Plan as Exhibit "1". Any Allowed Class 3 claim receiving a payment which is listed on Exhibit "F" is subject to the Preference Offset and will be reduced accordingly.

c. Impairment. Class 3 Claims impaired.

4. Class 4. Allowed General Unsecured Claims Not Otherwise Classified.

a. Classification. Class 4 consists of Allowed General Unsecured Claims Not Otherwise Classified.

b. Treatment. Each Holder of an Allowed General Unsecured Claim Not Otherwise Classified, shall be paid by the shall be paid by the Liquidating Trustee and receive a Pro Rata share of quarterly distributions from the Trust's Available Cash if sufficient funds are available to make pro rata distributions of at least 3% to creditors. To the extent sufficient funds are available as provided herein, distributions from Trust's Available Cash shall be made beginning on the first day of the first calendar quarter following the Effective Date, and continuing on the same day of each succeeding calendar quarter for the earlier of (i) a period not to exceed five years from the Petition Date, (ii) until the Class 3 Claims are paid in full, without interest, or (iii) Trust Assets are fully depleted. In the event that Allowed Classes 2, 3 and 4 Claims are paid in full and there exists remaining Trusts' Available Cash, holders of Allowed Class 4 Claims shall receive Pro Rata simple interest on the Allowed Amount of such Claims, payable at a rate of 3% per annum.

c. Impairment. Class 4 Claims are impaired.

5. Class 5. Allowed Claims of Affiliates.

a. Classification. Class 5 consists of the Allowed Claims of Affiliates.

b. Treatment. The Holders of Class 5 Claims shall be permitted to offset any amount due the Debtor but shall otherwise receive no payment until the Allowed Class 1, Class 2, Class 3, and Class 4 Claims are paid in full in accordance with the terms of this Plan.

c. Impairment. Class 5 Claims are impaired.

6. Class 6. Allowed Equity Interests.

a. Classification. Class 6 consists of the Allowed Equity Interests.

b. Treatment. The Holder of Class 6 Allowed Equity Interests shall receive no distribution or any property under the Plan on account of said Interests until Allowed Class 1, Class 2, Class 3, Class 4, and Class 5 Claims are paid as provided under the terms of this Plan.

c. Impairment. Class 7 Interests are impaired.

D. Means of Execution of Plan

1. Funding of Plan. The source of funds to achieve consummation of and carry out the Plan shall be Cash, Net Sale Proceeds, Distributions from or liquidation of other Investments, Net Litigation Proceeds, Net Collections, all of which are to be utilized to satisfy all Claims in order of priority under the Plan.

2. Sale of ERLC Interests. The Debtor is seeking to sell the ERLC Interests in accordance with the requirement of ERLC's company agreement which requires that the interests must first be offered for sale back to ERLC or its existing members. If, prior to confirmation of the Plan, ERLC or existing members elect to purchase the interests, a motion to sell the same pursuant to Section 363 of the Bankruptcy Code will be filed with the Bankruptcy Court. Upon approval and closing of the sale, Net Sales Proceeds shall be transferred to the Liquidating Trust to fund the Plan. If ERLC or its existing members do not purchase the ERLC Interests prior to confirmation of the Plan, Tifaro shall file a motion to establish procedures to sell the interests or if the Plan has been confirmed, convey the interests to the Liquidating Trust.

3. Creation of Liquidating Trust. On the Effective Date, a Liquidating Trust shall be created for Debtor pursuant to a Liquidating Trust Agreement which is substantially similar to the form of agreement to be filed in the Plan Supplement. The Liquidating Trust shall be governed by the Liquidating Trust Agreement, the Plan, and the Confirmation Order. The terms of employment of the Liquidating Trustee shall be set forth in the Liquidating Trust Agreement or the Confirmation Order. On the Effective Date and except as otherwise provided herein, Debtor shall transfer all account receivable, with any right to the Net Collections, Investments, Reserved Litigation Claims, Net Sales Proceeds and any other assets, excluding Debtor's Available Cash, to the Liquidating Trust to be administered by the Liquidating Trustee, subject to the terms and conditions of this Plan. All transfers to the Liquidating Trust shall be free and clear of all liens,

claims, interests and encumbrances, except as otherwise provided in this Plan. Except as specifically set forth herein, holders of Allowed Claims shall look solely to the Liquidating Trust for the satisfaction of their Claims.

4. Appointment of Liquidating Trustee. J. Patrick Magill shall be appointed as the initial Liquidating Trustee for the Debtor. The Liquidating Trustee shall not be required to post a bond.

5. Resignation of the Liquidating Trustee and Appointment of Successor. The Liquidating Trustee may resign at any time by filing a written notice of resignation with the Bankruptcy Court. Any such resignation shall become effective on the earlier to occur of (i) sixty (60) days after the filing date of such notice; or (ii) the appointment of a successor Liquidating Trustee. If the Liquidating Trustee resigns, he shall designate a successor Liquidating Trustee. If Liquidating Trustee is unable or unwilling to designate a successor Liquidating Trustee, the Debtor shall designate a successor Liquidating Trustee. Any successor Liquidating Trustee appointed hereunder shall execute and file a statement accepting such appointment and agreeing to be bound by the terms of the Plan and upon such filing and, the successor Liquidating Trustee shall immediately become vested with all the rights, powers, trusts and duties of the Liquidating Trustee.

6. Reserved Litigation Claims. Reserved Litigation Clams may be prosecuted by the Liquidating Trustee, in its sole discretion. $20,000 shall be transferred to the Liquidating Trustee at Confirmation, to be used toward funding the costs (including professionals' fees) necessary to fulfill the duties of the Liquidating Trustee as set forth herein. This payment shall be paid from Debtor's Available Cash.

7. Distribution to Creditors Holding Allowed Claims. The Liquidating Trustee shall disburse Trust's Available Cash to creditors holding Allowed Class 2, Allowed 3, Allowed Class 4, Allowed Class 5 Claims and Class 6 Interests in accordance with the terms of this Plan. If sufficient funds are available to make pro rata distributions of at least 3% (or in a lesser amount determined solely in the business judgment of the Liquidating Trustee) to creditors from the Trust's Available Cash, distributions made by the Liquidating Trustee will begin on the first day of the first calendar quarter following the Effective Date, and continuing on the same day of each succeeding calendar quarter for the earlier of (i) a period not to exceed five years from the Petition Date, (ii) until the Class 3 Claims are paid in full, without interest, or (iii) Trust Assets are fully depleted.

E. Other Provisions of Plan

1. Avoidance Actions.

The Liquidating Trustee retains the right, but not the requirement, to pursue all Avoidance Actions except those specifically released in this Plan.

2. Assumption and Rejection of Executory Contracts

Entry of the Confirmation Order shall effectuate the rejection of all executory contracts and unexpired leases and all other such agreements, which are not expressly assumed in the Plan, or have not been expressly assumed by prior Court order.

Any Claims arising from rejection of an executory contract or lease rejected as part of the confirmation of the Plan must be filed on or before 20 days from the Effective Date. Any claims arising from rejection of an executory contract or unexpired lease prior to confirmation of the Plan must have been filed on or before the later of the Bar Date or 20 days from the date such rejection became effective. Otherwise, such Claims are forever barred and will not be entitled to share in any distribution under the Plan. Any Claims arising from rejection, if timely filed and allowed, will be paid as Class 4 Claims.

3. Conditions to Confirmation.

Confirmation of the Plan shall not occur and the Bankruptcy Court shall not enter the Confirmation Order unless all of the requirements of the Bankruptcy Code for confirmation of the Plan with respect to the Debtor shall have been satisfied. In addition, confirmation shall not occur, the Plan shall be null and void and of no force and effect, and the Plan shall be deemed withdrawn unless the Court shall have entered all orders (which may be orders included within the Confirmation Order) required to implement the Plan.

4. Waiver and Nonfulfillment of Conditions to Confirmation.

Nonfulfillment of any condition to confirmation of the Plan may be waived only by the Debtor. In the event that the Debtor determines that the conditions to the Plan's confirmation which it may waive cannot be satisfied and should not, in its discretion, be waived, the Debtor may propose a new plan, may modify the Plan as permitted by law, or may request other appropriate relief.

5. Confirmation Order Provisions for Pre-Effective Date Actions.

The Confirmation Order shall empower and authorize the Debtor to take or cause to be taken, prior to the Effective Date, all actions which are necessary to enable it to implement the provisions of the Plan and satisfy all other conditions precedent to the effectiveness of the Plan.

6. Conditions to the Effective Date.

The following are conditions precedent to the effectiveness of the (i) the Plan is confirmed and the Bankruptcy Court shall have entered the Confirmation Order, which shall have become a Final Order; (ii) Debtor does not withdraw the Plan at any time prior to the Effective Date; and (iii) the Debtor shall have sufficient Cash on hand, to make the initial payments and distributions required under the Plan.

7. Waiver and Nonfulfillment of Conditions to Effective Date.

Nonfulfillment of any condition set forth in the immediately foregoing paragraph of the Plan may be waived only by the Debtor. In the event that the Debtor determines that the conditions to the Plan's Effective Date set forth in the immediately foregoing paragraph of this Plan cannot be satisfied and should not, in its sole discretion, be waived, the Debtor may propose a new plan, may modify this Plan as permitted by law, or may request other appropriate relief.

8. Binding Effect.

As provided for in Section 1141(d) of the Bankruptcy Code, the provisions of the Plan shall bind the Debtor, any entity acquiring property under the Plan and any Creditor, Equity Holder, or

shareholder of the Debtor whether or not the Claim or Interest of such Creditor or Equity Holder is impaired under the Plan and whether or not such Creditor or Equity Holder has accepted the Plan. After confirmation, the property dealt with by the Plan shall be free and clear of all Claims and Interests of Creditors and Equity Holders, except to the extent as provided for in the Plan as the case may be. The Confirmation Order shall contain an appropriate provision to effectuate the terms of Paragraph 12.1 of the Plan.

9. Satisfaction of Claims and Interests.

Holders of Claims and Interests shall receive the distributions provided for in the Plan, if any, in full settlement and satisfaction of all such Claims, and any interest accrued thereon, and all such Interests.

10. Vesting of Property.

Except as otherwise expressly provided in the Plan or the Confirmation Order, pursuant to Section 1141(b) of the Bankruptcy Code, upon the Effective Date, Property of the Bankruptcy Estate shall vest in the Liquidating Trusts and the Debtor, free and clear of all Claims, liens, encumbrances, charges or other Interests of Creditors and Interest Holders.

11. Injunction.

The Confirmation Order shall include a permanent injunction prohibiting the collection of Claims in any manner other than as provided for in the Plan. All Holders of Claims shall be prohibited from asserting against the Debtor or any of its assets or properties, any other or further Claim based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date, whether or not such Holder filed a Proof of Claim. Such prohibition shall apply whether or not (a) a proof of Claim based upon such debt is filed or deemed filed under Section 501 of the Bankruptcy Code; (b) a Claim based upon such debt is allowed under Section 502 of the Bankruptcy Code; or (c) the Holder of a Claim based upon such debt has accepted the Plan. "Claims" shall include, but not be limited to, all direct claims of creditors and equity interest holders against the Debtor, claims derivative of the Debtor, shareholder claims against the Debtor, and all claims that are common to all creditors or equity holders.

12. Preservation of Setoff and Recoupment Rights.

In the event that the Debtor has a Claim of any nature whatsoever against the Holders of Claims, the Debtor or Liquidating Trustee, as applicable, may, but is not required to setoff or recoup against the Claim (and any payments or other distributions to be made in respect of such Claim hereunder), subject to the provisions of Section 553 of the Bankruptcy Code. Neither the failure to setoff nor the allowance of any Claim under the Plan shall constitute a waiver or release by the Debtor or Liquidating Trustee, as applicable, of any claim that the Debtor has against the Holder of Claims. Neither this provision nor the injunctive provision of the Confirmation Order shall impair the existence of any right of setoff or recoupment that may be held by a Creditor herein; provided that the exercise of such right shall not be permitted unless the Creditor provides the Debtor or Liquidating Trustee, as applicable, with written notice of the intent to effect such setoff or recoupment within thirty (30) days of the Effective Date. Failure by a Creditor to assert the right to setoff or recoupment against the Debtor within this thirty (30) period shall result in a

permanent waiver of the right to setoff or recoupment by the Creditor and the claim will no longer be enforceable against the Debtor. If the Debtor or Liquidating Trustee, as applicable, object in writing within twenty (20) business days following the receipt of such notice, such exercise shall only be allowed upon order of the Bankruptcy Court. In the absence of timely objection, the Creditor may implement the proposed setoff or recoupment against the claim held by the Bankruptcy Estate. Additionally, to the extent that any Debtor asserts a claim against any party, that party may assert any valid setoff rights against claims asserted by the Debtor. Debtor's right to dispute or challenge any setoff alleged against any Debtor is preserved. After the Effective Date, the Liquidating Trustee shall exercise the rights of the Debtor.

13. Releases.

On the Effective Date and pursuant to Section 1123(b)(3)(A) of the Bankruptcy Code, the Debtor, and to the maximum extent provided by law, its agents, release and forever discharge all claims, including acts taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, implementation, confirmation or consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into or any other act taken or entitled to be taken in connection with the Plan or this case against the following, whether known or unknown:

The Tifaro Group Management Company, LLC, J. Patrick Magill and Magill PC (collectively the "Insider Released Parties") in connection with any and all claims and causes of action arising on or before the Confirmation Date that may be asserted by or on behalf of the Debtor or the Bankruptcy Estate, except as otherwise provided in Article 4 herein.

The release of these Insider Released Parties shall be conditioned upon the occurrence of the Effective Date.

The Debtor's Professionals will be released from any and all claims and liabilities other than gross negligence and willful misconduct or except as otherwise provided under the Professional Code of Responsibility**.**

14. Extent of Releases.

Nothing contained in the Plan is intended to violate the provisions of 11 U.S.C. §524(e).

15. Exculpation.

None of the Debtor, the Insider Released Parties, the Liquidating Trustee, nor any of their respective present members, officers, directors, employees or professionals shall have or incur any liability to any holder of a Claim or an Interest, or any other party in interest, or any of their respective agents, employees, representatives, advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the Chapter 11 Case, the formulation, negotiation, or implementation of the Plan, the solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions which are the result of fraud, gross negligence, or willful

misconduct, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

16. Lawsuits.

On the Effective Date, all lawsuits, litigations, administrative actions or other proceedings, judicial or administrative, in connection with the assertion of Claims against the Debtor, except Proofs of Claim and/or objections thereto pending in the Bankruptcy Court, shall be dismissed as to the Debtor. For clarification, nothing herein affects Proof of Claims which have been filed in Debtor's case. Debtor and Liquidating Trustee, as applicable, reserve the right to object to any Proof of Claim by separate objection. Such Claims, to the extent they exist, shall be resolved through the claims objection process. Such dismissal shall be with prejudice to the assertion of such Claim in any manner other than as prescribed by the Plan. Such dismissal with prejudice shall only apply as to claims against the Debtor and shall not dismiss lawsuits and/or claims against non-debtor parties. **All parties to any such action shall be enjoined by the Bankruptcy Court by the Confirmation Order from taking any action to impede the immediate and unconditional dismissal of such actions.** All lawsuits, litigations, administrative actions or other proceedings, judicial or administrative, in connection with the assertion of a claim(s) by the Debtor or any entity proceeding in the name of or for the benefit of the Debtor against a person shall remain in place only with respect to the claim(s) asserted by the Debtor or such other entity, and shall become property of the Post-Confirmation Debtor to prosecute, settle or dismiss as it sees fit. Notwithstanding the foregoing, a non-debtor party may defensively assert counterclaims against the Debtor.

17. Insurance.

Confirmation and consummation of the Plan shall have no effect on insurance policies of the Debtor in which the Debtor or any of the Debtor's representatives or agents is or was the insured party; the Debtor shall become the insured party under any such policies without the need of further documentation other than the Plan and entry of the Confirmation Order. Each insurance company is prohibited from denying, refusing, altering or delaying coverage on any basis regarding or related to the Debtor's bankruptcy, the Plan or any provision within the Plan.

18. U.S. Trustee Fees.

The Liquidating Trustee shall timely pay post-confirmation quarterly fees assessed pursuant to 28 U.S.C. § 1930(a)(6) until such time as the Bankruptcy Court enters a final decree closing each Chapter 11 case, or enters an order either converting this case to a case under Chapter 7 or dismisses the case. After confirmation, the Liquidating Trustee shall file with the Bankruptcy Court and shall transmit to the United States Trustee a true and correct statement of all disbursements made by the Liquidating Trustee for each month or portion thereof, that these Chapter 11 cases remain open in a format prescribed by the United States Trustee.

19. Abandoned Property.

The Liquidating Trustee may, in its discretion, abandon property of the Debtor. Any and all property whose abandonment is or has been approved by the Court pursuant to the Bankruptcy Code shall remain abandoned forever; shall not thereafter be deemed to be property of the Debtor;

shall not at any time re-vest in the Debtor, and shall not otherwise, whether by conveyance or otherwise, ever become the property of the Debtor.

20. Allowance of Claims under the Plan.

Allowance is a procedure whereby the Bankruptcy Court determines the amount and enforceability of Claims against the Debtor, if the parties cannot agree upon such allowance. It is expected that after the Effective Date the Liquidating Trustee will file objections to Claims of Creditors, if any are deemed necessary, subject to the provisions of Section 6.8.3. The Plan merely provides for payment of Allowed Claims, but does not attempt to pre-approve the allowance of any Claims.

21. Objection Deadline.

As soon as practicable, but in no event later than one hundred twenty (120) days after the Effective Date, unless extended by order of the Bankruptcy Court for cause, objections to Claims shall be filed with the Bankruptcy Court and served upon the Holders of each of the Claims to which objections are made.

22. Establishment and Maintenance of Disputed Claims Reserve.

Distributions in respect of any Disputed Claims shall not be distributed, but shall instead be deposited by the Liquidating Trustee into an account styled "Disputed Claims Reserve." The funds in this account shall be held in trust for the benefit of the Holders of all Disputed Claims.

Unless and until the Bankruptcy Court shall determine that a good and sufficient reserve for any Disputed Claim is less than the full amount thereof, the calculations required by the Plan to determine the amount of the distributions due to the Holders of Allowed Claims and to be reserved for Disputed Claims shall be made as if all Disputed Claims were Allowed Claims in the full amount claimed by the Holders thereof. No payment or distribution shall be made with respect to any Claim to the extent it is a Disputed Claim unless and until such Disputed Claim becomes an Allowed Claim.

At such time as a Disputed Claim becomes an Allowed Claim the distributions due on account of such Allowed Claim and accumulated by the Liquidating Trustee, as applicable (including the Pro Rata share of any dividends or interest earned in respect of such distributions) shall be released from the account and paid by the Liquidating Trustee, as applicable, to the Holder of such Allowed Claim.

At such time as any Disputed Claim or portion thereof is finally determined to be Disallowed, the amount held in the Disputed Claims Reserve in respect thereof shall be released from the Disputed Claims Reserve and distributed to other creditors with Allowed Claims in the order of priority set forth herein and in accordance with the terms of this Plan relating to distributions.

The Liquidating Trustee shall not be required to withhold funds or consideration, designate reserves, or make other provisions for the payment of any Claims that have been Disallowed by a Final Order of the Bankruptcy Court as of any applicable time for distribution under the Plan,

unless the Bankruptcy Court orders otherwise or unless the Court's order of disallowance has been stayed.

23. Term of Stays.

Except as otherwise provided in the Plan, the stay provided for in this case pursuant to Bankruptcy Code Section 362 shall remain in full force and effect until the Effective Date.

VI. LIQUIDATION ANALYSIS

Section 1129 of the Bankruptcy Code provides that the Court may confirm a plan of reorganization only if certain requirements are met. One of these requirements is that each non-accepting holder of an allowed Claim or interest must receive or retain under the Plan, on account of such Claim or interest, property as of the Effective Date of the Plan at least equal to the value of such holder would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date.

For the purposes of the following discussion, it is assumed that a Chapter 7 trustee would seek to maximize the value of the estate by attempting to liquidate the remaining assets, which are primarily the Receivables. However, the Debtor believes that the circumstances surrounding liquidation under Chapter 7 would inevitably lead to conditions which would substantially detract from the total value returned to each Debtor's estate. Primarily, substantial Chapter 7 administrative costs relating to professional fees, statutory Chapter 7 trustee fees, commissions and other associated expenses would necessarily be incurred.

The Debtor does not believe that this case should be converted to Chapter 7. Attached as **Exhibit D** is a liquidation analysis (the "Liquidation Analysis") which reflects possible distributions under the Plan to creditors holding Allowed Claims as well as those projected in a Chapter 7 liquidation. This Liquidation Analysis indicates that the Debtor's assets would lose significant value in a Chapter 7 and Holders of Allowed General Unsecured Claims in many of the Debtor's case would receive a much lower distribution in a Chapter 7 liquidation, which is a far less desirable result than the result to be achieved under the Plan. Based upon the claims filed and Debtor's schedules, the return to general unsecured creditors is anticipated between 50% - 100%, dependent on the upon the actual amounts received for the Debtor's assets and the allowance of disputed claims. As the Liquidation Analysis reflects, in a Chapter 7, the projected return is much lower.

VII. RISKS POSED TO CREDITORS

There are certain risks inherent in the liquidation and administration process under the Bankruptcy Code. If certain standards set forth in the Bankruptcy Code are not met, the Bankruptcy Court will not confirm the Plan even if Creditors and Interest holders accept the Plan. Although the Debtor believes that the Plan meets such standards, there can be no assurance that the Bankruptcy Court will reach the same conclusion. If the Bankruptcy Court were to determine that such requirements were not met, it could require the Debtor to re-solicit acceptances, which could delay and/or jeopardize confirmation of the Plan. The Debtor believes that the solicitation of votes on the Plan will comply with § 1126(b) and that the Bankruptcy Court will confirm the Plan. The

Debtor cannot, however, provide assurance that modifications of the Plan will not be required to obtain confirmation of the Plan, or that such modifications will not require a re-solicitation of acceptances.

VIII. ALTERNATIVES

Although the Disclosure Statement is intended to provide information to assist creditors in making a judgment on whether to vote for or against the Plan, and although creditors are not being offered through that vote an opportunity to express an opinion concerning alternatives to the Plan, a brief discussion of alternatives to the Plan may be useful. These alternatives include conversion to a Chapter 7 or dismissal of the proceedings. The Debtor of course, believes the proposed Plan to be in the best interests of creditors. The Debtor assesses the alternatives as follows:

A. Conversion to Chapter 7

The first alternative would be to convert the Chapter 11 case to a Chapter 7 liquidating bankruptcy. If this occurred, the Bankruptcy Court would appoint a trustee to liquidate the Debtor's assets for the benefit of their creditors. The costs associated with a trustee would then be added to the additional tier of administrative expenses entitled to priority over general unsecured claims upon conversion. Such administrative expenses include the Chapter 7 Trustee's commissions, as well as fees for professionals retained by the Chapter 7 Trustee to assist in the liquidation. The Trustee's commissions are based on disbursements to creditors. The Trustee receives 25% of the first $5,000, 10% of the next $45,000, 5% of the next $950,000 and 3% on all amount disbursed in excess of $1 million.

B. Dismissal

Dismissal of the proceeding would likely result in the Debtor defending debt-collection litigation and numerous new lawsuits to collect debts. Dismissal would likely result in a run to the courthouse whereby the first creditors to file suit will likely receive payment while others receive nothing.

C. No Assurance of Either

There are other possibilities which are less likely, such as a competing plan proposed by a different party. The Debtor has attempted to set forth the reasonable alternatives to the proposed Plan. However, the Debtor must caution creditors that a vote must be for or against the Plan. The vote on the Plan does not include a vote on alternatives to the Plan. There is no assurance what course the proceedings will take if the Plan fails to gain acceptance.

IX. CERTAIN FEDERAL INCOME TAX CONSEQUENCES

A. Tax Consequences to Creditors

1. GENERALLY

The tax consequence to any particular creditor may vary depending on their own circumstances and they should consult with their own tax professional for advice regarding the impact on them of their acceptance or rejection of the plan.

2. UNSECURED CLAIMS

Holders of Classes 2, 3, 4 and 5 Unsecured Claims will receive distributions from the Liquidating Trustee. A Class 2,3, 4 or 5 Claimholder should either be treated as (i) recognizing ordinary income in an amount equal to cash received and recognizing a loss in an amount equal to the tax basis in the Claim or (ii) recognizing a loss equal to the difference between the amount of cash received and their tax basis in their Claim.

A Claimholder's tax basis in a Claim should generally equal the amount included in income as a result of the provision of goods or services to the Debtor, except to the extent that a bad debt loss had previously been claimed. The gain or loss with respect to the Claim should be ordinary to the extent that it arose in the ordinary course of trade or business for services rendered or from the sale of inventory to the Debtor.

DUE TO THE COMPLEX NATURE OF APPLICABLE TAX LAWS, CLAIMANTS SHOULD CONSULT WITH THEIR TAX PROFESSIONAL CONCERNING COMPLIANCE WITH AND THE AFFECT OF BOTH STATE AND FEDERAL TAX LAWS ON THEIR INTEREST BEFORE THEY CAST A BALLOT TO ACCEPT OR REJECT THE PLAN.

THE ACCOUNTANTS, ATTORNEYS, AND THE MANAGEMENT OF THE DEBTORS MAKE NO REPRESENTATIONS HEREIN CONCERNING THE IMPACT OF THE TAX LAW ON ANY INDIVIDUAL TREATED UNDER THE PLAN.

B. Tax Consequences to the Debtor

The Debtor has elected to be treated as a pass-through entities for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by their owners on their respective income tax returns. The Debtor's federal tax status as a pass-through entity is based upon its legal status as a partnership. Accordingly, the Debtor is not required to take any tax positions in order to qualify as a pass-through entity. The Debtor is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities on a consolidated.

X. PREFERENCES AND FRAUDULENT TRANSFERS

Under the Bankruptcy Code and Texas State Law, the bankruptcy estate may sue to recover assets (or their value) that were transferred by "voidable transfers", which includes assets transferred:

(A) In intentional fraud of Creditors,

(B) in constructive fraud of Creditors – because the asset was transferred without sufficient consideration while the Debtor was insolvent,

(C) as a preferential transfer - a payment before bankruptcy outside the ordinary course that allows a creditor to receive more than it would receive in liquidation, or

(D) as an unauthorized post-bankruptcy transfer by the Debtor outside of the ordinary course.

The Debtor believes there are certain transfers that may be voidable under Section 550, 547, 548, 544, or similar provision of the Bankruptcy Code and/or non-bankruptcy law. Specifically, prior to bankruptcy, the Debtor made certain payments to insiders which have not been released. The Debtor and Liquidating Trustee reserve the right to bring fraudulent conveyance claims to the extent not previously released by Bankruptcy Court order or specifically released as part of the Plan. In particular, the Debtor may file, if necessary, actions under Section 548 of the Bankruptcy Code against the MOB Landlords to set aside the purported MOB Lease Guarantees as fraudulent conveyances. Debtor estimates that unsecured the MOB Landlords may assert aggregate claims of approximately $2.7 million related to the MOB Lease Guarantees. If the Debtor is successful in the 548 actions, other Unsecured Creditors will benefit since this would result in a significant decrease in allowed unsecured claims, yielding greater distributions to other creditors. A more detailed discussion of potential Chapter 5 actions and other litigation, including Reserved Litigation Claims which may be pursued is below in Section XI. Litigation.

The Debtor has not conducted a detailed analysis of potential recoveries under Chapter 5 of the Bankruptcy Code but believes that potential claims may exist. A list of the known payments is set forth in each of the Debtor's statements of financial affairs, which are incorporated herein. Creditors, Interest Holders and parties-in-interest are advised that if they received an avoidable transfer, they may be sued whether or not they vote to accept the Plan. Except as specifically provided in the Plan or previously released in by Bankruptcy Court order, all avoidance actions and rights pursuant to §§ 506(c), 510, 542, 543, 544, 545, 547, 548, 549, 550, 551, 552(b), 553 and 724 of the Bankruptcy Code and all causes of action under state, federal or other applicable law shall be retained and may be prosecuted or settled by the Liquidating Trustee, in its sole discretion. To the extent that material amounts are recovered, it will enhance the returns to the holders of Unsecured Claims.

If the Plan is not confirmed and a Chapter 7 trustee is appointed, it is possible that the trustee's analysis will differ from that of the Debtor and that other avoidance actions will be commenced against other Creditors of the estate or insiders.

XI. LITIGATION – PENDING AND POTENTIAL LITIGATION

A. Litigation Pending During the 12 Month Period Immediately Prior to the Filing Date Against Debtor

As of the petition date, there were several lawsuits pending in which Debtor was named as a defendant. Generally speaking, these were collection lawsuits and are thus automatically stayed by operation of 11 U.S.C. § 362(a). Each such lawsuit is disclosed in response to question number 4 on the respective statements of financial affairs filed by Debtor. A list reflecting such lawsuits is attached hereto and marked **Exhibit E**.

B. *Potential Chapter 5 Litigation That the Debtors May Pursue*

Chapter 5 Claims, Generally. As discussed above, the Debtors have conducted an initial analysis of potential recoveries under chapter 5 of the Bankruptcy Code and concluded that potential claims may exist. A list of the known payments are set forth in the Debtor's statement of financial affairs, which are incorporated herein. In addition, the transfers reflected in the Debtors' respective statement of financial affairs are attached hereto and marked Exhibits F. **Creditors, Interest Holders and parties-in-interest are advised that if they received** an **avoidable transfer, they may be sued whether or not they vote to accept the Plan**. All avoidance actions and rights pursuant to §§ 506(c), 510, 542, 543, 544, 545, 547, 548, 549, 550, 551, 552(b), 553 and 724 of the Bankruptcy Code and all causes of action under state, federal or other applicable law, including the Texas Uniform Fraudulent Transfer Act, shall be retained and may be prosecuted or settled by the Debtor. To the extent that material amounts are recovered, it will enhance the returns to the holders of Unsecured Claims. For the removal of doubt, even if transfers are not listed on any attachment to the disclosure statement, the Debtor reserves all rights to sue for avoidance and recovery of any pre-bankruptcy transfer or obligation, without regard to when the transfer occurred, or to whom the transfer was made or obligation is owed.

Preferences. Under the Bankruptcy Code, the Debtor may recover certain preferential transfers of property, including cash, made while insolvent during the 90 days immediately prior to the filing of the bankruptcy petition with respect to pre-existing debts, to the extent the transferee received more than it would have in respect of the pre-existing debt had the Debtor been liquidated under chapter 7 of the Bankruptcy Code. In the case of "insiders," the Bankruptcy Code provides for a one-year preference period. There are certain defenses to such recoveries. Transfers made in the ordinary course of the Debtor's and transferee's business according to the ordinary business terms in respect of debts less than 90 days before the filing of a bankruptcy are not recoverable. Additionally, if the transferee extended credit subsequent to the transfer (and prior to the commencement of the bankruptcy case), such extension of credit may constitute a defense to recovery, to the extent of any new value, against an otherwise recoverable transfer of property. If a transfer is recovered by the Debtor, the transferee has a General Unsecured Claim to the extent of the recovery. The Debtor reserves the right to bring preferential transfer claims against any creditor or vendor whatsoever, as well as the parties identified as receiving transfers within 90 days of the Petition Date on pages on the attached Exhibit F.

Fraudulent Transfers. Under the Under the Bankruptcy Code and various state laws, including the Texas Uniform Fraudulent Transfer Act, the Debtor may recover certain transfers of property, including the grant of a security interest in property, made while insolvent or which rendered the Debtor

insolvent. Under the same statutes, the Debtor may avoid certain pre-bankruptcy obligations. The Debtor reserves the right to bring fraudulent transfer and avoidance claims, including, but not limited to, the MOB Lease Guarantees, discussed *supra*.

C. *Potential Non-Chapter 5 Litigation That Debtor May Pursue*

All causes of action under state, federal or other applicable law shall be retained and may be prosecuted or settled by the Debtor. For the removal of doubt, and without limiting the immediately preceding more general and encompassing reservations of all rights, unless you are a party released by operation of the Plan or prior Bankruptcy Court order, the Debtor reserves all rights to file any lawsuit or administrative proceeding (or any other legal action whatsoever) against you, or any other person or entity, (i) without regard to status, if any, as a Holder of a Claim, or Holder of an Interest, and (ii) without regard to a vote in favor of the Plan by a Holder of a Claim or a Holder of an Interest A non-exhaustive list of Reserved Litigation Claims is attached to the Plan.

XIII. ACCEPTANCE AND CONFIRMATION OF THE PLAN

A. Acceptance of the Plan

Confirmation of a Plan under Chapter 11 requires, among other things, that at least one class of creditors or claimants, such as the secured or unsecured creditors in this case, vote in favor of the Plan. This vote is calculated by only counting those creditors whose ballots are actually received on time. If two-thirds in total dollar amount and a majority in number of claims actually voting in a class approve the Plan, that class of creditors is considered an accepting class. If the vote is insufficient, the Court can still confirm the Plan, but only upon being provided additional proof regarding the ultimate fairness of the Plan to the creditors (as described in greater detail in Sections XIII.B and XIII.C) and only if the proponents of the Plan meet all other applicable requirements of Section 1129(a) of the Bankruptcy code (except Section 1129(a)(8)). These other requirements include, among other things, that the Plan comply with the applicable provisions of Title 11 and other applicable law, that the Plan be proposed in good faith, and that at least one impaired class of creditors vote to accept the Plan. The Debtor believes that the Plan satisfies all other applicable requirements of Section 1129(a) of the Bankruptcy Code. The Debtor believes that the unsecured creditors will support the Plan when they consider the fact that the secured and priority creditors will receive all of the assets of the Debtor in the event the reorganization is unsuccessful.

B. Confirmation without Acceptance of All Impaired Classes

The Bankruptcy Court may confirm a plan even if not all impaired classes accept the Plan. For the Plan to be confirmed over the rejection of an impaired class, the proponent must show, among other things, that the plan does not discriminate unfairly and that the plan is fair and equitable with respect to each impaired class that has not accepted the plan.

Under Section 1129(b) of the Bankruptcy Code, a plan is "fair and equitable" as to a class if, among other things, the plan provides: (a) with respect to secured claims, that each holder of a

claim included in the rejecting class will receive or retain, on account of its claim, property that has a value as of the Effective Date of the plan, equal to the allowed amount of such claim; and (b) with respect to unsecured claims and interests, that the holder of any claim or interest that is junior to the claims or interest of such class will not receive or retain, on account of such junior claim or interest, any property unless the senior class is paid in full. The Bankruptcy Court must further find that the economic terms of a plan do not unfairly discriminate as provided in Section 1129(b) of the Bankruptcy Code with respect to the particular objecting class.

THE DEBTOR BELIEVES THAT THE PLAN HAS BEEN STRUCTURED SO THAT IT WILL SATISFY THE REQUIREMENTS OF SECTION 1129(b) OF THE BANKRUPTCY CODE AND CAN BE CONFIRMED OVER THE REJECTION OF THE PLAN BY ONE OR MORE IMPAIRED CLASSES, IF A CRAMDOWN IS REQUESTED.

C. Other Requirements for Confirmation

In order to obtain confirmation of the Plan, the requirements of Section 1129 of the Code must be satisfied. These requirements include but are not limited to findings that the Plan complies with the applicable provisions of Chapter 11 of the Code, that the Debtor has complied with the applicable provisions of Chapter 11 of the Code, that the Plan has been proposed in good faith and not by any means forbidden by law, and at least one class of impaired claims has voted to accept the Plan. The Debtor believes that the Plan satisfies all the statutory requirement of Chapter 11 of the Bankruptcy Code.

1. Best Interest of Creditors

Before the Plan may be confirmed, the Bankruptcy Court must find (with certain exceptions) that the Plan provides, with respect to each class, that each holder of a claim or interest of such class either (a) has accepted the Plan or (b) will receive or retain under the Plan on account of such claim or interest property of a value, as of the effective date, that is not less than the amount that such person would receive or retain if the Debtor were, on the effective date, liquidated under Chapter 7 of the Bankruptcy Code. As set forth above, and demonstrated by the liquidation analysis attached hereto as Exhibit D, the Debtor believes that this test will be satisfied.

2. Financial Feasibility

The Bankruptcy Code requires that, in order for the Plan to be confirmed by the bankruptcy court, the bankruptcy court must determine that consummation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor. The Debtor believes that it will be able to fulfill their obligations under the Plan.

XV. CONCLUSION

The information provided in this Disclosure Statement is intended to assist you in voting on the Plan in an informed fashion. If the Plan is confirmed, you will be bound by its terms. Accordingly, you are urged to make such further inquiries as you may deem appropriate and then cast an informed vote on the Plan.

Respectfully submitted this 29th day of September, 2017

DEBTOR:

THE TIFARO GROUP MANAGEMENT, LLC, its General Partner

J. Patrick Magill with permission by /s/ Melissa A. Haselden
By:_____
J. Patrick Magill, President of Magill P.C., Financial Agent of The Tifaro Group Management Company, LLC, General Partner of the Debtor

EXHIBIT

"A"

CHAPTER 11 PLAN

EXHIBITS

"B – "F"

(TO BE SUPPLEMENTED PRIOR TO HEARING ON APPROVAL OF DISCLOSURE STATEMENT)