IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

TEXAS FLUORESCENCE LABORATORIES, INC.,	§	**Case No. 17-10517-TMD**
	§	
	§	**(Chapter 11)**
Debtor in Possession.	§	

DEBTOR'S AMENDED PLAN OF LIQUIDATION DATED MARCH 9, 2018, COMBINED WITH DISCLOSURES

Respectfully submitted,

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ATTORNEYS FOR TEXAS FLUORESCENCE LABORATORIES, INC., THE DEBTOR IN POSSESSION

A SUMMARY OF THE PLAN AS IT AFFECTS YOU

A. Why You Are Receiving this Document

TEXAS FLUORESCENCE LABORATORIES, INC., d/b/a TEF Labs (referred to in this document as the "Debtor" or “TEF Labs”) has filed a Chapter 11 bankruptcy case. You are receiving this document because TEF Labs believes, or you have asserted, that you are a creditor of TEF Labs.

Based on its recent performance, TEF Labs does not believe it can continue to operate its business and pay its debts from revenues generated by its business operations. Therefore, it is proposing a plan that liquidates its assets to pay its creditors (the “Plan”). This document describes and includes that Plan.

This document is being provided to all of the Debtor's known creditors and other parties in interest in connection with the solicitation of acceptances of the Plan. The details of the Plan itself are set out in Section VI of this document. The purpose of the disclosures contained in Sections I through V of this document and in the attached exhibits is to provide those creditors entitled to vote with adequate information for them to form a decision on whether to vote to accept or reject the Plan.

Creditors entitled to vote—those holding secured and general unsecured claims not entitled to priority under § 507(a)—are being asked to vote on the Plan.

A. What the Plan Provides and How It Affects You

The Plan is one of liquidation, not reorganization. TEF Labs does not have the funds or credit to continue operations in order to reorganize, so it is proposing to sell substantially all of its assets to Ion Indicators, LLC (“Ion”), an entity wholly but indirectly owned by Francisco Conti who is currently a 22.57% shareholder of the Debtor. Ion is expected to engage in a business similar to that of TEF Labs, which is the development, manufacture and sale of fluorescent ion indicators for the medical and biological research industries. Ion is expected to employ Dr. Akwasi Minta, the founder and chief scientist of the Debtor, who does not have any existing employment contract with the Debtor.

You and the other Creditors of TEF Labs will be paid from the proceeds of the sale of assets to Ion and from the liquidation of any of the assets of the Debtor not purchased by Ion.

In particular, on the “Effective Date” of the Plan (which will occur on the fifteenth day following its approval by the Bankruptcy Court), or as soon thereafter as possible, the Debtor will transfer all of its assets to a liquidating trust (the “Liquidating Trust”) established under the Debtor’s Plan. The Beneficiaries of that Trust will be the Creditors of the Debtor and its Shareholders, in their proportionate interests, and in the priority of those interests. As of the Confirmation Date, the interests of all Shareholders in the Debtor, however, will be cancelled and the company may be dissolved as soon as possible thereafter.

Also on that same date, or as soon thereafter as possible, for the sum of $200,000.00 cash, Ion will purchase from the Liquidating Trust all of the Debtor's inventory and any transferable government permits and licenses, and an exclusive option (the "Option") to purchase the Property and all other assets of the Debtor except cash, accounts receivable, claims and causes of action.[1] Ion will also, on that same date, enter into a lease with the trustee of the Liquidating Trust (the "Liquidating Trustee") to use those assets subject to the Option, including the Property (together, the "Optioned Assets"), for a nominal sum of $10.00 per month and for a period of up to three years, provided certain conditions are met.

The Option to purchase will expire on the first anniversary of the Effective Date, but if exercised by that date, transfer of title of the Optioned Assets would not occur until the full purchase price of the assets sold has been paid to the Liquidating Trust, which may be as late as the third anniversary of the Effective Date. If the Option is not exercised by the first anniversary of the Effective Date, the Optioned Assets will be transferred back to the Liquidating Trust and Ion will have no further obligation to the Liquidating Trust. Those assets transferred to the Liquidating Trust on the Effective Date and not leased by Ion (i.e., the Debtor's cash and cash equivalents, accounts receivable, claims and causes of action (referred to in the Plan as the "Trust-Retained Assets") and the Optioned Assets (which will have been transferred back to the Liquidating Trust if and when the Option is not timely exercised or Ion defaults in paying any Installment of the Purchase Price) will be liquidated by the Liquidating Trust as soon as practicable, with the proceeds distributed to Creditors and, in the unlikely event that Creditors are paid in full with interest, to the Shareholders of the Debtor.

In particular, the non-refundable Purchase Price of the Debtor's inventory, any transferable government permits and licenses, the Option, and the right to use or lease those Optioned Assets under the lease, will be paid by Ion as follows: $200,000.00 cash on the Effective Date plus, if the Option is exercised, an additional $500,000.00 cash, payable in three Installments. The first of those three Installments will be $200,000.00 cash due and payable upon exercise of the Option on or before the first anniversary of the Effective Date; the second Installment will be $200,000.00 cash due on or before the second anniversary of the Effective Date, and the third and last Installment will be $100,000.00 cash due and payable on or before the third anniversary of the Effective Date. Upon payment of the full $700,000.00 Purchase Price, the lease will terminate and the Liquidating Trust will transfer to Ion fee title to the Property and the other Optioned Assets which were leased by it.

Creditors will be paid in the priority established in the Bankruptcy Code: Creditors with liens on property will be paid first from proceeds of that property; Administrative Claims of the Bankruptcy Case will be paid next from any and all of the proceeds collected by the Liquidating Trustee, Priority Claims will be paid next from those proceeds, and Unsecured Creditors will be paid after that from those proceeds. If and only if there are sufficient funds to pay Unsecured Creditors in full, with interest of 6.0% per annum, will the Shareholders of the Debtor receive any distribution from the Liquidating Trust. The Debtor believes any distribution to Shareholders is highly unlikely.

[1]. The laboratory equipment located at the Debtor's facility will also not be sold to Ion, as it is not property of the Debtor, but rather is owned by Asante Research LLC, a separate entity.

Some Creditors are not expected to be paid in full, but each Creditor will receive at least as much as that Creditor would receive if this were a Chapter 7 liquidation case. The Debtor believes that each Unsecured Creditor might in fact receive significantly *more* than would be received in a Chapter 7 case.

That is because Ion will pay $200,000.00 on the Effective Date, even if it later chooses not to exercise the Option and the Liquidating Trustee instead liquidates the Optioned Assets along with the Trust-Retained Assets. Thus, in this scenario, the *combined* proceeds of the Liquidating Trustee's sale of the Property, which the Debtor values at approximately $400,000.00,[2] of his liquidation of *all* of the other assets of the Debtor, *plus the $200,000.00* paid by Ion on the Effective Date, will be paid to Creditors. In the Debtor's opinion, those combined proceeds greatly exceed what could be realized by a sale of all of the Debtor's assets in a Chapter 7 liquidation.

The Liquidating Trustee will pay the Claims of the Unsecured Creditors *Pro Rata*—that is, in the proportion that the amount each Creditor's claim bears to all Unsecured Claims paid. Attached as Exhibit A to this document is a list of all Claims against the Debtor. Although extremely unlikely, if the liquidation proceeds are sufficient, interest will be paid on those Unsecured Claims at the rate of 6% per annum, from and after the date the Plan is confirmed.

In accordance with the Bankruptcy Code, the Debtor will not receive a discharge of its debts under the Plan. However, it will no longer have any assets and will cease to do business, even if not dissolved immediately.

B. How You Can Participate in the Process

As stated above, this Plan of Liquidation Combined with Disclosures is being provided to all of the Debtor's known creditors and other parties in interest in connection with the solicitation of acceptances of the Plan. The purpose of the disclosures contained in this document and in the attached exhibits is to provide those creditors entitled to vote with information as would enable a hypothetical, reasonable investor, typical of the holders of claims against the Debtor, to make an informed judgment in exercising his, her or its right either to accept or reject the Plan. **If you believe that this document fails to do that, you may file an objection to its final approval by the Bankruptcy Court.** A separate notice of the deadline to file such objections is being provided with this document.

TEF Labs is asking its creditors who are entitled to vote—those holding secured and unsecured claims not entitled to priority—to vote to accept the Plan. In addition to this document, those creditors are being provided with a ballot to use to vote an acceptance or rejection of the Plan. Those ballots should be completed by the creditors entitled to vote and

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[2]. TEF Labs, with the Bankruptcy Court's approval, hired an appraiser and obtained a formal appraisal of the Property (land and building only) in the summer of 2017. That appraiser rendered a written opinion of value of the Property of $640,000.00 as of August 24, 2017. However, TEF Labs believes this valuation is an outlier and is far greater than the value that would likely be realized from a sale through a real estate broker. The Travis County tax appraisal for the Property in 2017 was a combined Marker Value of $377,836.00 ($12,738.00 for the land and $365,098.00 for the building).

returned to the attorney for the Debtor in time to be received by him prior to the deadline stated on the ballot.

Whether or not you are entitled to vote on the Plan, if you do not believe the Bankruptcy Court should approve it you may file an objection to Confirmation of the Plan. A separate notice of the deadline to file such objections is being provided with this document.

A notice of the hearings on final approval of the disclosures in this document and on Confirmation of the Plan is also being provided to each person receiving this document. While each of you is invited to attend those hearings, creditors entitled to vote need not be present in order to have their votes considered. **If you file an objection but do not appear at the hearing, however, your objection to final approval of the disclosures in this document, or to Confirmation of the Plan, may not be considered by the Bankruptcy Court.**

Acceptance of the Plan by creditors entitled to vote is important. In order for the Plan to be deemed "accepted" by the creditors in any given voting class, at least sixty-six and two-thirds percent (66-2/3%) in amount of allowed Claims and more than fifty percent (50%) in number of allowed Claims voting in that class must accept the Plan. Whether or not you expect to be present at the hearing, **if you receive a ballot you are urged to fill in, date, sign and mail, fax, email or hand deliver it** to the attorney for the Debtor, B. Weldon Ponder, Jr., at 4408 Spicewood Springs Road, Austin, Texas 78759-8504, welpon@austin.rr.com or 512-342-8444 (facsimile).

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DEBTOR'S AMENDED PLAN OF LIQUIDATION DATED MARCH 9, 2018, COMBINED WITH DISCLOSURES

The above-referenced debtor in possession, Texas Fluorescence Laboratories, Inc., ("TEF Labs" or the "Debtor"), hereby files its Amended Plan of Liquidation Combined with Disclosures.

I. DEFINITIONS

As used throughout this document, the following terms shall have the meaning indicated:

1. "AAT BIOQUEST" means AAT Bioquest, Inc., the plaintiff in the lawsuit *AAT Bioquest, Inc., v. Texas Fluorescence Laboratories, Inc*., and a Creditor of the Debtor.

2. "ADMINISTRATIVE CLAIM" or "ADMINISTRATIVE EXPENSE CLAIM" means a Claim or expense entitled to priority under § 507(a)(1) of the Bankruptcy Code.

3. "ADMINISTRATIVE CLAIMS RESERVE" means the interest-bearing account set up by the Liquidating Trust pursuant to the Liquidating Trust Agreement to hold funds intended to pay Administrative Claims not yet due and disputed Administrative Claims when they are resolved.

4. "ALLOWED CLAIM" means a Claim against the Debtor allowable under the Bankruptcy Code, to the extent that (i) a proof of claim, proof of interest, or request for payment was timely filed or, with leave of the Bankruptcy Court, late-filed, and as to which no objection has been timely filed or, if filed, to the extent it is allowed by a Final Order, unless otherwise provided in this Plan or (ii) the Claim is scheduled and not listed as disputed, contingent or unliquidated, and no objection to it has been timely filed or, if filed, to the extent it is allowed by a Final Order.

5. "ASANTE" means Asante Research LLC, an entity with some members who are also Shareholders of the Debtor, and the other party to the Licensing Agreement.

6. The "ASSETS SOLD OUTRIGHT" means those assets of the Debtor that, under the Plan, will be purchased by Ion on the Closing Date—i.e., the Debtor's inventory, its existing telephone numbers and internet services, any transferable government permits and licenses, and the Option (but not the Optioned Assets).

7. "BANKRUPTCY CASE" or "CASE" means the Chapter 11 case of the Debtor, Case No. 17-10517-TMD filed on May 1, 2017, and pending in the Bankruptcy Court.

8. "BANKRUPTCY CODE" or "CODE" means Title 11, United States Code.

9. "BANKRUPTCY COURT" or "COURT" means the United States Bankruptcy Court for the Western District of Texas and the judges of said court.

10. "BANKRUPTCY RULES" or "RULES" means the Federal Rules of Bankruptcy Procedure, as amended, promulgated under 28 U.S.C. § 2075, and the Local Rules of the Bankruptcy Court, as applicable from time to time to the Debtor's Bankruptcy Case.

11. "BAR DATE" means the date subsequent to which a proof of pre-petition Claim may not timely be filed or the date by which proofs of claims held by governmental agencies must be filed. The Bar Date in this Bankruptcy Case was September 14, 2017.

12. "BENEFICIAL INTEREST" means an interest of a Beneficiary of the Liquidating Trust.

13. "BENEFICIARY" means a beneficiary under the terms of the Liquidating Trust and includes all Creditor Beneficiaries and all Equity Beneficiaries.

14. "BENEFICIARY REGISTER" means a register maintained by the Liquidating Trustee containing the name, address and claim amount or percentage interest of each Beneficiary of the Trust.

15. "BUSINESS DAY" means a day that the office of the Clerk of the Bankruptcy Court is open for business as usual.

16. "CHAPTER 5 CAUSES OF ACTION" means any and all causes of action of the Debtor as debtor in possession in the Bankruptcy Case arising under Chapter 5 of the Bankruptcy Code, including but not limited to any turnover action under 11 U.S.C. § 542 or § 543, any fraudulent transfer or other avoidance action under § 544, § 545 or § 548, any preference action under § 544 or § 547, and any equitable subordination claim under § 510, and including the right to recover from transferees under § 550.

17. "CLAIM" means a duly listed or filed claim against the Debtor or against property of the Estate, which is allowed in accordance with the provisions of the Bankruptcy Code and the Bankruptcy Rules.

18. "CLAIMS RESERVE" means that reserve created and held by the Liquidating Trustee to pay Disputed Claims when and to the extent they become Allowed Claims, and to pay Administrative Claims of the Bankruptcy Case that are not yet due, in full with interest.

19. "CLAIMANT" means any person or entity having or asserting a Claim in this Bankruptcy Case.

20. “CLASS” or “CLASSES” mean all of the Claims that the Debtor has designated pursuant to 11 U.S.C. § 1123(a)(1) as having substantially similar characteristics, as described in Article V of this Plan.

21. The “CLOSING DATE” means the date on which the sale to Ion under the Plan will close—i.e., the Effective Date; provided, however, that the Closing Date may be extended upon the written agreement of the Liquidating Trustee and Ion.

22. “COMMERCIAL LEASE AGREEMENT” means the Lease.

23. “CONFIRMATION” or “CONFIRMATION OF THE PLAN” means the Bankruptcy Court's entry of the Confirmation Order in accordance with § 1129 of the Bankruptcy Code.

24. “CONFIRMATION DATE” means the date the Confirmation Order is entered.

25. “CONFIRMATION ORDER” means the order of the Bankruptcy Court confirming the Plan pursuant to 11 U.S.C. § 1129.

26. “CONTESTED,” when used with respect to a Claim, means a Claim against the Debtor that (a) is listed in the Debtor’s Schedules of Assets and Liabilities as disputed, contingent or unliquidated; (b) is the subject of a pending action in a forum other than the Bankruptcy Court unless such Claim has been determined by Final Order in such other forum and Allowed by Final Order of the Bankruptcy Court; or (c) has been or is subject to an objection being timely filed that has not been denied by Final Order. To the extent an objection is related to the allowance of only a part of a Claim, such Claim shall be a Contested Claim only to the extent of the Objection.

27. “CREDITOR” shall have the meaning specified by 11 U.S.C. § 101(10) of the Bankruptcy Code.

28. “CREDITOR BENEFICIARY” means a Beneficiary of the Liquidating Trust that is a Creditor.

29. “DEBTOR” means TEXAS FLUORESCENCE LABORATORIES, INC., the debtor-in-possession in the Bankruptcy Case. The Debtor is also sometimes referred to in this document as “TEF Labs.”

30. “DISPUTED CLAIM” means any Claim as to which the Debtors or any other party in interest has interposed a timely objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules, which objection or request for estimation has not been withdrawn or determined by Final Order.

31. “EFFECTIVE DATE” means the fifteenth day following the entry of the Confirmation Order or, if that date is not a Business Day, the first Business Day thereafter.

32. “EQUITY BENEFICIARY” means a Beneficiary of the Liquidating Trust that is a Shareholder of the Debtor as of the Confirmation Date.

33. “ESTATE” means the estate of the Debtor which came into existence at the commencement of the Bankruptcy Case, as the term "estate" is defined in § 541 of the Bankruptcy Code.

34. “EXECUTORY CONTRACTS” means any and all contracts, lease agreements, licenses, or other contractual obligations of the Debtor to any other party which are binding upon the Debtor at the time this Bankruptcy Case was initiated, but shall not include any Secured Claim or Unsecured Claim that is otherwise provided for in this Plan.

35. “EXPENSE RESERVE” means that reserve created and held by the Liquidating Trustee to pay the expenses of the administration and property of the Liquidating Trust.

36. “FILED” means delivered to the Clerk of the Bankruptcy Court or filed electronically with the Bankruptcy Court.

37. “FILING DATE” means the date the Bankruptcy Case was commenced, May 1, 2017.

38. “FINAL ACCOUNTING” means the final report prepared by the Liquidating Trustee and filed with the Bankruptcy Court, reflecting all dispositions of assets, all resolutions of Claims objections and other Litigation Claims, and all distributions made on Claims and Shareholder Interests from the Effective Date until the filing of the Final Accounting.

39. “FINAL ORDER” means an Order or judgment entered by the Bankruptcy Court or any other court exercising jurisdiction over the subject matter and the parties as to which the time to appeal has expired and as to which a stay pending appeal has not been granted.

40. “IMPAIRED” means the treatment of an Allowed Claim pursuant to the Plan unless, with respect to such Claim, either (a) the Plan leaves unaltered the legal, equitable and contractual rights to which such Claim entitles the holder of such Claim or (b) notwithstanding any contractual provision or applicable law that entitles the holder of such Claim to demand or receive accelerated payment of such Claim after occurrence of a default, the Debtor (i) cures any default that occurred before or after the commencement of the Case on the Filing Date, other than default of the kind specified in 11 U.S.C. § 365(b)(2), (ii) reinstates the maturity of such Claim as such maturity existed before such default, (iii) compensates the holder of such Claim for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law, and (iv) does not otherwise alter the legal, equitable or contractual rights to which such Claim entitles the holder of such Claim; or (c) the Plan provides that on the Effective Date the holder of such claim receives, on account of such Claim, cash equal to the Allowed Amount of such Claim.

41. (First, Second, Third or Fourth) “INSTALLMENT” (of the Purchase Price”) means, respectively, the $200,000.00 payment made by Ion on each of the Closing Date and the first and second anniversaries of the Effective Date, and the final payment of $100,000.00 made

by it on the third anniversary of the Effective Date, all of which together make up the Purchase Price.

42. "INTERIM ACCOUNTING" means an interim report prepared by a successor Liquidating Trustee when a predecessor Liquidating Trustee's term ends for any reason, reflecting all dispositions of assets, all resolutions of Claims objections and other Litigation Claims, and all distributions made on Claims and Shareholder Interests from the date of the most recent interim accounting or, if none, from the Effective Date, until the date of the Interim Accounting.

43. "ION" means Ion Indicators, LLC, an entity wholly but indirectly owned by Francisco Conti who, as of the date of filing of this Plan, is a 20% shareholder of the Debtor.

44. The "LEASE" means that certain Commercial Property Lease dated as of the Effective Date, between the Liquidating Trust as lessor and Ion as lessee, providing for the lease of the Property and the other Optioned Assets, from and after the Effective Date until the earlier of: (1) the date Ion gives written notice to the Liquidating Trustee that it does not intend to exercise the Option, (2) the date Ion pays the full purchase price for the Optioned Assets and the Assets Sold Outright to it by the Liquidating Trustee, or (3) the third anniversary of the Effective Date.

45. The "LETTER OF INTENT" means that certain Letter of Intent dated December 12, 2017, between the Debtor and Ion, providing the terms of sale to Ion of the Assets Sold Outright and the Optioned Assets.

46. The "LICENSING AGREEMENT" means the Exclusive Distribution/ Manufacturing/Licensing Agreement dated August 20, 2010, between Asante as licensor and the Debtor as licensee.

47. The "LIQUIDATING TRUST" or the "TRUST" means that grantor trust created by the Debtor pursuant to the Liquidating Trust Agreement to be effective as of the Confirmation Date.

48. The "LIQUIDATING TRUST AGREEMENT" means the agreement between the Debtor and the Liquidating Trustee that creates the Liquidating Trust, in substantially the same form as attached hereto as Exhibit B.

49. The "LIQUIDATING TRUSTEE" means the trustee of the Liquidating Trust, initially Kell C. Mercer but also including any successor trustee.

50. "LITIGATION CLAIMS" means all claims and causes of action of the Debtor, whether arising before or after the Filing Date, including but not limited to any Chapter 5 Causes of Action of the Debtor as debtor in possession in the Bankruptcy Case, any counterclaims to any Claim against the Debtor, any lawsuit commenced by the Debtor before the Effective Date and any and all causes of action against (a) any officer or director of the Debtor, (b) any insider of the Debtor, (c) any vendor or supplier of the Debtor, (d) any person exercising any control of any interest of the Debtor in property, (e) any assignee or transferee of any asset of the Debtor, and

(f) any insurance company that is the issuer of a policy of which the Debtor is a beneficiary or owner.

51. "LITIGATION RESERVE" means the interest-bearing account that may be established by the Liquidating Trustee by depositing funds sufficient to satisfy all anticipated expenses that will be incurred in order to liquidate and pursue collection on the Litigation Claims.

52. The "OPTION" means that certain Purchase Option contained in the Lease, purchased by Ion and covering the Property and the other Optioned Assets.

53. The "OPTIONED ASSETS" means those assets of the Debtor that are subject to the Option, including but not limited to the Property and all of the Debtor's trade names, logos, trademarks, internet domains and any associated websites and electronic mail addresses, customer lists, customer files, sales records, digitally-stored content including but not limited to its accounting, production and marketing activities, and all of the Debtor's computers and related software, office furniture, and equipment including but not limited to the items listed on Exhibit A-2 attached to Schedule A of the Liquidating Trust Agreement.

54. "PENDING DISTRIBUTIONS RESERVE" means the interest-bearing account that may be established by the Liquidating Trustee by depositing (i) the amount of any distributions that are returned as undeliverable, to be maintained until the Trustee locates the owner or reallocates the distribution if no owner is located within a year of the distribution, plus (ii) the amount deemed by the Trustee to be needed to pay any claim based on any uncashed check.

55. The "PLAN" means the Amended Plan of Liquidation contained in Section VI of this document, in its present form or as it may be amended or supplemented.

56. "PRE-PETITION" means prior to the Filing Date.

57. "PRIORITY CLAIM" means a Claim with priority under 11 U.S.C. § 507.

58. "PRIORITY CREDITOR" means a Creditor who holds a Priority Claim.

59. "PROFESSIONAL" means any attorney, accountant, agent or broker or corporate fiduciary engaged by the Debtor or the Liquidating Trustee.

60. The "PROPERTY" means the real estate and improvements located at 9415 Capitol View Drive, Austin, Travis County, Texas, owned by Debtor, more particularly described as:

> A portion of Lot 16, Capitol View Estates, a subdivision in Travis County, Texas, consisting of 2.123 acres of land, plus improvements,

and further described by metes and bounds in Exhibit A-1 attached to Schedule A of the Liquidating Trust Agreement.

61. "PROPERTY OF THE ESTATE" shall have the Meaning given it under § 541 of the Bankruptcy Code with respect to the Debtor's Estate.

62. "PRO RATA" means proportionately, based on the percentage that the amount of a Claim is of the total of Allowed Claims in its Class.

63. "PURCHASE PRICE" means the $700,000.00 paid by Ion for the Assets Sold Outright and the Optioned Assets, payable in four Installments: $200,000.00 on the Closing Date and effective as of the Effective Date; $200,000.00 on each of the first and second anniversaries of the Effective Date, and $100,000.00 on the third anniversary of the Effective Date.

64. "REJECTION CLAIM" means any Claim asserted for damages for the Debtor's rejection of an executory contract or unexpired lease as provided in § 365 and limited by § 502 of the Bankruptcy Code.

65. "SECURED CLAIM" means a claim, debt or demand, as determined in accordance with § 506 of the Bankruptcy Code, whether or not a personal liability of the Debtor, which is secured by a properly perfected mortgage, deed of trust, or security interest in any of the real or personal property owned by the Estate.

66. "SECURED CREDITOR" means the holder of a Secured Claim.

67. "SHAREHOLDER" means a holder of an equity interest in the Debtor.

68. "SHAREHOLDER INTEREST" means the equity interest of a Shareholder in the Debtor.

69. "TRANSFERRED ASSETS" means all of the Property of the Debtor's Estate, except its non-transferable government permits and licenses, as of the Effective Date and as identified and described on Schedule A of the Liquidating Trust, which property shall be transferred by the Debtor to the Liquidating Trustee on the Effective Date. The Transferred Assets include the Assets Sold Outright, the Optioned Assets and the Trust-Retained Assets.

70. "TRUST ASSETS" means all Transferred Assets and any asset acquired by the Liquidating Trustee in the course of performing his duties under the Liquidating Trust Agreement.

71. A "TRUST COST" means a cost, expense, liability or obligation incurred by the Trust and/or the Liquidating Trustee in accordance with the Plan or the Liquidating Trust Agreement in administering and conducting the affairs of the Trust, and otherwise carrying out the terms of the Trust and the Plan on behalf of the Trust, including without any limitation, any tax owed by the Trust, any fee or expense of the Liquidating Trustee and the Professionals retained by the Trust or Liquidating Trustee and any expense or obligation otherwise defined as a Trust Cost in the Liquidating Trust Agreement; provided, however, that "Trust Cost" specifically excludes any distribution made to any Creditor or Equity Beneficiary pursuant to the Liquidating Trust Agreement and excludes the costs of the Trustee and any Professionals engaged by him in connection with the Trustee's removal.

72. The “TRUST-RETAINED ASSETS” means all of the Debtor’s property as of the Effective Date that are not Assets Sold Outright or Optioned Assets, and include but are not limited to the Debtor’s cash and cash equivalents, its accounts receivable and its Litigation Claims.

73. “UNSECURED CLAIM” means any debt, demand or Claim of whatever nature, other than Administrative Claims or Secured Claims.

74. “UNSECURED CLAIMS RESERVE” means the interest-bearing account that may be established by the Liquidating Trustee and added to each time the Trustee files an objection to any Unsecured Claim, with funds deemed by the Trustee to be sufficient to pay at least the full amount of all disputed Unsecured Claim(s), or the estimated amount of such disputed Unsecured Claim(s) as determined by order of the Bankruptcy Court and the estimated costs and expenses (including anticipated professional fees and expenses) of prosecuting objections with respect to those disputed Unsecured Claims.

75. “UNSECURED CREDITOR”" means the holder of an Unsecured Claim.

Terms Defined in the Bankruptcy Code. Capitalized terms not specifically defined in this Section of the Plan shall have the definitions given those terms, if applicable, in the Bankruptcy Code.

II. DISCLOSURES

A. General Information Concerning this Case

TEF Labs filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 101 *et seq*. ("the Bankruptcy Code"), in the United States Bankruptcy Court for the Western District of Texas, Austin Division ("the Bankruptcy Court"), commencing the above-styled and numbered case (the “Bankruptcy Case”). That voluntary petition was filed on May 1, 2017 ("the Filing Date"). The Bankruptcy Case has been pending since that time before the Honorable Tony M. Davis, United States Bankruptcy Judge. The Debtor has remained in possession of its property, and has continued to conduct its own business and financial affairs, as a debtor-in-possession, pursuant to § 1108 of the Bankruptcy Code.

B. Management of the Debtor

TEF Labs is currently managed by its Chief Scientist and Officer, Dr. Akwasi Minta. Dr. Minta is also a director of the Debtor. The president of the Debtor, Rick Yeager, has not been involved in the day to day operations of the Debtor since December of 2012, but has retained his title as president and is the only other director of the Debtor.

During the Bankruptcy Case, Dr. Minta drew a gross salary of approximately $6,700 a month, but when cash flow has not allowed it, he has not taken all of that salary when due, and the amounts not timely paid have been paid as soon as funds became available. Since the filing of the Bankruptcy Case, Mr. Yeager has received no compensation from the company.

Both Dr. Minta and Mr. Yeager are Shareholders of TEF Labs, Dr. Minta holding approximately 44.5% and Mr. Yeager holding approximately 6.5% of the equity in the Debtor. Mr. Yeager is also a Creditor of the Debtor, having filed proofs of claim in the Bankruptcy Case totaling more than $415,000.00 for various items described in those proofs of claim. As of the date of filing of this Plan, the Debtor has not analyzed these Claims and may have objections to some amounts. Dr. Minta is listed on the books of the Debtor as having received "shareholder advances" totaling $545,183.96 made to him between 2009 and 2017 (an average of approximately $85,500 per year). Dr. Minta disputes the characterization of these payments as resulting in a debt he owes to TEF Labs. He asserts the "shareholder advances" were actually reasonable compensation for someone with his credentials, and that he does not owe the Debtor anything. TEF Labs' claim against Dr. Minta, if any, like all other claims of the Debtor is being preserved and transferred to the Liquidating Trust under the Plan.

Under the Plan proposed by TEF Labs in this document, on the Effective Date or as soon as possible thereafter it would cease operations and no longer have any assets.

C. <u>History of the Debtor, Type of Entity and Events Leading to Bankruptcy</u>

TEF Labs manufactures fluorescent ion indicators that are used in biological and medical research. These chemical products help to measure changes that occur in cells when compounds (i.e., medicines or other chemical agents) are added to or combined inside the cells. A fluorescent ion indicator glows in a particular specific wavelength depending on the change to the cell. The changes in wavelength (color) and brightness (amplitude) within a cell are then measured to determine the level of change brought about by the particular agent(s) added to that cell. The different levels of change within a cell are used to compare the intensity of the cell's reaction to the different chemicals and concentrations introduced. The measurement of these reactions inform scientists in laboratories of the direction their research should take.

<u>The Founder</u>

Dr. Minta received his Ph.D. in chemistry from Cambridge University in 1977. He continued his education with post-doctoral work in New Brunswick, Canada, and then Rice University in Houston, Texas, from 1977 to 1981. He worked as a Research Associate and then Research Chemist between 1982 and 1992 at various institutions and companies. His last post before starting TEF Labs was the University of Texas in Austin. A copy of Dr. Minta's Curriculum Vitae is attached hereto as Exhibit C.

Dr. Minta wanted to continue his research into fluorescent ion indicators and knew that he wanted to have autonomy by funding his research with sales of his other products. He had received a patent for the Fluo line (Fluo-2, Fluo-3 and Fluo-4, all under the same patent) of products (United States Patent 5049673) on September 17, 1991. Therefore, on December 28, 1992, he founded TEF Labs as a Texas corporation. He was the sole original shareholder.

<u>Financial History of TEF Labs</u>

TEF Labs started operations in January of 1993, directed by Dr. Akwasi Minta as its Chief Scientist and CEO. Dr. Minta was able to utilize his University of Texas connections to bring undergraduate and graduate students from the University to help with research and to produce products for sale from 1993 to 1998. TEF Labs' products were well-received and sales during this period were in the $500,000 per year range.

TEF Labs received a federal contract, valued at $800,000, in 1999 to develop a long wavelength sodium indicator. Full-time chemists were hired to work on this contract and to expand the general business. However, the sodium indicator research did not result in a satisfactory product and work ceased on that project when funds ran out.

Sales efforts continued with limited success and most effort was concentrated on selling the Fluo line of products. Total sales peaked in 2004 at $2.021 million dollars. Fluo-3 and Fluo-4 (Ion Indicators used in large quantities for drug screening) were steady contributors, accounting in that year for $1.771 million dollars or 87.6% of total sales. Sales started to taper off, however, as royalty agreements expired and dropped to $569,000 in 2006, of which Fluo-3 and Fluo-4 accounted for $437,000 or 76.8%. The decrease in in 2006, however, was in part caused by the fact that TEF Labs was approached that year by a large competitor and an agreement was made for TEF Labs to stop manufacturing and selling Fluo-3 and Fluo-4 in exchange for payment of $2 million. The last sales of Fluo-3 and Fluo-4 occurred in July of 2006, when TEF Labs agreed not to manufacture or sell these products for the next ten years.

This competitor had received a patent in 2000 for a product similar to Fluo-3 and Fluo-4 and was very interested in not having to compete with TEF Labs for that market. Its solution was to compensate TEF Labs for the lost income. This arrangement allowed Dr. Minta to fund his research on other, new products for the next few years. This developmental period lasted from 2006 to 2010, and Dr. Minta used the proceeds from the non-compete agreement to pay the bills during this time. Sales dropped off to $90,000-$100,000 per year for this period, as Dr. Minta concentrated on products such as a new sodium indicator and a new red calcium indicator. Two new compounds, ANG-2 for sodium and ACR for calcium, were created.

Dr. Minta hired Rick Yeager, a patent attorney in Austin, Texas, to patent these new products in 2009. Mr. Yeager was also appointed as president of TEF Labs at that time. Mr. Yeager hired his son as marketing director of TEF Labs, to enable the company to internally create and maintain its websites and develop an online marketing program. TEF Labs grew to six employees—three chemists, a lawyer, a marketing director and a bookkeeper. Additional funding was needed to market the new products and maintain operations at this elevated level and so, between 2010 and 2012, new investors provided $739,000 of capital as equity.

In particular, between 2010 and 2012, Eric Cox invested $250,000 and Francisco Conti invested $360,000 in working capital and received equity in the company in exchange. In addition, a new company with some of the same equity holders as TEF Labs has, Asante Research LLC ("Asante"), had been formed on May 13, 2009. After the investments done in 2010-2012, the equity structure on outstanding shares of the Debtor, and Asante's members and their respective interests, were as follows:[1]

1. By agreement of its Shareholders, the Debtor is limited to issuing 666,666 shares, and all but 76,041 are issued and outstanding. The percentages shown are based only on shares actually issued and outstanding.

	TEF Labs	Asante
Dr. Akwasi Minta	43.53% interest	26.0% interest
Francisco Conti	22.57% interest	22.6% interest
Eric Cox	14.11% interest	14.1% interest
Dr. Moses Minta	8.47% interest	1.1% interest
Rick B. Yeager	6.55% interest	15.1% interest
Brad Yeager		9.0% interest
Rogelio Escamilla		8.5% interest
Dr. Joseph Kao	3.36% interest	
Sonya Smith		1.7% interest
Doug Yeager		1.4% interest
Dr. John Abrefah	0.56% interest	0.6% interest
Dr. Arundhati Rao	0.428% interest	
Ravindra Narayana Rao	0.42% interest	
TOTALS	100.00%	100.00%

TEF Labs' and Asante's current equity holders and their respective interests have not changed since 2012.

TEF Labs and/or Dr. Minta eventually transferred all of the intellectual property to Asante, which licenses that property to TEF Labs for the purpose of manufacturing and distributing products developed from that IP. TEF Labs' books show that all its laboratory equipment was transferred to Asante in 2011, but all of that property remains on TEF Labs' premises and is being used by TEF Labs. Asante has never had any operations, employees, or bank account, and has only the one business arrangement with TEF Labs.

Unfortunately, the marketing of the new products in 2012 and after did not go well. Sales did not meet expectations during this time and the staffing levels were not justified. For example, revenues were $88,000 in 2009 when the sales effort was established and had risen to $346,000 by 2012, but salaries paid in 2012 exceeded $308,000. In December 2012, Brad Yeager left the employ of TEF Labs and Rick Yeager ceased any day-to-day role with the company but retained his titles as president and director. Dr. Minta ran the company with only two chemists and a bookkeeper from 2013 to 2015. Since 2015, TEF Labs has been operating with only Dr. Minta, one other chemist, a part-time office clerk and a part-time, offsite bookkeeper.

Since 2010, Dr. Minta had been working on developing a new ion indicator. The formula and process are Dr. Minta's creation, and no patent has been obtained or even sought at this point, nor has Dr. Minta assigned his rights with respect to any patent on the indicator. While it is true that since 2010 it has been Dr. Minta's practice to assign patent rights in his inventions to Asante, at this point neither TEF Labs nor Asante has any interest in the indicator. Discussions were had pre-petition regarding the assignment of the rights to Asante and Asante's licensing of

TEF Labs and/or Ion to manufacture the indicator, but the principals involved (Dr. Minta, Francisco Conti, and Rick Yeager) were unable to reach any agreement on the matter.

Prior to the bankruptcy filing, the new "red dye" had been submitted for initial testing by a third party, and the results of that test were positive. In order to produce the indicator in marketable quantities with the necessary reliability, the synthesis (process) has to be refined, however. It was only in the first stage of refining the synthesis for production when TEF Labs ran out of money. It will have to be introduced to the scientific community through advertising, and it would have to be patented and licensed to TEF Labs to manufacture and sell it before TEF Labs could benefit from it at all.

Thus, a great deal of further work is needed to finalize the indicator before it can be submitted for final testing. That process alone, let alone patenting and manufacturing the finished product and developing an actual market for it, will require substantial funds that the Debtor has not been able to acquire from earnings or investors. The Debtor is now completely out of funds, unable to hire more staff to work on the indicator and its marketing, or even continue in business for any significant length of time. In its current situation it cannot provide Asante the "adequate assurance of future performance" that would be necessary for TEF Labs to assume the Licensing Agreement with Asante and obtain the license to manufacture and sell the indicator along with the other Asante products. Because of its present dire economic circumstances, the Debtor is simply unable to monetize the new ion indicator. In the Debtor's opinion, Dr. Minta's invention and whatever potential it may ultimately have are of no significant value today to the Debtor and its Creditors and Shareholders.

Below are the sales and net income figures for the past six years. The net income result for 2017 is not final as of the filing of this Plan.

	2012	**2013**	**2014**	**2015**	**2016**	**2017**
Total Sales	346,884	350,068	357,967	498,156	495,681	283,075
Net Income	-147,084	-2,835	-6,813	110,344	165,132	-92,549.39

Current Tax Information

The Debtor is a "C Corp" for federal tax purposes. It uses the accrual method of accounting. Its tax returns for years have been and are now prepared by Beverly K. Straub, CPA, and its internal day-to-day bookkeeping is done offsite by Sonya Smith, a bookkeeper employee of the Debtor.

The AAT Bioquest Lawsuit

The patent for the Fluo products expired in August of 2008, seventeen years after its approval in 1991. In 2009, AAT Bioquest, a competitor of TEF Labs, began the application process to patent a compound that was very similar in structure to Fluo-2. This product was named Fluo-8 by AAT Bioquest. The Fluo-2 design as contained in TEF Labs' patent was now in the public domain and available for any company to manufacture. AAT Bioquest saw a weakness in the patent wording for Fluo-2 and exploited that flaw by creating a new compound with a change in just one substituent that, according to AAT Bioquest, entitled it to an entirely new patent.

AAT made several attempts to receive a patent on Fluo-8 but they were rejected because of the similarity to Fluo-2. Finally, after years of trying, its efforts were rewarded with a patent for Fluo-8 in 2014.

Because the Debtor's president, Rick Yeager, believed that the Fluo-8 patent should not have been issued, TEF Labs continued to manufacture and distribute Fluo-2. AAT Bioquest filed suit against TEF Labs in 2014 for patent infringement in federal court in California. In January of 2016, the court decided in favor of AAT Bioquest and entered a $428,078.69 judgment against TEF Labs for infringement of AAT's Fluo-8 patent. The Debtor appealed but the Court of Appeals for the Ninth Circuit affirmed the trial court in February of 2017.

Mr. Yeager, believing that the AAT Bioquest patent for Fluo-8 was improperly granted, filed a challenge to (an Ex Parte Request for Reexamination) it in the U.S. Patent and Trademark Office on May 11, 2016. That proceeding ended in August of 2017 with a ruling in favor of AAT Bioquest, however.

On May 5, 2016, AAT Bioquest registered its judgment in Texas. The writ AAT Bioquest obtained on the judgment was executed on March 27, 2017, creating a judgment lien on TEF Labs' real estate in Travis County. The Travis County Sheriff's Office gave notice that TEF Labs' building and the land it sits on would be sold on May 2, 2017, if no payment were made and no other action were taken. In order to stop that sheriff's sale and protect its property and its business for the benefit of its customers, Creditors and investors, TEF Labs filed for protection under Chapter 11 of the Bankruptcy Code on May 1, 2017 (the "Filing Date").

D. Events Since the Bankruptcy Filing

The Debtor commenced its Chapter 11 case on May 1, 2017, by filing a voluntary petition in the United States Bankruptcy Court in the Western District of Texas, Austin Division. Since that date, it has continued to conduct its financial affairs and manage its assets as a "debtor in possession" pursuant to §§ 1107 and 1108 of the Bankruptcy Code, which means it has all of the rights, duties and powers of a trustee under § 1106 of the Bankruptcy Code, except as limited by 11 U.S.C. § 1107(a).

The Debtor immediately filed a Motion to Authorize Debtor to Disburse Payroll and Make Payroll Tax Deposit for Pre-Petition Period, in order to pay its employees and payroll taxes for the period just prior to the Filing Date. At the same time, it filed a Motion to Authorize Maintenance of Existing (Pre-Petition) Bank Account, seeking to maintain the pre-bankruptcy bank account into which customers would deposit payments of the Debtor's invoices. The Debtor proposed that it leave that account open, but immediately transfer any monies deposited into its post-petition "debtor in possession account," a practice it has continued since the Bankruptcy Case was filed. The Debtor asked for expedited hearings on the matters, and the Bankruptcy Court heard and granted the Motions on May 5, 2017.

On May 31, 2017, the Debtor filed its Schedules of Assets and Liabilities, and its Statement of Financial Affairs. On that same date, it filed a number of other financial documents in the case that are required in Chapter 11 cases of "small business debtors" as defined by the Code. The First Meeting of Creditors under § 341 of the Code was held and concluded on June 16, 2017.

The Debtor subsequently requested and obtained approval of its employment of its bankruptcy counsel, B. Weldon Ponder, Jr., and Catherine Lenox, and its accountant, Beverly Straub, CPA. The accountant has since requested and obtained approval of payment of her fees incurred through August, in the amount of $2,468.90. The Debtor also obtained Court approval of its employment of a real estate appraiser, Chad Goddard and the Aegis Group, and paid him $4,000 for the preparation of an appraisal of the Property.

As discussed in more detail below, the Debtor began to experience serious cash flow issues after the Bankruptcy Case was filed, with more and more customers slow-paying. By the beginning of July, its available funds were almost depleted. It sought and obtained financing of up to $15,000 from Francisco Conti, one of its Shareholders (and the indirect owner of Ion, the proposed buyer of most the Debtor's assets under this Plan). At the same time, TEF Labs sought approval of the financing of $7,131.44 of its annual insurance premium by Premium Assignment Corporation ("PAC"). After expedited hearings on July 17, 2017, the Court approved both of those post-petition loans. That loan from Mr. Conti has since been fully funded, accrues interest at 10.0% per annum, is secured by a first lien deed of trust on the Property and has no provision for periodic payments but has a maturity date of July 17, 2018. The loan from PAC accrues interest at 11.59% per annum, is secured by any unearned premiums, and is payable in eight monthly installments of $930.61.

By October, the Debtor had exhausted the money loaned to it by Mr. Conti, and found itself again with insufficient funds to pay its expenses and continue operating. Mr. Conti agreed to extend further credit, also secured by the Property, and after an expedited hearing on October 26, 2017, the Court approved an additional post-petition secured loan by Mr. Conti, of up to $20,000, at 6.0% interest, secured by the same first lien deed of trust on the Property. As of the date of filing this Plan, Mr. Conti has advanced $17,000.00 of that $20,000.00.

October 30, 2017, was the date that the 180-day exclusive period that the Bankruptcy Code gives a debtor in possession to file a plan of reorganization or liquidation (the "Exclusive Period") was to expire in the Debtor's Bankruptcy Case. By October, the Debtor's management was still not able to agree on the details of a plan for the Debtor. So, at the same time as it requested approval of the financing described above, the Debtor also requested the Court to grant it an extension, through November 29, 2017, of the Exclusive Period. That request was granted; however, the Debtor was unable to file this Plan before that extension expired.

No motions for relief from automatic stay have been filed in the Bankruptcy Case, nor have any other actions been taken by creditors since the Filing Date.

E. The Debtor's Financial Affairs Since the Bankruptcy Filing

Since filing Chapter 11, TEF Labs has not always been able to timely pay all new bills and other obligations, and has not always been able to pay Dr. Minta his full salary in a timely manner. As of the date of filing of this Plan, however, the Debtor is current on most of its post-petition obligations. To the best of its knowledge, it has no cash that is the collateral of any Creditor, and so it has not been required to make any adequate protection payments during the Bankruptcy Case.

During the course of the bankruptcy proceeding, the Debtor has filed a monthly operating report on the form required by the Office of the United States Trustee. These monthly operating reports are on file with the Bankruptcy Court's Austin office and are available for review and inspection by creditors there. In the interest of simplicity and for the sake of comparison of the period of operations during bankruptcy with pre-bankruptcy periods, instead of attaching to this document the full monthly operating reports, which are voluminous, the Debtor has prepared the attached annual Income Statements for the years 2015, 2016, and 2017 (Exhibit D to this document). These documents provide both the revenue and the expenses of the Debtor for these periods, in summary form.

III. INFORMATION CONCERNING THE VALUE OF THE DEBTOR'S REAL AND PERSONAL PROPERTY

On May 31, 2017, the Debtor filed its Schedules of Assets and Liabilities and its Statement of Financial Affairs as required by the Bankruptcy Code and the Bankruptcy Rules. Among other things, these documents listed all of the assets of the Debtor and placed a value on each asset. Any interests in real property owned by the Debtor are described and valued in Schedule A. Any personal property owned by the Debtor, including both tangible and intangible personal property, is described and valued in Schedule B. Any Executory Contracts to which the Debtor is a party are described in Schedule G.

A. Real Property

The Debtor is the owner of the real estate and improvements located at 9415 Capitol View Drive, Austin, Travis County, Texas, owned by Debtor, more particularly described as:

> The portion of Lot 16, Capitol View Estates, recorded in volume 45, page 13, of the plat records of Travis County, being conveyed from seller to buyer is the exact ½ portion of the nearly rectangular lot 16 being a rectangle approximately 2.16 acres and being approximately 558 feet deep from Capitol View Drive and approximately 170 feet wide.

The Property houses the Debtor's offices and laboratory, and chemical storage facilities. It is unencumbered except for: (1) ad valorem tax liens securing 2016 and 2017 taxes in the amount of $14,621.01 plus accrued post-petition interest, according to the proof of claim filed by Travis County, (2) a judgment lien held by AAT Bioquest, securing a judgment against the Debtor in the amount of $428,078.69, which the lienholder has agreed is avoidable under § 547 of the

Bankruptcy Code and so may be treated as unsecured, and (3) the deed of trust lien securing Francisco Conti's Court-approved post-petition advances to the Debtor.

The Debtor valued the Property on its Schedule A at $377,836.00, which was the value Travis County Appraisal District valued it at for 2017 real property taxes. The property was appraised in April of 2000, when the commercial building was under construction. At that time, the appraiser issued a "Prospective Future Market Value Upon Construction Completion" of $400,000.00.

After the Bankruptcy Case was filed, the Debtor retained Chad Goddard, MAI, and The Aegis Group to appraise the Property after the Bankruptcy Case was filed. In that appraisal, a copy of which is available on request to Debtor's counsel, Mr. Goddard opined that the fair market value of the Property, assuming twelve months to sell, was $640,000.00 as of August 24, 2017. Debtor's management and counsel strongly disagreed with this opinion, given the location of the Property and the customized design, nature, and condition of the improvements.

In particular, the appraisal itself assumes that a sale may take as long as a year; a liquidation sale by a Chapter 7 trustee would likely yield substantially less. Moreover, the Property is in a rural and residential area, far from commercial centers. Employees of a potential buyer would have a long commute, to an isolated work environment. The building was specifically designed for the use that the Debtor is making of it, with small, simple offices, a large open laboratory, and climate-controlled storage closets. It has only one loading dock and is only 5,000 square feet, and is not designed as, nor is it large enough to be used for, a commercial warehouse. Notwithstanding Mr. Goddard's appraisal, management continues to believe that believe the Property has a fair market value of approximately $400,000.00, which is somewhat higher than Travis County's value for property tax purposes.

B. <u>Personal Property</u>

The Debtor's Schedule B listed various items of personal property, valued in the aggregate at $114,879.19 as of the Filing Date. The assets listed on Schedule B consist of the following (a parenthetical description of the basis for valuation on Schedule B follows each item in the list):

> Depository accounts totaling $8,494.19. (Actual ledger balance of the Debtor's only bank account, at Wells Fargo Bank Texas, N.A., as of the Filing Date of May 1, 2017). The combined balance of both of the Debtor's accounts as of the end of December 2017 was $23,435.73.
>
> Accounts receivable, valued at $37,700.08. (For the most part, the Debtor has had few problems collecting its accounts receivable, and so it scheduled the value at the full amount carried on its books as of the Filing Date.) The face value of the Debtor's accounts receivable as of the end of December 2017 was only $9,355.20.
>
> Inventory, including raw materials, work in progress, and finished goods totaling $62,609.92. (Based on the Debtor's estimated cost of inventory on hand as of the Filing Date.)

Miscellaneous office furniture valued at $1,500.00. (Based on Debtor's management's opinion of estimated liquidation value as of the Filing Date.)
Office equipment, including a telephone system, a security system, a PA system, and computer equipment, valued in total at $3,575.00. (Based on Debtor's management's opinion of estimated liquidation value as of the Filing Date.)

The Debtor owns no intellectual property; the patents that it once owned have expired. Any new products developed by Dr. Minta since August of 2010 have been assigned by him to Asante. The Debtor licenses from Asante the exclusive rights to manufacture and sell products based on that intellectual property, according to the terms of the Licensing Agreement. The Debtor also owns no lab equipment. That too was transferred to Asante in 2011; however, such lab equipment, years old and fully depreciated, remains at the Debtor's business premises and the Debtor continues to use it.

C. Executory Contracts and Unexpired Leases

As mentioned above, the Debtor is the licensee under the Licensing Agreement with Asante. That contract had a five-year initial term commencing on August 20, 2010, and provides that it automatically renews" unless earlier terminated in accordance with other provisions of [the] Agreement."

Both TEF Labs' books and Asante's books reflect a net obligation under the Licensing Agreement of the Debtor to Asante, as of the Filing Date, in the amount of $517,546.68. The methodology used in the financial records of both companies over several years, notwithstanding the express provisions of the Licensing Agreement, has been to net the following four elements against each other: (1) the Asante members' initial contributions, which contributions were made for the purpose of capitalizing Asante, but were instead deposited into TEF Labs' checking account and used by TEF Labs in the operation of its business; (2) TEF Labs' royalty payments to Asante, calculated at 30% of all TEF Labs' product sales (not just Asante-licensed products); (3) TEF Labs' expenses for manufacturing and advertising all of its products (not just Asante-licensed products); and (4) miscellaneous inter-company debt. The net figure of $517,546.68 is the combination of these four factors, in the following amounts:[3]

Asante members' initial contributions	750,751.00
TEF Labs' manufacturing and advertising expenses netted against TEF Labs' royalty payments to Asante (these two figures are not separated on the Debtor's books)	-228,093.84
Miscellaneous inter-company debt	17,526.50
TOTAL	$517,546.68

3. Figures provided are from the Debtor's perspective of the amount it owes to Asante, so that negative figure is the net amount owed to the Debtor by Asante.

Using a slightly altered methodology after the Filing date (a flat 30% royalty calculation, applied only to Asante-licensed products sold by TEF Labs, with no deduction for manufacturing and marketing expenses), the net obligation of the Debtor to Asante, as of the date of filing this Plan, is $540,183.66, an increase of $22,636.98 since the Filing Date.

The Debtor does not, and does not intend to, dispute this figure as the amount of Asante's Claim against it. Under the provisions of the Bankruptcy Code, therefore, unless another party in interest objects to Asante's Claim, it is deemed an Allowed Claim in that amount. Under this Plan, however, the Debtor is preserving and transferring to the Liquidating Trust any defenses, claims objections, or Litigation Claims that it has, including any defenses or objections it may have to Asante's claim(s), and any affirmative claims that may exist in favor of TEF Labs against Asante.

Ion has indicated that it expects to negotiate its own license agreement with Asante and so the Debtor intends to reject the Licensing Agreement, effective upon Confirmation of the Plan. The Debtor does not expect a significant Rejection Claim (in addition to its $540,183.66 Allowed Claim), if any, to be asserted by Asante.

To the best of its knowledge, the Debtor is not a party to any other executory contracts or unexpired leases.

IV. INFORMATION CONCERNING CLAIMS AGAINST THE ESTATE

There are several categories of Claims owing by the Estate to Creditors in this case. These Claims may be generally described as Administrative Claims, Secured Tax Claims, other Secured Claims, and Unsecured Claims. Each of these categories of Claims is described in this Section. As explained below, the Debtor in its Plan (Section VI of this document) has included the Secured Claims with the Unsecured Claims as a single voting Class. Under the Bankruptcy Code, treatment of the Administrative, Priority and Secured Tax Claims is prescribed, and so the holders of those Claims are not entitled to vote as Classes.

A. Administrative Claims

The Administrative Claims against the Estate consist of the following:

1. Professional fees owing to the Debtor's bankruptcy counsel, B. Weldon Ponder, Jr., and Catherine Lenox. Mr. Ponder received a retainer of $8,790.00 prior to the filing of the Bankruptcy Case, which is a portion of the payments made by the Debtor to him, the balance of which was used to pay for legal services rendered on behalf of the Debtor prior to the Filing Date. The $8,790.00 left as a retainer will be applied against post-bankruptcy services rendered, to the extent of and after Court approval of those fees and expenses. The professional fees earned by and unpaid to Mr. Ponder and Ms. Lenox are estimated to be approximately $75,000.00, although no application for allowance and payment of such fees has yet been filed with the Bankruptcy Court.

2. Professional fees owing to Beverly K. Straub, CPA, accountants for the Debtor. Ms. Straub has been paid $2,468.90 for fees incurred between May 1 and August 31, 2017, and $4,781.25 more had been incurred as of the date of filing this Plan. No significant additional amounts, beyond what would be incurred in obtaining an extension for filing the Debtor's 2017 federal income tax return, are expected to be incurred prior to Confirmation.

3. Professional fees of Chad Goddard, MAI, and The Aegis Group, for services in connection with an appraisal of the Property done by him during the Bankruptcy Case. Mr. Goddard was paid $4,000.00 for the work of preparing the appraisal, and is authorized by the Bankruptcy Court to be paid for additional time for expert testimony and preparation at the rate of $295.00 per hour. The Debtor does not, however, anticipate that any further work will be required of Mr. Goddard.

4. The outstanding balance of Court-approved post-petition loans by Francisco Conti to the Debtor, in the total amount of $32,000.00 as of the filing of this Plan.

B. Priority Tax Claims

On March 7, 2018, the IRS amended its proof of claim to reflect $0.00 liability to it by TEF Labs.

C. Secured Tax Claims

The only other known tax Claims against the Estate are the amounts owed to Travis County for 2016 and 2017 ad valorem taxes on the Property, and for taxes for 2016 and 2017 on the Debtor's business personal property. Travis County filed a proof of claim for a total of $17,242.45. In particular, the amount of the 2016 real property taxes claimed is $7,180.71, and the amount of the 2017 real property taxes claimed is $7,440.30. The amounts of the 2016 and 2017 business personal property taxes claimed are $856.47 and $1,764.97.

D. Other Secured Claims

As of the date of filing of this Plan, there is a single Secured Claims against the Estate, the claim based on the judgment of AAT Bioquest, entered on January 5, 2016. This Claim is scheduled by the Debtor as secured by the Property in the amount of $428,078.69, which is the amount of the judgment against the Debtor when it was entered.

AAT Bioquest registered its judgment in Texas and a writ of execution was levied on March 27, 2017, creating a judgment lien on TEF Labs' real estate in Travis County. That date was more than a year after the judgment was entered and more than three years after the Debtor's alleged conduct that purportedly gave rise to the Claim. Because the lien attached within the 90-day period preceding the commencement of the Bankruptcy Case and it relates to an antecedent debt, it is voidable as a preferential transfer under § 547 of the Bankruptcy Code.

Prior to the filing of this Plan, the Debtor asked this Creditor's bankruptcy counsel of record to stipulate that AAT Bioquest's judgment lien is avoidable and that its Claim be treated under the Plan as a Class 2 Unsecured Claim for purposes of both classification and treatment. AAT Bioquest's bankruptcy counsel of record has indicated a willingness to sign such a stipulation but says he is waiting on client approval and possible review by a bankruptcy specialist. Therefore, the Plan currently provides for a separate classification of AAT Bioquest's Claim as a Secured Claim. The treatment proposed for that Claim is payment in full from the proceeds of the sale to Ion, payable after payment in full of Administrative Claims but prior to payment of any other Claim from those funds. The Debtor believes those terms of the treatment are merely theoretical, however, because the Debtor and its counsel are confident that even if AAT Bioquest does not sign off on the Stipulation before the Confirmation hearing, the Debtor and/or the Liquidating Trustee will file and prevail in an adversary proceeding to avoid the lien, and the Claim will never be paid as a Secured Claim. Rather, upon avoidance of the lien, it will be classified with, and treated as one of, the Unsecured Claims. It should be noted, however, that although the Debtor does not intend to object to the amount of AAT Bioquest's Claim, the right to do so will be preserved under the Plan for the Liquidating Trustee, and any other party in interest may object to any Claim as well.

Another Secured Claim, the $48,395.28 Claim of Mary Marek, was filed in the Bankruptcy Case, as secured by security interest in "all bulk and packaged inventory of TEF Labs' products, including the content of all product freezers," according to the UCC Financing Statement filed by Ms. Marek, which perfected the security interest. That Financing Statement was not filed until April 21, 2017, however, more than two years after the loan it secures was made (January of 2015) and only nine days before the Bankruptcy Case was filed. As such, the security interest is also avoidable under § 547 as a preferential transfer made within the 90 days before the bankruptcy filing.

As with AAT Bioquest, the Debtor proposed to Mary Marek and her counsel that they stipulate that Marek's security interest is avoidable and that her Claim be treated under the Plan as a Class 2 Unsecured Claim for purposes of both classification and treatment. That Stipulation has been executed and was filed in the Bankruptcy Case on March 9, 2018. With the stipulated avoidance of the security interest, the Claim is now classified with, and treated as one of, the Unsecured Claims. It should be noted, however, that the Debtor has not investigated nor stipulated to what amount of Mary Marek's Claim should be Allowed, no documentation was attached to the proof of claim and there appears to be a discrepancy between the amount claimed and the Debtor's books and records. The right to object to the Claim will be preserved under the Plan for the Liquidating Trustee, and any other party in interest may object to any Claim as well.

E. <u>Unsecured Claims</u>

The Allowed Unsecured Claims against the Estate and their amounts are listed on the attached Exhibit A, and total $1,717,914.31, including the Claims of AAT Bioquest and Ms. Marek. Almost a third of this amount ($540,183.66) is the Allowed Claim of Asante. The Debtor has not closely examined Claims as of the filing of this Plan. Exhibit A also includes, however, notations by the Debtor as to whether and why certain Claim may be objectionable. **<u>If you are</u>**

the holder of a Claim, you should review Exhibit A to determine if that is the case with respect to your Claim(s).

V. LIQUIDATION ANALYSIS

A. Under the Plan, Creditors Receive at Least as Much as They Would in a Chapter 7 Liquidation

The Bankruptcy Code requires that, to be confirmed, a plan must provide for creditors to receive at least as much as they would receive in a liquidation of the debtor under Chapter 7 of the Code. This requirement is frequently referred to as the "Best Interests of Creditors Test." Under the Debtor's proposed Plan, there are two alternative scenarios for liquidating the Debtor's assets. The Debtor's management believes that each of these scenarios satisfies the Best Interests of Creditors Test.

B. The Completed Ion Sale vs. a Chapter 7 Liquidation

Under the first scenario proposed under the Plan, Ion will exercise its Option and purchase the Assets Sold Outright and lease the Optioned Assets, including the Property and certain personal property as specified in this Plan's definitions of those terms, for $700,000.00, paid over three years, and the Liquidating Trustee will liquidate the Debtor's remaining assets (i.e., the Trust-Retained Assets). Under the terms of the Liquidating Trust, that liquidation must be completed within five years.

In the Debtor's opinion, the Purchase Price to be paid by Ion in this scenario—$700,000.00—exceeds the amount that would be realized in a "fire sale" such as would occur in a Chapter 7 liquidation.

Debtor's management and counsel strongly disagree with the $640,000.00 value at which the Property was recently appraised, given the condition and location of the Property and the customized design and nature of the improvements, as discussed above. *See* Section IV above, "Information about the Debtor's Assets." Even assuming twelve months of marketing that such value assumes, the Debtor believes the Property should only be valued at approximately $400,000.00. The rapid sale and minimal marketing to which a Chapter 7 trustee would be limited would substantially decrease the value compared to either of those values. During the time a Chapter 7 trustee would be marketing the Property, he or she would have to maintain, insure and pay taxes on the Property. Those expenses would be charged against the price ultimately received. A broker's commission of 6% is common for commercial real estate, and an auctioneer's commission frequently runs 10%. Such commissions would also be deducted from the price a Chapter 7 trustee might receive. Assuming those factors (rapid sale, minimal marketing, and expenses of maintaining and selling the Property) reduce the price only 20%, the net amount received by a Chapter 7 trustee from the liquidation of the Property would be—at the most, which assumes the full $640,000 value is realized—only $512,000.00

Assume, then, that $512,000.00 is the net amount a Chapter 7 trustee would realize from a sale of the real estate. Under the Plan, Ion will pay $700,000.00 for the real estate *plus* substantially all of the Debtor's tangible personal property, or $188,000.00 more than what the real estate alone would bring under our hypothetical Chapter 7 liquidation scenario. Thus, only if a Chapter 7 trustee received more than $188,000.00 for the Debtor's tangible personal property would the Creditors receive more in that hypothetical liquidation than they will receive with Ion's purchase under the Plan. The Debtor believes such a possibility is highly unlikely.

The tangible personal property that Ion will purchase was valued by the Debtor on its Schedule B at $114,879.19, based on the estimated cost for its inventory that existed on that date, and the estimated liquidation value for its other tangible assets. In the hypothetical Chapter 7 liquidation described above, the trustee would have to store, insure, pay taxes on, and perform some marketing of those assets.

A Chapter 7 trustee would have to engage a chemical disposal company to handle disposition of chemicals and compounds not sold. Some of chemicals and compounds that are the Debtor's raw materials and work in progress are flammable and/or toxic, require a special permit to transport, and require controlled conditions such as storage at -20 degrees Fahrenheit that requires constant refrigeration. Those chemicals and compounds could not be sold because most if not all have been opened and used and so may be compromised. The finished goods inventory could only be sold to a very narrow market, most of which are already the Debtor's customers. Many of the finished goods on hand are years old and have not sold to those customers or any others. Attached as Exhibit E is a list of the finished goods inventory currently held by the Debtor and its ages. A Chapter 7 trustee would almost certainly not be able to sell the finished goods inventory because a scientist would be required to dispense the exact amounts sold from the larger vials on hand, and because the market is scientists who would not purchase without a scientist to stand behind the product.

As discussed above, the computer and office equipment of the Debtor is years old, inexpensive when purchased and fully depreciated. The lab equipment cannot be sold because it is owned by Asante, not the Debtor.

For all these reasons, the Debtor believes that the amount that Ion is offering to pay for these tangible assets ($188,000.00 at the least, if it is assumed that $512,000.00 were received for the real estate) exceeds what a Chapter 7 trustee could obtain for those assets.

Finally, under the first alternative scenario for liquidating the Debtor's assets under the Plan, only those assets not sold to Ion will liquidated by the Liquidating Trustee. Those assets are the Debtor's accounts receivable, its cash and cash equivalents, and its claims and causes of action. The Debtor believes it is more than likely that in five years the Liquidating Trustee will be able to get no less for those assets than a trustee in a short-lived Chapter 7 case could get.

C. Total Liquidation by the Liquidating Trust vs. a Chapter 7 Liquidation

No smaller dividend would be received by Unsecured Creditors if Ion chooses not to exercise its Option. Under the Plan's second scenario for liquidating the Debtor's assets, Ion would make the initial $200,000.00 payment on the Effective Date. On the earlier of the first anniversary of the Effective Date or the date Ion gives written notice it will not be exercising the Option, however, it would forfeit that payment. At that point, Ion would relinquish possession to the Liquidating Trustee of the assets in its possession that it did not purchase outright on the

Effective Date: the Property, the Debtor's trade names, logos, trademarks, internet domains and any associated websites and electronic mail addresses, customer lists, customer files, sales records, digitally-stored content including but not limited to its accounting, production and marketing activities, and all of the Debtor's computers and related software, office furniture, and equipment. Under this scenario, the Liquidating Trustee would then liquidate *all* of the Debtor's assets except the Debtor's inventory, telephone numbers, internet services and transferable government permits and licenses. Because Creditors would receive that initial $200,000.00 payment *in addition to* the proceeds of essentially *all* of the Debtor's assets, under this scenario Creditors by definition would receive more than they would in a Chapter 7 liquidation.

D. Other Alternatives to the Debtor's Plan

The Debtor is out of cash and credit. It cannot continue to operate—to pay for materials, its employees and its other expenses. None of its employees, including Dr. Minta, has a binding employment contract with the Debtor. Without compensation they will not stay. The Debtor does not believe that there are any feasible alternatives to its Plan.

VI. PLAN OF LIQUIDATION

ARTICLE I

CLASSIFICATION OF CLAIMS AND INTERESTS

1.1 The Claims against, and interests in, the Debtor are divided into the following Classes:

CLASS 1: Secured Claim of AAT Bioquest

CLASS 2: General Unsecured Claims

CLASS 32: Shareholder Interests in the Debtor

ARTICLE II

CLAIMS AND INTERESTS IMPAIRED UNDER THE PLAN

2.1 The only Classes of Claims under the Plan, the Secured Claim of AAT Bioquest in Class 1 and the Unsecured Claims in Class 2, are Impaired within the meaning of § 1124 of the Bankruptcy Code. The Class of Shareholder Interests in the Debtor (Class 3 Interests) are also Impaired. Thus, all Creditors (other than the holders of Administrative, Priority and Tax Claims, the treatment of which is specified by the Bankruptcy Code) are entitled to vote on the Plan, as are all Shareholders.

ARTICLE III

TREATMENT OF UNCLASSIFIED CLAIMS

3.1 Administrative Claims. The holders of Allowed Administrative Claims will be paid by the Liquidating Trustee in full, on the later of the Effective Date or the date their respective Claims become due and payable under the terms of their respective agreements with the Debtor, or thereafter at such time as may be agreed upon by the Liquidating Trustee and the Creditor who is entitled to payment. Such payments shall be made from the proceeds of the First Installment of $200,00.00 of the Purchase Price paid by Ion, except that Francisco Conti shall be entitled to set off his Administrative Claim against that payment. To the extent not paid in full on the Effective Date or on the date the Bankruptcy Court allows them by written order, whichever is later, Allowed Administrative Claims shall accrue interest at the rate(s) specified in their agreements with the Debtor or, if no such agreement applies, at 6.0% per annum. Each holder of an Allowed Administrative Claim not paid in full from the First Installment of the Purchase Price shall remain a Beneficiary of the Liquidating Trust, subordinate only to the administrative expenses of the Liquidating Trust itself, until paid in full with interest.

3.2 In the case of Professionals whose services are rendered on behalf of the Liquidating Trustee following Confirmation of the Plan, they shall be paid directly by the Liquidating Trustee as a Trust Cost, without the necessity of application to the Bankruptcy Court for payment of same.

3.3 The post-petition Allowed Secured Administrative Claim of Francisco Conti will be paid by the Liquidating Trustee in full, with interest according to the note evidencing the Claim, on the Effective Date by offset against Ion's initial payment of $200,000.00.

3.4 Priority Tax Claims. All Allowed Priority Tax Claims shall be paid by the Liquidating Trustee in full on the Effective Date from the proceeds of the First Installment of $200,000.00 of the Purchase Price.

3.5 Secured Tax Claims. Travis County's Allowed Secured Claims for 2016 and 2017 property taxes on the Property and the Debtor's business personal property will be paid by the Liquidating Trustee in full, with interest at the statutory rate, on the Effective Date from the proceeds of the First Installment of $200,00.00 of the Purchase Price. The County will retain the liens securing its Claims until such Claims have been paid in full.

3.6 All property taxes coming due while Ion is leasing the Property and using the Debtor's business personal property will be paid by Ion, as part of the Lease or its exclusive right to use such business personal property, on or before the last dates that such taxes are due and may be paid without penalty. As to those assets not purchased by Ion (the "Trust-Retained Assets") and the Optioned Assets if Ion opts not to exercise its Option to complete its purchase of them, the property taxes coming due while those assets are in the possession of the Liquidating Trust will be paid by the Liquidating Trustee, in full with interest at the statutory rate, from the Expense Reserve or other assets of the Liquidating Trust. The County will retain the liens securing those taxes until the taxes have been paid in full.

ARTICLE IV

TREATMENT OF CLASSIFIED CLAIMS AND INTERESTS

4.1 Class 1 Secured Claim. Class 1 consists of the Allowed Secured Claim of AAT Bioquest. The Debtor believes that the lien securing this Claim is an avoidable preference under § 547 of the Bankruptcy Code, because it was a transfer by the Debtor that was made on account of an antecedent debt, within the 90 days before the Filing Date. As of the filing of this Plan, the Debtor has proposed to AAT Bioquest that they stipulate that the lien is avoidable and that AAT Bioquest's Claim shall be treated as unsecured under the Plan as a Class 2 Unsecured Claim for purposes of both classification and treatment. The attorney who has appeared in the Bankruptcy Case for AAT Bioquest has indicated to Debtor's counsel that he does not disagree that the lien is in fact avoidable, but needs more time to have the proposed Stipulation reviewed by a bankruptcy attorney. Therefore, AAT Bioquest's Claim is separately classified under this Plan as the Class 1 Secured Claim, and if its lien is not avoided by the deadline for voting on the Plan, it will vote as a separate Class. If AAT Bioquest does not sign off on the Stipulation before the Confirmation hearing, the Debtor will file (and believes it and/or the Liquidating Trustee will prevail in) an adversary proceeding to avoid the lien, and the Claim will never be paid as a Secured Claim. Rather, upon avoidance of the lien, it will be classified with, and treated as one of, the Class 2 Unsecured Claims. If, for some reason the lien were not to be avoided, the Secured Claim would have to be paid in full. The holder of the Claim would be a beneficiary of the Liquidating Trust, and it would be paid from the proceeds of the sale to Ion after payment in full of Administrative Claims, but prior to payment of any other Claim from those funds.

4.2 Although the Debtor does not intend to object to the amount of AAT Bioquest's Claim, the right to do so will be preserved under the Plan for the Liquidating Trustee, and any other party in interest may object to any Claim as well.

4.3 This Class is Impaired.

4.4 Class 2 Claims. Class 2 consists of all Allowed Unsecured Claims. The holders of Allowed Claims in Class 2 shall be beneficiaries of the Liquidating Trust, subordinate to any holders of Allowed Administrative Claims that are also beneficiaries and subordinate to the administrative expenses of the Liquidating Trust. Each of the holders of the Class 2 Claims shall be paid by the Liquidating Trustee such holder's *Pro Rata* share of the proceeds of the Debtor's assets, as liquidated and/or collected by the Liquidating Trustee, after payment of all other Claims in full, with interest to the extent provided in this Plan. In particular, Claims in Class 2 shall accrue interest at the rate of 6.0% per annum, from and after the Confirmation Date, *if and only if* all other Claims against the Debtor have been paid in full, and *only to the extent funds are available* to pay such interest after payment in full of all Claims including the Class 2 Claims.

4.5 Such payments shall be made only if and when, in the sole judgment of the Liquidating Trustee, the funds available for distribution are sufficient to make the amount of the payment to each recipient meaningful and to avoid the administrative costs of making such payments disproportionately expensive; provided, however, that the Liquidating Trustee may, but shall not be required to, make a distribution other than the final distribution only if there are cash proceeds available to distribute in excess of the amount that would yield a payment of at least $5.00 on each Allowed Class 2 Claim.

4.6 Payments to the holders of Class 2 Claims shall continue until the earlier of: (1) the date that all of the assets have been liquidated and all of the proceeds distributed, or (2) the date that all Class 2 Claims have been paid in full, with interest, or (3) the fifth anniversary of the Effective Date, as that deadline may be extended by the Bankruptcy Court according to the terms of the Liquidating Trust Agreement as discussed in Paragraph 7.12 below. As determined by the

Trustee in his sole judgment and discretion and as provided in the Liquidating Trust Agreement, in the final distribution the Trustee may distribute cash or, in addition to or instead of cash distribute to each of the holders of Class 2 Claims his/her/its *Pro Rata* share of any remaining Trust Assets, or may transfer any Trust Asset(s) to a newly created entity and distribute to each of the holders of Class 2 Claims his/her/its *Pro Rata* share of the ownership interest in such entity.

4.7 This Class is Impaired.

4.8 Class 3 Shareholder Interests. Class 3 consists of the Allowed Interests of the Debtor's Shareholders. Those Interests will be cancelled as of the Effective Date, and the Liquidating Trustee shall take all necessary and appropriate action to dissolve the Debtor as soon as practicable. The holders of those Interests shall be beneficiaries of the Liquidating Trust, each in an amount proportionate to the amount of his/her/its Interest, and subordinate to the Beneficial Interests of all Creditors. The Beneficial Interests of each of the members of Class 3 shall be transferable only in accordance with the terms of the Liquidating Trust Agreement. If and when all Allowed Claims and all administrative costs of the Trust and the Trustee have been paid in full, with interest to the extent provided in this Plan and the Liquidating Trust Agreement, the Liquidating Trustee shall distribute among the holders of the Class 3 Allowed Shareholder Interests as a final distribution any remaining cash held by the Trust. As determined by the Trustee in his sole judgment and discretion and as provided in the Liquidating Trust Agreement, the Trustee may also or instead distribute to each of the Class 3 Shareholder Interest holders his/her/its *Pro Rata* share of any remaining Trust Assets, or may transfer any Trust Asset(s) to a newly created entity and distribute to each Class 3 Shareholder Interest holder his/her/its *Pro Rata* share of the ownership interest in such entity, subordinate to any ownership interest of any holder of a Class 2 Claim.

4.9 This Class is Impaired.

ARTICLE V
EXECUTORY CONTRACTS AND UNEXPIRED LEASES

5.1 Rejection of Agreement with Asante. The Debtor is not a party to any unexpired leases or executory contracts except arguably the Licensing Agreement with Asante. As such, the Debtor hereby rejects the Licensing Agreement, effective upon Confirmation of the Plan.

5.2 Claims Based on Rejection of Executory Contract. Any claim based on the rejection of the Agreement must be filed no later than 30 days after Confirmation. If no such Rejection Claim is filed by Asante by that date, then the amount of its Unsecured Claim scheduled by the Debtor ($517,546.68) shall be deemed conclusively to be its Allowed Claim, inclusive of any Rejection Claim. Except as provided in an order of the Bankruptcy Court entered after the date this Plan is filed, the Liquidating Trustee may object to and/or pay a Claim of Asante as he would any other Claim against the Estate.

ARTICLE VI
UNITED STATES TRUSTEE'S FEES AND REPORTS

6.1 Filing of Reports with the Bankruptcy Court. The Liquidating Trustee shall prepare and file all operating reports not already filed by the Debtor, for the Debtor for any period prior to and including Confirmation, and for all subsequent periods until the Bankruptcy Case is closed, converted or dismissed.

6.2 Payment of U.S. Trustee Fees. The Trustee shall pay any fees owed to the United States Trustee pursuant to 28 U.S.C. § 1930(a)(6) from the Trust Assets as an Administrative Claim or Trust Cost, as applicable; provided, however, that neither the Debtor nor the Liquidating Trustee, nor any Beneficiary, shall incur any liability for the payment of United States Trustee's fees as a result of the transfer of the Debtor's assets to the Liquidating Trust on the Effective Date (but effective as of the Confirmation Date).

ARTICLE VII
MEANS FOR EXECUTION OF THE PLAN

7.1 Appointment of the Liquidating Trustee. In the Confirmation Order, the Bankruptcy Court shall appoint Kell C. Mercer, a bankruptcy attorney in Austin, Texas, as the Liquidating Trustee under the Liquidating Trust Agreement. A copy of Mr. Mercer's Curriculum Vitae is attached hereto as Exhibit F. The Liquidating Trust Agreement, described below, specifies the manner in which the Liquidating Trustee may resign or be removed and a successor appointed.

7.2 Establishment of Liquidating Trust. On or before the Effective Date, but effective as of Confirmation, the Debtor and the Liquidating Trustee shall execute the Liquidating Trust Agreement creating the Liquidating Trust. The Liquidation Trust Agreement shall be substantially in the form attached to this Plan as Exhibit B.

7.3 Duties and Powers of the Liquidating Trustee.

(a) Collection and Liquidation of Estate Property.

(i) Transfer of All Property of the Estate to the Trust as the "Transferred Assets". On the Effective Date but effective as of the Confirmation Date, the Debtor shall transfer all of its assets, other than its non-transferable government permits and licenses, to the Liquidating Trustee. Included in that transfer are all of the Debtor's causes of action and Claims against any party (the "Litigation Claims"). Those claims include, but are not limited to, any avoidance and other actions under Chapter 5 of the Bankruptcy Code (specifically, the Chapter 5 Causes of Action" which include claims under §§ 510, 544, 545, 547, 548, 549, and 550), and any claim against any officer, director or other insider of the Debtor, any claim against any supplier or vendor of the Debtor.

(ii) Sale of the "Assets Sold Outright". On the Closing Date, which shall occur as soon as practicable after the Effective Date, the Liquidating Trustee shall transfer to Ion all of its right title and interest in and to the Debtor's inventory, its existing telephone numbers and internet services, and any legally transferable government permits and licenses, and will grant Ion an exclusive Option as defined in this Plan and the Liquidating Trust Agreement and described below (the "Option," together with the other assets described in this Subparagraph, the "Assets Sold Outright"). A more detailed description of the Assets Sold Outright is attached hereto as Exhibit A-2 to Schedule A of the Liquidating Trust Agreement attached hereto as Exhibit B. In exchange for the sale of the Assets Sold Outright, Ion shall pay the Trustee $200,000.00 cash as the first Installment of the Purchase Price.

(iii) Treatment of the "Optioned Assets".

(aa) On the Closing Date and effective as of the Effective Date, the Liquidating Trust shall grant to Ion the Option to purchase the "Optioned Assets," which are: the Property; the Debtor's trade names and all variations of thereof; all logos and trademarks associated with such trade names; the internet domains www.teflabs.com and www.fluorcscentprobes.com and any associated websites and electronic mail addresses; all of the Debtor's customer lists, customer files, and sales records relating to the sales of Seller's products, all of its software, and all digitally-stored content including but not limited to that related to its accounting, production and marketing activities; and all computers, related software, office furniture and equipment situated at the Property. A more detailed description of the Optioned Assets is attached as Exhibit A-2 to Schedule A of the Liquidating Trust Agreement attached hereto as Exhibit B. On the Closing Date and effective as of the Effective Date, the Trustee shall also grant Ion an immediate exclusive right to use any and all of the Optioned Assets pending their purchase, pursuant to a Commercial Lease Agreement as defined and described in this Plan. The Liquidating Trustee shall collect the rent under the Commercial Lease Agreement from Ion.

(bb) If Ion timely exercises the Option, the Liquidating Trustee shall also collect the balance of the Purchase Price ($200,000.00 on each of the first and second anniversaries of the Effective Date and $100,000.00 on the third anniversary of the Effective Date).

(cc) If Ion does not timely exercise the Option or if Ion defaults in the payment of the Purchase Price, the Liquidating Trustee shall immediately take possession of the Optioned Assets and liquidate them as soon as practicable.

(iv) Liquidation of the "Trust-Retained Assets". Finally, all Trust Assets other than the Assets Sold Outright and the Optioned Assets—i.e., the Debtor's cash (including its bank account balances), its accounts receivable, and its claims and causes of action (together, the "Trust-Retained Assets")—shall also be transferred to the Liquidating Trust on the Closing Date but effective as of the

Effective Date. A more detailed description of the Trust-Retained Assets is attached hereto as Exhibit A-2 to Schedule A of the Liquidating Trust Agreement attached hereto as Exhibit B. The Trustee shall liquidate the Trust-Retained Assets as soon as practicable.

(b) Claims Objections and Litigation Claims.

(i) Objections to Claims. Any party in interest, including any Creditor, any Shareholder, and the Liquidating Trustee, may file an Objection to any Claim or Shareholder Interest. Such objection must be filed on or before one hundred twenty (120) days after the Confirmation of the Plan. All objections not filed within such time shall be deemed waived.

(ii) Suspension of Payments on Disputed Claims. If any Claim has been objected to within the time required, the Liquidating Trustee shall set aside in the Unsecured Claims Reserve from, and only to the extent of, available Trust Assets, funds sufficient to satisfy the payment otherwise due on the disputed Claim according to the provisions of the Plan. In the event the objection is overruled or a dispute is resolved favorably to the party asserting the Claim, then the funds shall be paid to the Creditor in accordance with the Plan's provisions applicable to that Claim. In the event the Disputed Claim is disallowed, the funds set aside for the Claim shall be disbursed to other parties in interest, according to the applicable provisions of the Plan.

(iv) Litigation Claims. On and after Confirmation, the Liquidating Trustee shall have the right, power, and discretion to prosecute any Litigation Claim.

(v) Compromises. Following Confirmation, the Liquidating Trustee shall have the sole right, power, and discretion to compromise any objection of the Trustee to a Claim or Shareholder Interest, any claim of or against the Liquidating Trust, and any Litigation Claim without further approval of the Bankruptcy Court.

7.4 Distributions to Creditors and to Shareholders (If Any).

(a) Establishment of Reserves. Within thirty (30) business days after the Effective Date, the Liquidating Trustee shall establish and fund, from the cash in the Trust and the proceeds of the first Installment of the Purchase Price for the sale of the Assets Sold Outright and the Commercial Lease Agreement, an interest-bearing Administrative Claims Reserve to pay Administrative Claims not yet due and disputed Administrative Claims when they are resolved. In addition, at such times as the Liquidating Trustee in his sole discretion determines is appropriate, the Trustee may establish other interest-bearing reserve(s) that he deems necessary and appropriate, and may add to any existing Reserves. Such reserve(s) and additional funding of Reserves shall be funded from: the cash in the Trust; the proceeds of the balance of the Purchase Price for the sale of the Assets Sold Outright; the rents from the Commercial Lease Agreement; the and proceeds from the sale or the liquidation of the Optioned Assets; the liquidation of the Trust-Retained Assets; and the resolution of any claim or cause of action of the Liquidating Trust. Such Reserves may include: (aa) an Expense Reserve intended to satisfy all anticipated expenses that will be incurred in order to administer the Liquidating Trust; (bb) an Unsecured Claims Reserve to hold distributions on disputed Claims pending their resolution; (cc) a Litigation Reserve to satisfy all anticipated expenses that will be incurred in order to liquidate and pursue collection of the claims and causes of action transferred by the Debtor's Estate to the Trust, including the Litigation Claims; and (dd) a Pending Distributions Reserve to hold funds reserved on account of any unclaimed distribution or uncashed check. Any or all of the reserves established by the Liquidating Trustee may be combined within the same interest-bearing account, so long as the accounting for the different types of reserve is kept separately.

(b) Distributions on Secured, Priority and Administrative Claims. The Liquidating Trustee shall make distributions to the holders of Secured, Administrative and Priority Claims in that order, as soon as practicable after the funding of the Reserves, if funds sufficient to do so are available. Distributions to such Creditors shall be made in accordance with the terms of the Plan and may be made *Pro Rata* within a Class to the extent funds are not sufficient at the time of the distribution to pay such Claims in full.

(c) Distributions on Unsecured Claims. Provided that all Administrative, Priority and Secured Claims have been paid in full with interest in the manner and to the extent provided by this Plan, and after such replenishment of reserves that the Liquidating Trustees deems necessary or appropriate, the Liquidating Trustee shall distribute any cash received by the Trust *Pro Rata* to the Creditor Beneficiaries that were holders of Allowed Class 2 Unsecured Claims as of Confirmation. Such distributions to Creditor Beneficiaries shall be made when and if the Trustee, in his sole judgment and discretion, determines. The Trustee may also or instead, as he determines in his sole judgment and discretion, distribute as a final distribution to each of the Creditor Beneficiaries that were holders of Allowed Class 2 Claims that Beneficiary's *Pro Rat*a share of any other remaining Trust Asset(s), or may transfer any Trust Asset(s) to a newly created entity and distribute to each Creditor Beneficiary with a Beneficial Interest based on a Class 2 Claim that Beneficiary's *Pro Rata* share of the ownership interest in such entity.

(d) Distributions Based on Shareholder Interests. Provided that all Class 2 Claims have been paid in full with interest to the extent provided by this Plan, and after replenishment of the Reserves, the Liquidating Trustee shall distribute any cash remaining in the Trust *Pro Rata* to the holders of Allowed Class 2 Shareholder Interests. Such distributions shall be made when and if the Trustee, in his sole judgment and discretion, determines. The Trustee may also or instead, as he determines in his sole judgment and discretion, distribute as a final distribution to each of the Class 2 Shareholder Interest holders that holder's *Pro Rat*a share of any other remaining Trust Asset(s), or may transfer any Trust Asset(s) to a newly created entity and distribution to each Class 2 Shareholder Interest holder that holder's *Pro Rata* share of the ownership interest in such entity.

(e) Minimum Distribution. Notwithstanding anything to the contrary in this Plan, the Liquidation Trustee shall not be required to make any distribution that is less than $5.00, unless such distribution is the final distribution to such Claimant.

(f) Unclaimed Distributions and Uncashed Checks. The Liquidating Trust Agreement also contains provisions addressing what the Liquidating Trustee is required to do in the event that any distribution is returned unclaimed, or any check remains uncashed for more than 90 days.

7.5 Keeping of Records. The Trustee shall maintain and make available to the Beneficiaries of the Trust a register containing the name, address and claim amount or percentage interest of each Beneficiary of the Trust (the "Beneficiary Register"). The Beneficiary Register shall be based on: (i) the request for notice by such person sent to the Trustee or, if none, (ii) the request for notice filed for such person in the Bankruptcy Case or, if none, (iii) the proof of claim or interest filed by such person or, if none, (iv) if a Creditor Beneficiary, the Debtor's most recently filed Schedule of Liabilities or, if an Equity Beneficiary, the Debtor's most recent business records. The Liquidating Trustee shall maintain all other necessary and appropriate records and books of account relating to the Trust Assets, the management thereof, and all transactions undertaken by the Liquidating Trustee. The Liquidating Trustee shall be responsible for keeping appropriate books and records relating to the receipt and disbursement of all monies under the Liquidating Trust Agreement, including without limitation a record of all distributions to Beneficiaries contemplated under this Plan and the Liquidating Trust Agreement.

7.6 Accountings by the Trustee.

(a) When a Liquidating Trustee resigns, is removed, or dies, the successor Liquidating Trustee shall render an Interim Accounting and the Trustee then in office shall render a Final Accounting upon termination of the Trust. Each such Accounting shall contain information described in detail in the Liquidating Trust Agreement, including all transactions and property of the Trust and the status of all litigation.

(b) Service and Filing of the Accounting. The Liquidating Trustee shall serve the Accounting required by Subparagraph (i) above on all Beneficiaries, including those Beneficiaries who have been paid in full, and at the same time shall file it with the Bankruptcy Court.

(c) Any party in interest may file objection to the Accounting within 21 days of the date of its service. The filing of an objection may require the objecting party to move to reopen the Bankruptcy Case, which requires payment of a fee. If no objection is timely filed, all objections shall be deemed waived and the Accounting shall be binding on all Beneficiaries and all other parties in interest.

(d) The Successor Liquidating Trustee shall prepare and file an interim report ("Interim Accounting") if and when a predecessor Trustee resigns, is removed, or dies, and a final report ("Final Accounting") when the Trust terminates, with the Bankruptcy Court, reflecting all dispositions of assets, all results of Claims objections and other litigation, and all distributions made on Claims and Interests. Each such Accounting shall be served on all Beneficiaries of the Trust, who shall have 21 days to file an objection to such Accounting. Objections shall be resolved by the Bankruptcy Court.

(e) The expenses of any Accounting shall be a Trust Cost and the expenses of any litigation in the Bankruptcy Court regarding the Accounting shall also be a Trust Cost, unless the Bankruptcy Court orders such expenses to be paid by one or more of the parties to the dispute and such expenses are in fact paid by that party or parties.

7.7 Retention of Others and Compensation of the Trustee and Others. The Liquidating Trustee shall be authorized to engage and compensate, from the assets of the Liquidating Trust, such consultants, agents, employees, attorneys, accountants, investment advisors and other Professionals as he may determine, in his sole discretion and without Bankruptcy Court approval, are necessary and/or appropriate in carrying out the provisions of the Plan and the Liquidating Trust Agreement. The Trustee may engage himself as an attorney to represent the Liquidating Trustee or the Trust, and may engage the Debtor's counsel with respect to any matter on which that counsel does not have a conflict.

(a) Compensation of the Trustee. The Liquidating Trustee shall also be entitled to compensate himself from Trust Assets, at the rate of $375.00 per hour; provided, however, that for all work done by the Liquidating Trustee that results in the receipt by the Trust of funds in addition to the tangible assets and cash transferred by the Debtor to the Trust, the Liquidating Trustee shall be compensated by a commission based upon the following sliding scale of amounts recovered by the Trustee:

Amount Recovered	**Trustee's Commission as a Percentage of Recovery**
$0.01 - $5,000.00	25.0%
$5000.01 - $50,000.00	10.0%
$50,000.01 - $1,000.000.00	5.0%
$1,000,000.01 and above	3.0%

(b) Payment of Compensation and Expenses. The Liquidating Trustee and the Liquidating Trustee's Professionals shall be reimbursed for their actual reasonable expenses and paid reasonable compensation out of the Trust Assets as Trust Costs, no more frequently than monthly. The Liquidating Trustee may make such payments only after the Trustee's or Professional's invoice, and a notice informing parties that any objection to the fees or expenses must be filed within 21 days of the date of service of the invoice, are served on all Beneficiaries requesting notice in the Bankruptcy Case and on any Beneficiary who sends the Trustee a written request for notice after the Confirmation Date, and no such timely objection has been filed. If a timely objection is filed, the party objecting shall file it in the Bankruptcy Court, after obtaining reopening of the

Bankruptcy Case if it is closed. The Bankruptcy Court will thereafter decide the objection.

7.8 Filing of Tax Returns and Payment of Taxes and Other Debts. The Liquidating Trustee shall file all required tax returns and pay all taxes and all other obligations of the Liquidation Trust. The Trustee shall also file all required tax returns for the Debtor, including final payroll tax returns and a final federal income tax return, and pay any tax owed by the Debtor from the Trust Assets, as an Administrative, Priority, or Unsecured Claim, as applicable.

7.9 Filing of Application for Final Decree and to Close Bankruptcy Case. The Trustee shall prepare and file an application for final decree and to close the Bankruptcy Case with the Bankruptcy Court after all objections to Claims and litigation filed in the Bankruptcy Court have been fully resolved.

7.10 Other Necessary and/or Appropriate Powers and Duties of the Trustee. The Liquidating Trustee shall have such other powers and duties as may be vested in him pursuant to this Plan, the Liquidation Trust Agreement and/or orders of the Bankruptcy Court, or as may be necessary and/or appropriate to carry out the provisions of this Plan.

7.11 Non-Liability and Indemnification of the Liquidating Trustee. The Liquidating Trust Agreement contains detailed provisions immunizing the Trust and the Liquidating Trustee from claims against them: (a) that arise by, through or under the Debtor and/or its conduct; (b) in connection with the affairs of the Trust or any matter arising out of or related to the Plan; or (c) for the acts or omissions of any employee, agent or Professional of the Trust or Liquidating Trustee, except as expressly set forth in this Plan or in the Liquidating Trust Agreement and, with respect to acts or omissions of the Liquidating Trustee or his employee, agent or Professional, unless it is ultimately determined by an order of the Bankruptcy Court that those acts or omissions constituted fraud, willful misconduct, or gross negligence. The Trust Agreement also provides for the Trust's indemnification of the Trustee under certain specified circumstances, and for the Liquidating Trustee's use of the Trust Assets as necessary to contest any such claimed liability and to pay, compromise, settle or discharge same on terms reasonably satisfactory to the Liquidating Trustee as a Trust Cost. Parties are advised to review the Liquidating Trust Agreement for the details of these provisions and provisions relating to the procedure for asserting and paying such indemnification claims, which provisions are hereby incorporated by reference.

7.12 Termination of the Trust. The Liquidating Trust shall terminate on the earliest of:

(a) the date that all Litigation Claims and other property transferred and assigned to the Liquidating Trust or involving the Liquidating Trustee on behalf of the Liquidating Trust are fully resolved, all assets of the Liquidating Trust have been distributed in accordance with this Plan and the Liquidating Trust Agreement, and the Liquidating Trustee shall have filed a Final Accounting with the Bankruptcy Court and no objections to that Accounting have been timely filed or, if timely filed, have been resolved.

(b) the fifth anniversary of the Effective Date; provided, however, that the Liquidating Trustee may request the Bankruptcy Court to extend this deadline for one or more finite terms based upon the particular facts and circumstances at the time, if an extension is necessary to the liquidating purpose of the Trust.

(c) the date that the Trust purposes have been fulfilled, as determined by the Liquidating Trustee.

7.13 Continuance of Trustee for Winding Up. After the termination of the Trust and solely for the purpose of liquidating and winding up the affairs of the Trust, the Trustee shall continue to act as such until his duties have been fully performed.

7.14 Tax Treatment of the Liquidating Trust.

(a) The Debtor has not engaged tax counsel or any other tax expert, and therefore makes no representations with respect to the tax effects (local, state or federal) on Creditors and Shareholders of the treatment of their Claims and Shareholder Interests under the Plan. Creditors and Shareholders are encouraged to seek the advice of their own personal professional advisors if they have any such questions.

(b) The Debtor does intend, however, that the Liquidating Trust will be treated as a "liquidating trust" within the meaning of Section 301.7701-4(d) of the Regulations of the Internal Revenue Service. It is the Debtor's understanding that the transfer of the Transferred Assets to the Liquidating Trust would be treated as a transfer to the Beneficiaries of the Liquidating Trust for all purposes of the Internal Revenue Code (e.g., Sections 61(a)(12), 483, 1001, 1012, and 1274), followed by a deemed transfer by such Beneficiaries to the Liquidating Trust. Based on that belief, the Debtor also believes that the Liquidating Trust would be considered a "grantor" trust, and the beneficiaries of the Liquidating Trust would be treated as the grantors and deemed owners of the Liquidating Trust.

(c) Further, it is also the Debtor's understanding that the Liquidating Trust would succeed to the tax attributes of the Debtor, such as its adjusted basis in property, upon the transfer of that property to the Liquidating Trust. In particular, the Debtor believes that no tax consequences to Creditors and Shareholders as Beneficiaries and grantors of the Liquidating Trust will occur on the Effective Date with the transfer, but rather any gain or loss on the liquidation of assets by the Trustee would not be recognized until such liquidation. Finally, it is the Debtor's belief that the assets transferred to the Liquidating Trust must be valued consistently by the Liquidating Trustee and the Beneficiaries, and those valuations must be used for all federal income tax purposes by each. Attached as Exhibit G hereto is the Debtor's most recent balance sheet (December 2017), showing the adjusted bases of its assets, and the depreciation schedule for its property contained in its most recent federal income tax return (2016).

ARTICLE VIII
NOTICES

8.1 To the Trustee. All notices, directions, instructions, confirmations, consents and requests required or permitted by the terms hereof to be given to the Liquidating Trustee shall, unless otherwise specifically provided herein, be in writing and shall be sent by first class mail, postage prepaid, addressed to:

Liquidating Trustee:
Kell C. Mercer
Kell C. Mercer, P.C.
1602 E. Cesar Chavez Street
Austin, TX 78702

and by email to kell.mercer@mercer-law-pc.com, with a copy to any attorney for the Liquidating Trustee mailed to the attorney's physical address and emailed to the attorney's address provided that notice of the identity of the attorney and those addresses has been provided to Beneficiaries of the Trust. The Liquidating Trustee and/or his attorney may change their respective addresses for notice by mailing written notice of such changes to all Beneficiaries as of the date of the notice and all other persons who filed a request for notice in the Bankruptcy Case or who sent a request to the Liquidating Trustee after the Confirmation Date.

8.2 Other Persons Required to Be Notified. Any notice given under this Plan or the Liquidating Trust Agreement to a person other than the Trustee, unless otherwise specifically provided herein, shall be in writing and shall be sent by first class mail, postage prepaid, addressed to such person at the most recent address provided in the Liquidating Trust's Beneficiary Register. Any person may change the address at which such person is to receive notices under the Plan or the Liquidating Trust Agreement by furnishing written notice pursuant to the provisions of this Article 8 to the Liquidating Trustee and his counsel, if any. Unless otherwise specifically provided herein or in the Liquidating Trust Agreement, notice shall be sufficient if given to all persons who have filed a request for notice in the Bankruptcy Case or who have sent a request for notice to the Liquidating Trustee after the Confirmation Date, and to all persons adversely affected by the relief requested; provided, however, that no notice other than notice of the Final Accounting and of a request to extend the term of the Liquidating Trust need ever be given to any Beneficiary that has been paid in full as of the date of the notice, unless such Beneficiary is actually adversely affected by the relief requested.

8.3 When Effective. Except as otherwise provided herein or in the Liquidating Trust Agreement, notice sent to the Liquidating Trustee shall be effective on the date it is received by the Liquidating Trustee or the date it is received by his attorney, if any, whichever is later, and notice sent to any other person shall be effective when sent, unless such notice is shown not to have been received within one week of that date.

ARTICLE IX
EFFECT OF CONFIRMATION

9.1 Status of Property of the Estate after Confirmation. On the Effective Date, but effective as of the Confirmation Date, property of the Estate shall vest in the Liquidating Trust in accordance with the Debtor's transfer of that property to the Liquidating Trust.

9.2 Plan Binding. Pursuant to 11 U.S.C. § 1141, the provisions of the confirmed Plan shall bind the Debtor, the Debtor's Creditors, and the Shareholders of the Debtor, whether or not the Claim or Shareholder Interest is impaired under the Plan and whether or not such Creditor or Shareholder has accepted the Plan.

9.3 Binding Nature of Liquidating Trustee's Actions. Except as provided herein and in the Liquidating Trust Agreement, all actions taken and determinations made by the Liquidating Trustee in accordance with the provisions of the Plan or this Liquidating Trust Agreement shall be final and binding upon and all Beneficiaries.

ARTICLE X
DEFAULT

10.1 No default in the performance of this Plan shall automatically result in the termination of the Plan or the Liquidating Trust, nor shall it constitute a revocation of the Order Confirming the Plan.

10.2 In the event of a default, the party asserting the default shall provide written notice of the claimed default to the Liquidating Trustee. The Liquidating Trustee shall have ten (10) days from his receipt of such notice to cure such default, and if he does not timely cure it, then the party alleging the default may file a motion with the Bankruptcy Court to dismiss or convert these proceedings for the alleged noncompliance with the terms of the Plan or to otherwise seek enforcement of the terms of this Plan in the Bankruptcy Court. The filing of a motion in the Bankruptcy Court would likely require the movant to request that the Bankruptcy Case be reopened, for which there would likely be a filing fee.

ARTICLE XI
MODIFICATION OF THE PLAN

11.1 Prior to Confirmation. The Debtor may modify this Plan at any time prior to Confirmation, provided the modification complies with the requirements of §§ 1122, 1123 and 1127 of the Bankruptcy Code. Upon the filing of any such modification with the Bankruptcy Court, the Plan, as modified, becomes the Plan. If the Debtor seeks to modify the Plan prior to Confirmation but after solicitation of votes on the Plan, the Debtor shall provide notice of any such proposed modification to all Creditors, Shareholders, and other parties in interest in the Bankruptcy Case. Any such modification shall comply with § 1127(b) and (f) of the Bankruptcy Code. Any objection to the proposed modification must be filed in writing and served on the Debtor and such other parties as the Court may designate. Notwithstanding the foregoing, if, in the opinion of the Bankruptcy Court, the modification does not materially and adversely affect the interests of those Creditors and Interest holders, the Court may approve the proposed modification of the Plan without notice, or may condition approval of the proposed modification on notice only to those persons that the Court deems to be materially and adversely affected.

11.2 After Confirmation. The Liquidating Trustee may request the Bankruptcy Court to approve a modification of the Plan after Confirmation and before substantial consummation of the Plan, upon compliance with § 1127(b) and (f) of the Bankruptcy Code. The Liquidating Trustee or his attorney shall provide notice of any such proposed modification to all Creditors, Shareholders, and other parties in interest in the Bankruptcy Case. If, however, in the opinion of the Bankruptcy Court the modification does not materially and adversely affect the interests of those Creditors, the Court may approve the proposed modification of the Plan if circumstances warrant without notice, or may condition approval of the proposed modification on notice only to those persons that the Court deems to be materially and adversely affected.

11.3 Deemed Acceptance or Rejection. If the Bankruptcy Court determines that Creditors and/or Shareholders should be allowed to vote on a proposed modification of the Plan, then a holder of a Claim or Shareholder Interest that has accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, the Plan as modified unless, within any time limit fixed by the Court, such holder changes its previous acceptance or rejection.

ARTICLE XII
RETENTION OF JURISDICTION

12.1 The Court shall retain jurisdiction of this case after Confirmation of the Plan to the fullest extent provided for, or allowed, under the Bankruptcy Code and other applicable law. Specifically, but not by way of limitation, the Court shall retain jurisdiction for the following purposes:

(a) to rule upon any objections to Claims and any requests for determination of tax liabilities (including not only the amounts thereof, but also the priority in payment thereof);

(b) to hear and determine any request for valuation of property of the Estate or property of the Liquidating Trust;

(c) to hear and determine any adversary proceeding commenced or to be commenced by the Liquidating Trustee, seeking to avoid a lien against property of the Liquidating Trust or asserting any other Litigation Claim held by the Liquidating Trust;

(d) to hear and determine any application for compensation by the Debtor's Professionals and any objection to compensation of the Liquidating Trustee and his Professionals, and to determine and/or allow any other Administrative Claim incurred by the Debtor or the Estate;

(e) to hear and determine any request for modification of the Plan;

(f) to hear and determine any dispute regarding the conduct of the Liquidating Trustee or his administration of the Liquidating Trust, including but not limited to any demand that he be removed as Liquidating Trustee; and

(g) to hear and determine any dispute regarding the implementation or construction of the Plan, or to compel compliance with the specific requirements or the intent of this Plan.

ARTICLE XIV
MISCELLANEOUS PROVISIONS

14.1 Request for Relief under 11 U.S.C. § 1129(b) -- "Cramdown". In the event any Impaired Class fails to accept the Plan in accordance with 11 U.S.C. § 1129(a), the Debtor reserves the right to, and does hereby, request the Court to confirm the Plan in accordance with 11 U.S.C. § 1129(b).

14.2 Pre-Confirmation Withdrawal. The Debtor, as the proponent of the Plan, reserves the right to withdraw the Plan at any time prior to the Confirmation Date. If the Debtor withdraws the Plan prior to the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Debtor or any other person or to prejudice in any manner the rights of the Debtor or any other person in any further proceedings involving the Debtor.

14.3 Entire Agreement. The Plan, the disclosures contained in this document, and all other documents and instruments intended to effectuate the Plan constitute the entire agreement and understanding among the Debtor and its Creditors and Shareholders relating to the subject matter hereof and supersede all prior discussions and documents.

14.4 Governing Law. Unless a rule or law or procedure supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) is applicable, or a specific choice of law provision is provided by federal law, the internal laws of the State of Texas shall govern the construction and implementation of the Plan and any agreements, documents and instruments executed in connection with the Plan without regard to conflicts of law.

14.5 Consent to Venue and Jurisdiction. Any action or proceeding instituted for the enforcement and/or construction of any right, remedy, obligation, or liability arising under or by reason of this Liquidating Trust Agreement or the Plan shall be prosecuted before the United States Bankruptcy Court for the Western District of Texas, Austin Division. Except as limited by the Constitution of the United States, applicable law, and applicable court decisions interpreting and applying those provisions that are binding on that Court, its jurisdiction with respect to any such action or proceeding shall be exclusive. Each of the parties to this Plan, including each of the Debtor's Creditors and Shareholders, consents and submits to such exclusive venue and jurisdiction.

VII. DISCLAIMERS

The information contained in this document has been submitted by the Debtor, unless specifically stated to be from other sources.

No representations concerning the Debtor are authorized by the Debtor other than those set forth in this document. The Debtor recommends that any representation or inducement made to secure your acceptance of the Plan that is not contained in this document not be relied upon by you in reaching your decision in how to vote on the Plan. Any representation or inducement made to you not contained in this document should be reported to the attorney for the Debtor, who will deliver such information to the Bankruptcy Court for such action as may be appropriate.

The Debtor does not warrant or represent that the information contained in this document is correct, although every reasonable effort has been made to ensure its accuracy. The information contained in this document and in the attachments hereto has not been independently audited. Unless another time is specified, the statements contained in this document are made as of the date hereof. The records kept by the Debtor rely for their accuracy upon bookkeeping performed both internally and by outside services. This document contains both the Plan and all disclosures that the Debtor is required to make pursuant to § 1125 of the Bankruptcy Code. Each Creditor and Shareholder, and any other party-in-interest, is urged to review the Plan and accompanying disclosures in full, prior to voting on the Plan, to insure a complete understanding of the Plan and the disclosures.

VII. CONCLUSION AND RECOMMENDATION

The Debtor strongly believes that the offer of Ion to purchase its assets is not only fair reasonable but also the most that can be obtained for them under the circumstances. The Debtor is unable to continue to operate and without the proposed sale its only option would be a Chapter 7 case liquidation. As discussed in detail above, the value realized from its assets in such a liquidation would be substantially less than the proceeds of Ion's offer. There can be no absolute guarantee that Ion will complete its purchase and no guarantee of what the Liquidating Trustee will be able to realize from the assets he liquidates. The Debtor nevertheless believes the Plan offers the best chance for Creditors to receive as much as possible on their Claims, and believes that it is in the best interests of both its Creditors and its Shareholders to vote in favor of the Plan. The Debtor strongly urges that you do so.

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EXECUTED this 9th day of March, 2018.

TEXAS FLUORESCENCE LABORATORIES, INC.

By: */s/* .
Dr. Akwasi Minta,
Director and Chief Scientist

Drafted and Approved:

/s/ Weldon Ponder .
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ATTORNEYS FOR THE DEBTOR IN POSSESSION, TEXAS FLUORESCENCE LABORATORIES, INC.

CERTIFICATE OF SERVICE

I, B. Weldon Ponder, Jr., hereby certify that on March 9, 2018, a true and correct copy of the foregoing Debtor's Plan of Liquidation Combined with Disclosures was served upon each of the persons listed below, at the email addresses indicated, by the methods indicated.

/ s / Weldon Ponder .
B. WELDON PONDER, JR.

United States Trustee
Deborah Bynum
Office of the US Trustee
903 San Jacinto Blvd., Rm. 233
Austin, TX 78701
By ECF notification to
deborah.a.bynum@usdoj.gov

The Debtor
By email to
Texas Fluorescence Laboratories, Inc.
c/o Dr. Minta Akwasi

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