This Disclosure Statement has not been approved by the Bankruptcy Court under Section 1125(b) of the Bankruptcy Code for use in the solicitation of acceptances of the Plan of Liquidation described herein. Accordingly, the filing and distribution of this Disclosure Statement is not intended, and should not be construed as a solicitation of acceptances of such plan of liquidation. The information contained herein shall not be relied upon for any purpose before a determination by the Bankruptcy Court that this Disclosure Statement contains "adequate information" within the meaning of Section 1125(a) of the Bankruptcy Code.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

In re:	)	
	)	Chapter 11
Morris | Schneider | Wittstadt Va., PLLC, a Virginia professional limited liability company, et al.,	)	Case No. 15-33370-KLP
	)	(Jointly Administered)
Debtors. [1]	)	

DISCLOSURE STATEMENT FOR MODIFIED PLAN OF LIQUIDATION

[1] The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Morris | Schneider | Wittstadt Va., PLLC (1651), Morris | Schneider | Wittstadt, PLLC (1589), Wittstadt Title & Escrow Company, L.L.C. (3831), Morris | Schneider | Wittstadt, LLC (1589), MSWLAW, Inc. (6994), Teays Valley Trustees, LLC (9830), and York Trustee Services, LLC (8058).

Augustus C. Epps, Jr., Esquire (VSB No. 13254)
Jennifer M. McLemore, Esquire (VSB No. 47164)
CHRISTIAN & BARTON, LLP
909 East Main Street, Suite 1200
Richmond, Virginia 23219-3095
Telephone: (804) 697-4100
Facsimile: (804) 697-6112

Jeffrey R. Waxman, Esquire (*admitted pro hac vice*)
Eric J. Monzo, Esquire (*admitted pro hac vice*)
MORRIS JAMES LLP
500 Delaware Avenue, Suite 1500
Wilmington, Delaware 19801
Telephone: (302) 888-6800
Facsimile: (302) 571-1750

Counsel for the Debtors

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DISCLOSURE

THIS DISCLOSURE STATEMENT (THE "DISCLOSURE STATEMENT") FOR THE PLAN OF LIQUIDATION (THE "PLAN" OR "PLAN OF LIQUIDATION") OF MORRIS | SCHNEIDER | WITTSTADT VA., PLLC, MORRIS | SCHNEIDER | WITTSTADT, PLLC, WITTSTADT TITLE & ESCROW COMPANY, L.L.C., MORRIS | SCHNEIDER | WITTSTADT, LLC, MSWLAW, INC., TEAYS VALLEY TRUSTEES, LLC, AND YORK TRUSTEE SERVICES, LLC (EACH A "DEBTOR," AND COLLECTIVELY, THE "DEBTORS") DESCRIBES THE TERMS AND PROVISIONS OF THE PLAN FILED MAY 17, 2016, (THE "PLAN") IN THE ABOVE-CAPTIONED BANKRUPTCY CASES (THE "CASES"), PENDING BEFORE THE UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF VIRGINIA, RICHMOND DIVISION (THE "BANKRUPTCY COURT") UNDER CHAPTER 11 OF TITLE 11 OF THE UNITED STATES CODE, AS AMENDED (THE "BANKRUPTCY CODE").

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF, UNLESS ANOTHER TIME IS SPECIFIED HEREIN, AND NEITHER DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY EXCHANGE OF RIGHTS MADE IN CONNECTION WITH THIS DISCLOSURE STATEMENT SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN ANY CHANGE IN THE FACTS SET FORTH HEREIN SINCE THE DATE THIS DISCLOSURE STATEMENT AND THE MATERIALS RELIED UPON IN PREPARATION OF THIS DISCLOSURE STATEMENT WERE COMPILED. THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN, AND NOTHING CONTAINED IN IT SHALL CONSTITUTE, OR BE DEEMED CONCLUSIVE ADVICE ON THE TAX OR

OTHER LEGAL EFFECTS OF ANY LIQUIDATION ON HOLDERS OF CLAIMS OR INTERESTS IN CONNECTION WITH SUCH LIQUIDATION.

THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY ORDER OF THE COURT ENTERED _____, 2016 AS CONTAINING INFORMATION OF A KIND AND IN SUFFICIENT DETAIL TO ENABLE A REASONABLE HYPOTHETICAL INVESTOR TYPICAL OF HOLDERS OF CLAIMS OR INTERESTS OF THE RELEVANT CLASSES TO MAKE AN INFORMED JUDGMENT CONCERNING THE PLAN. **THE COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT, HOWEVER, DOES NOT CONSTITUTE A RECOMMENDATION BY THE COURT EITHER FOR OR AGAINST THE PLAN**.

A BALLOT ACCOMPANIES THIS DISCLOSURE STATEMENT FOR USE IN VOTING ON THE PLAN.

THE INFORMATION CONTAINED HEREIN IS NOT WARRENTEED TO BE WITHOUT ANY INACCURACIES. THE DEBTORS ARE UNABLE TO WARRANT OR REPRESENT THAT THE FINANCIAL INFORMATION CONTAINED HEREIN IS WITHOUT INACCURACY. THE DEBTORS HAVE NOT VERIFIED THE FINANCIAL INFORMATION CONTAINED HEREIN, ALTHOUGH THEY HAVE NO ACTUAL KNOWLEDGE OF ANY INACCURACIES.

I. INTRODUCTION

The Debtors hereby jointly file this Disclosure Statement pursuant to §1125 of the Bankruptcy Code. This Disclosure Statement is filed for the Court's approval for submission to all of the known holders of claims with respect to the Debtors to solicit the acceptance of the Plan, a copy of which is attached hereto as **Exhibit A** and incorporated by reference as though fully rewritten herein. The purpose of this Disclosure Statement is to provide creditors of the Debtors with adequate information of a kind and in sufficient detail about the Debtors and the Plan so that creditors may make an informed judgment with respect to accepting or rejecting the terms of the Plan.

Each Holder of a Claim is encouraged to read the contents of this Disclosure Statement before making a decision to accept or reject the Plan. The terms used in this Disclosure Statement have the same meaning as defined in the Plan, unless the context otherwise requires.

The information in this Disclosure Statement and the Exhibits regarding the Debtors, their financial situation, the value of their assets or the value of any benefits offered pursuant to the Plan, is expressly confined to the context of this Disclosure Statement. The Debtors specifically reject the use of any such information outside of consideration of the Disclosure Statement.

THE DEBTORS URGE YOU TO READ CAREFULLY THE PLAN, THIS DISCLOSURE STATEMENT AND ITS EXHIBITS. THE PLAN, THIS DISCLOSURE STATEMENT AND ITS EXHIBITS ARE INTENDED TO PROVIDE YOU WITH AS MUCH INFORMATION AS ARE REASONABLY POSSIBLE WITH WHICH TO DECIDE WHETHER TO ACCEPT OR REJECT THE PLAN DESCRIBED HEREIN.

NO RELIANCE SHOULD BE PLACED ON PRIOR CORRESPONDENCE OR DISCUSSIONS WITH THE DEBTORS, THE COMMITTEE, OR THEIR RESPECTIVE

COUNSEL REGARDING THIS DISCLOSURE STATEMENT OR THE PLAN. CREDITORS SHOULD RELY ONLY UPON THE INFORMATION CONTAINED HEREIN. EXCEPT AS SET FORTH IN THE DISCLOSURE STATEMENT AND ITS EXHIBITS, NO REPRESENTATIONS CONCERNING THE DEBTORS, THEIR ASSETS, OR THE PLAN ARE AUTHORIZED, OR ARE ANY SUCH REPRESENTATIONS TO BE RELIED UPON IN ARRIVING AT A DECISION WITH RESPECT TO THE PLAN. ANY REPRESENTATIONS MADE TO SECURE ACCEPTANCE OR REJECTION OF THE PLAN OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD BE REPORTED TO COUNSEL FOR THE DEBTORS AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS.

THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. ALTHOUGH THE DEBTORS BELIEVE ALL INFORMATION HEREIN IS ACCURATE, THE DEBTORS ARE NOT ABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY. THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN SUBMITTED BY THE DEBTORS BASED UPON THE DEBTORS' RECORDS.

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

MORRIS JAMES LLP AND CHRISTIAN & BARTON, LLP, COUNSEL TO THE DEBTORS ARE UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED IN THE DISCLOSURE STATEMENT IS WITHOUT INACCURACY.

ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE, COUNSEL FOR THE DEBTORS HAVE NOT VERIFIED THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. COUNSEL FOR THE DEBTORS HAVE NO ACTUAL KNOWLEDGE OF ANY INACCURACIES.

II. CONFIRMATION PROCESS AND HEARING

A. CONFIRMATION PROCESS

As a creditor in an impaired class, your vote may be important. If a class is not impaired, it is NOT entitled to vote. IF YOU HAVE A DOUBT, YOU SHOULD VOTE. The Plan may be confirmed by the Court if it is accepted by the holders of two-thirds in amount and more than one-half in number of claims in each impaired class of claims voting on the Plan. All Creditors entitled to vote will receive a ballot. In the event the requisite acceptance is not obtained, the Court may nevertheless confirm the Plan if the Court finds that it accords fair and equitable treatment to, and does not unfairly discriminate against, the class or classes rejecting it. THE DEBTORS URGE CREDITORS TO VOTE IN FAVOR OF THE PROPOSED PLAN.

B. CONFIRMATION HEARING

On _____, 2016, the Court entered an order fixing **_____, 2016, at ____ _.m. (prevailing Eastern time)**, in the United States Bankruptcy Court, Eastern District of Virginia, Richmond Division, as the date, time, and place for hearing to consider confirmation of the Plan, (the "Confirmation Hearing") and fixing **_____, 2016 at ____ _.m. (prevailing Eastern time)**, as the last date for the filing of any objections to confirmation of the Plan and as the last day to file ballots accepting or rejecting the Plan. The hearing on confirmation may be adjourned from time to time without further notice, with the exception of in-Court announcement of adjourned dates and times at the hearing on confirmation or any adjournment thereof.

III. VOTING PROCEDURES AND REQUIREMENTS

A. BALLOTS AND VOTING DEADLINE

A ballot to be used for voting to accept or reject the Plan is enclosed with this Disclosure Statement mailed to creditors entitled to vote. Creditors must (1) carefully review the ballot and instructions thereon; (2) complete and sign the ballot; and (3) return it to Upshot Services LLC, the Debtors' Notice, Claims, and Balloting Agent, at the address indicated on the ballot by the Court-established deadline in order for the ballot to be considered for voting purposes.

B. CREDITORS ENTITLED TO VOTE

A creditor of the Debtors is entitled to vote, if either (1) its claim has been scheduled by the Debtors (and such claim is not scheduled as disputed, contingent or unliquidated); or (2) it has filed a Proof of Claim on or before the last date set by the Court for such filings. Any claim as to which an objection has been filed (and such objection is still pending) is not entitled to vote, unless the Court temporarily allows the claim upon Motion by a creditor to whose claim the Debtors or Committee has objected, in an amount which the Court deems proper for the purpose of accepting or rejecting the Plan. Such motion must be heard and determined by the Court prior to the Confirmation Hearing. In addition, a creditor's vote may be disregarded if the Court determines that the creditor's acceptance or rejection was not solicited or procured in good faith or in accordance with the Bankruptcy Code.

C. DEFINITION OF IMPAIRMENT

Pursuant to the requirement of §1126 of the Bankruptcy Code, each holder of a claim or interest in a Class of Allowed Claims or Interests which is impaired under the Plan is entitled to vote to accept or reject the Plan.

Under §1124 of the Bankruptcy Code, a class is "impaired" under a plan of reorganization unless, with respect to each claim or interest of such class, the plan:

(1) leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest; or

(2) notwithstanding any contractual provision or applicable law that entitles the holder of a claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default:

(a) cures any such default that occurred before or after the commencement of the case under this title, other than a default of a kind specified in §365(b)(2) of the Bankruptcy Code or of a kind that §365(b)(2) of the Bankruptcy Code expressly does not require to be cured.

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

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

(d) if such claim or such interest arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to section §365(b)(1)(A) of the Bankruptcy Code, compensates the holder of such claim or such interest (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure; and

(e) does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest.

All Classes of Claims other than Classes 1 and 2 are impaired under the Plan. Holders of Allowed Claims in Classes 3, 4, and 5 are entitled to vote to accept or reject the Plan. Administrative Expenses considered a "Class" for voting purposes, and they are not entitled to vote. Holders of Interests in Class 6 are insiders and are not entitled to vote to accept or reject the Plan.

D. VOTES REQUIRED FOR CLASS ACCEPTANCE OF THE PLAN

As a condition to confirmation, the Bankruptcy Code requires that each impaired class of claims or interests under a plan of reorganization accept such a plan, subject to the exceptions described below.

Section 1126 of the Bankruptcy Code defines acceptance of the plan by a class of claims as acceptance by holders of two-thirds (2/3) in dollar amount and a majority in number of claims of that class, but only those who actually vote to accept or reject the plan count in determining such ratio. Holders of claims which fail to vote are not counted as either accepting or rejecting the plan.

Class	Type of Claim or Equity Interest	Treatment	Estimated Aggregate Amount of Allowed Claims	Estimated Percentage Recovery
_	Administrative Expenses	N/A	$3,000,000.00 - $2,700,000.00	100%
1	Secured Claims	Unimpaired	$155,000.00	100%
2	Priority Non-Tax Claims	Unimpaired	$686,532.37 - $600,000.00	100%
3	General Unsecured Claims	Impaired	$40,000,000.00 - $18,000,000	2.28%-15%
4	Third Party Provider Claims	Impaired	$276,181.57 – $339,040.82[2]	2.28%-15%[3]
5	Allowed Subordinated Partner Claims	Impaired	TBD	0%
6	Interests	Impaired	N/A	0%

IV. ACCEPTANCE AND CONFIRMATION OF THE PLAN

A summary of certain requirements of the Bankruptcy Code with respect to acceptance and confirmation of the Plan is set forth below. All defined terms used in this section without definition shall have the meaning assigned to such terms in the Plan.

[2] On June16, 2016, the Premier Process filed a motion for allowance of a late filed claim. If allowed as timely filed, the amount of the Third Party Provider Claims will increase by $62,859.25, which will alter the amount to be received by on account of Third Party Provider Claims.

[3] As more fully set forth herein, Holders of Allowed Claims of Third Party providers shall receive (i) a pro rata distribution of ten percent (10%) of the Third Party Escrow Amount plus (ii) a Pro Rata Share of the Class A Interests on account of the balance of its Allowed Third Party Provider Claim. Further, unless already asserted and no member of Class 4 objects to confirmation of the Plan, the Estates will waive all objections to the Third Party Provider Claims on the basis that such claims they are obligations of Butler & Hosch, P.A., although all other bases for objections the Class 4 Claims will remain.

A. REQUIREMENTS FOR CONFIRMATION

At the Confirmation Hearing, in order to confirm the Plan, the Court will determine whether the requirements of §1129 of the Bankruptcy Code have been satisfied with respect to the Plan. If the requirements of §1129 have been met, the Court shall enter an order confirming the Plan.

The requirements of §1129 relevant to the Plan are as follows:

1. The Plan complies with the applicable provisions of the Bankruptcy Code.

2. The Debtors have complied with the applicable provisions of the Bankruptcy Code.

3. The Plan has been proposed in good faith and not by any means forbidden by law.

4. Any payment made or to be made from property of the estate by the Debtors or by a person issuing securities or acquiring property under the Plan, for services or for costs and expenses in, or in connection with the case, or in connection with the Plan and incident to the case, has been disclosed to the Court, and if such payment is made prior to confirmation of the Plan, is reasonable, or if such payment is to be fixed after Confirmation of the Plan, is subject to the approval of the Court as reasonable.

5. The Debtors have disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director, officer or voting trustee of the Debtor, officer or voting trustee of the Debtors, of an affiliate of the Debtors participating in a joint plan with the Debtors, or of a successor to the Debtors under the Plan, and the appointment to, or continuance in, such office of such individual is consistent with the interests of such Debtors' creditors and with public policy, and the Debtors have disclosed the identity of any insider of the Debtors that will be employed or retained by the Liquidating Trustee and the nature of any compensation for such insider.

6. With respect to each impaired Class of Claims or interests under the Plan, either each holder of a claim or interest of such class has accepted the Plan, or will receive or retain under the Plan on account of such claim or interest property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would so receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code, or if § 1111(b)(2) of this title applies to the claims of such class, each holder of a claim of such class will receive or retain under the plan on account of such claim property of a value, as of the effective date of the plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims. For further discussion of

this requirement, see "Acceptance and Confirmation of the Plan — Best Interest Test. Section IV.C, *infra*."

7. Each Class of Claims or Interests under the Plan has either accepted the Plan or is not impaired under the Plan. (Alternatively, the Plan may be confirmed over the dissent of a Class of claims or interests if the "cramdown" requirements of the Bankruptcy Code are met. See "Acceptance and Confirmation of the Plan-Cramdown-Confirmation without Acceptance by All Impaired Classes," Section IV.E. *infra*).

8. Except to the extent that the holder of a particular claim against the Debtors has agreed to a different treatment of such claim, the Plan provides that holders of Allowed administrative expense and priority claims will be paid in full on the later of the Initial Distribution Date, as that term is defined in the Plan, or the date on which such claim becomes Allowed.

9. Neither the Debtors nor the Committee expect there to be any Allowed Claims of a kind specified in § 507(a)(5) of the Bankruptcy Code. To the extent that a Disputed Claim becomes an Allowed Claim, Distributions (if any) shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan and Liquidating Trust Agreement. As soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Liquidating Trustee shall provide to the Holder of such Claim the Distribution (if any) to which such Holder is entitled under the Plan.

10. At least one (1) impaired class of claims has accepted the Plan, determined without including any acceptance of the Plan by any insider of the Debtors holding a claim of such class.

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

12. All fees payable under § 1930 of Title 28, as determined by the Court at the hearing on confirmation of the Plan, have been paid or the Plan provides for the payment of all such fees on the Effective Date of the Plan.

The Debtors believe the Plan satisfies all the statutory requirements of Chapter 11 of the Bankruptcy Code, that the Debtors have complied or will have complied with all of the requirements of Chapter 11 of the Bankruptcy Code, and that the proposal of the Plan is made in good faith.

B. CLASSIFICATION OF CLAIMS

Section 1123 of the Bankruptcy Code requires that a plan of reorganization designate classes of claims (other than certain priority claims). Section 1122 of the Bankruptcy Code provides that a creditor's claim may be placed in a class with other claims only if such claims are "substantially similar" in any such class. The Debtors believe that the classification system in the Plan satisfies the Bankruptcy Code's standards.

The Plan divides claims against the Debtors into classes. A single claim may be divided into different parts for classification and treatment under the Plan, in that a claim is in a particular class only to the extent that it fits within the description of such class.

C. BEST INTEREST TEST

The "best interest" test requires the Court to find with respect to each impaired class of claims or interests -

> (A) each holder of a claim or interest of such class -
> (i) has accepted the plan; or
> (ii) will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under Chapter 7 of this title on such date; or
> (B) if section 1111(b)(2) of this title applies to the claims of such class, each holder of a claim of such class will receive or retain under the plan on account of such claim property of a value, as of the effective date of the plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims.

To calculate what non-accepting holders would receive if the Debtors' estates were liquidated under Chapter 7, the Court must first determine the dollar amount that would be generated upon disposition of the Debtors' remaining assets. The aggregate amount so generated would be reduced by the costs of liquidating the Debtors' assets. Such costs would be expected to include the fees of a trustee (as well as those of counsel and other professionals that such

trustee would employ), selling expenses, and claims arising from trustee's rejection of obligations assumed or otherwise incurred during the pendency of the Debtors' Cases.

Further, distributions to unsecured creditors in any Chapter 7 liquidation would not occur immediately upon completion of the Debtors' liquidation, but would be delayed pending determination of the aggregate amount of unsecured claims against the Debtors. Such a determination could entail delay and lost opportunity cost even for those creditors whose claims were ultimately allowed. See Section VIII for a more detailed discussion.

D. CONFIRMATION HEARING

Section 1128(a) of the Bankruptcy Code requires the Court, after notice, to hold the Confirmation Hearing to consider confirmation of the Plan. THE CONFIRMATION HEARING FOR THE PLAN IS SCHEDULED TO BEGIN ON **August 2, 2016 at 10:00 a.m. (prevailing Eastern time).** Section 1128(b) provides that any creditor or party in interest for the Debtors may object to confirmation of the Plan. Any objection to confirmation of the Plan, together with proof of service, must be made in writing, explaining your position, and filed, on or before **July 26, 2016 at 4:00 p.m. (prevailing Eastern time)** (the "Objection Deadline"), with the Clerk of the Bankruptcy Court, by mail or electronically, at:

U.S. Bankruptcy Court
701 East Broad Street, Suite 4000
Richmond, VA 23219

A copy of any such objection must be served upon counsel for the Debtors and the Committee so

as to be received before the Objection Deadline at the following addresses:

Augustus C. Epps, Jr. (VSB No. 13254) Jennifer M. McLemore (VSB No. 47164) CHRISTIAN & BARTON, LLP 909 East Main Street, Suite 1200 Richmond, Virginia 23219-3095 Telephone: (804) 697-4100 Facsimile: (804) 697-6112 - and- Jeffrey R. Waxman (*admitted pro hac vice*) Eric J. Monzo (*admitted pro hac vice*) MORRIS JAMES LLP 500 Delaware Avenue, Suite 1500 Wilmington, Delaware 19801 Telephone: (302) 888-6800 Facsimile: (302) 571-1750 *Counsel for the Debtors and the Debtors-in-Possession*	Jackson D. Toof (VSB No. 48842) Jeffrey N. Rothleder (admitted *pro hac vice*) Manuel G. Arreaza (admitted *pro hac vice*) ARENT FOX LLP 1717 K Street, NW Washington, DC 20006 Telephone: (202) 857-6000 Fax: (202) 857-6395 *Counsel for the Official Committee of Unsecured Creditors*

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

E. CRAMDOWN: CONFIRMATION WITHOUT ACCEPTANCE BY ALL IMPAIRED CLASSES

The Bankruptcy Code contains provisions for confirmation of a plan of reorganization even if the plan is not accepted by all impaired classes, provided that at least one impaired class of claims has accepted it (determined without including any acceptance by any insider of the Debtors holding a claim of such class). These "cramdown" provisions, for confirmation of a plan despite the non-acceptance of one or more impaired classes of claims, are set forth in §1129(b) of the Bankruptcy Code.

In the event that any impaired class of claimants does not accept the Plan, the Debtors must demonstrate to the Court, with respect to each such impaired class, that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to that class. If the Debtors are able to demonstrate these factors, the Court may still confirm the Plan.

Under the Bankruptcy Code, the Plan is considered "fair and equitable" with respect to a class of claims

1. Secured Claims

> Either (a) each impaired secured creditor retains the liens securing such claims to the extent of the allowed amount of such claim and receives on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the plan, of at least the value of such holder's interest in the estate's interest in such property; or (b) the plan provides for the sale, subject to §363(k) of the Bankruptcy Code of any property free and clear of any liens in favor of creditors of the Debtor, then such liens shall attach to the proceeds of such sale and the treatment of such liens on proceeds shall satisfy the requirements of either clauses (a) or (c) herein; or (c) the secured creditor receives under the Plan the "indubitable equivalent" of its claim.

2. Unsecured Claims with Respect to the Debtors

> In this case and in which the holder of an allowed unsecured claim objects to the confirmation of the plan --
>
> (A) each holder of a claim of such class receives or retains on account of such claim property of a value, as of the effective date of the plan equal to the allowed amount of such claim; or
>
> (B) the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or interest any property.

The Debtors believe that the Plan does not discriminate unfairly with respect to any impaired classes and meets the "fair and equitable" test with respect to all impaired classes of Allowed Claims. Therefore, if the foregoing standards have been met, the Plan may be confirmed by the Court, even if it is not accepted by the holders of Allowed Claims in an impaired class.

F. EFFECT OF CONFIRMATION

Except as otherwise provided in the Plan or Confirmation Order, and in addition to other consequences of Confirmation as disclosed herein, entry by the Court of the Confirmation Order will constitute the rejection of all executory contracts and unexpired leases not expressly assumed under the Plan or by previous Court order; constitute authorization for the Debtors' use of funds of the estate to meet any cash requirement in the case; and will release all claims against the Debtors that arose at any time before the entry of the Confirmation Order.

Except as otherwise provided in the Plan and the Confirmation Order, upon the Effective Date, all property of the Debtors shall vest in the Liquidating Trust free and clear of all liens, claims and interests of all creditors.

V. GENERAL INFORMATION OF THE DEBTORS

A. GENERAL

MSWLAW, Inc. ("MSWLAW") is a holding company, which serves as the sole member of Morris | Schneider | Wittstadt, LLC ("MSW"), Morris | Schneider |Wittstadt Va., PLLC, a Virginia professional limited liability company, and Morris | Schneider | Wittstadt, PLLC, a West Virginia professional limited liability company. The remaining debtors are MSWLAW York Trustee Services, LLC, a Tennessee limited liability company ("York"), Teays Valley Trustees, LLC, a West Virginia LLC ("Teays") and Wittstadt Title & Escrow Company, L.L.C., a Virginia LLC ("Wittstadt Title & Escrow"). Mark Wittstadt and Gerard Wm. Wittstadt Jr. (collectively, the "Wittstadts") each own a 50% interest MSWLAW, Teays and Wittstadt Title & Escrow. MSWLAW, Barry King, and the Wittstadts, individually, each own a 25% interest in York.

Other than MSWLAW (which is a holding company), all of the Debtors are involved in or related to the practice of law. MSW is the chief operating entity, and Morris | Schneider |

Wittstadt Va., PLLC, a Virginia professional limited liability company, and Morris | Schneider | Wittstadt, PLLC, a West Virginia professional limited liability company, are entities which were created for the practice in the Commonwealth of Virginia and state of West Virginia, respectively, because the Commonwealth of Virginia and state of West Virginia both require that an entity be organized in the state in order to have a law office. York, Teays and Wittstadt Title & Escrow are all substitute trustees in mortgage foreclosure matters that are non-judicial in nature under the laws of the states in which they operate.

In February 2008, MSW was managed by three equity partners: Arthur Morris ("Mr. Morris"), Randolph Schneider ("Mr. Schneider"), and Nathan Hardwick, IV ("Mr. Hardwick"). At the time, the firm had approximately 30 offices, and along with LandCastle Title, LLC (a wholly owned subsidiary of MHSLAW that operated in an additional 4 states) ("Landcastle Title"). The primary office of the firm was in Atlanta, Georgia, and the centralized accounting department was located in Atlanta, Georgia.

In February 2008, the Wittstadts owned a law firm, Wittstadt & Wittstadt, PA ("W&W"), in Baltimore, Maryland. W&W's practice focused primarily on real estate foreclosures with some limited practice in the area into real estate closings. In February of 2008 W&W entered into an asset purchase agreement with Morris| Hardwick| Schneider, LLC ("MHS") wherein substantially all the assets of W&W were acquired by MHS and the Wittstadts both became employees at MHS.

From February 2008 forward, the Wittstadts were the practice leaders for the foreclosure practice of the firm (the "Default Business") and Mr. Hardwick and Mr. Schneider were the practice leaders for the firm's real estate closing practice (the "Closing Business"). Mr. Morris was the senior partner of the firm.

Prior to June 1, 2013, the Wittstadts had no legal equity position in MHS. On June 1, 2013, the Wittstadts both became equity partners at MHS as a result of the retirements of Messrs. Morris and Schneider. Mr. Schneider sold his equity interest in MHSLAW, effective January 1, 2011 and Mr. Morris sold his equity interest in MHSLAW, effective June 1, 2013. Notwithstanding their retirement, Messrs. Morris and Schneider, continued to hold an interest in the Debtors as a result of a certain amended and restated shareholders agreement in 2011 and 2013 that provided them with significant deferred compensation claims related to their previous equity interests. Following the retirement of Messrs. Morris and Schneider, Mr. Hardwick had 55% of the equity in MHS and the Wittstadts each had 22.5% of the equity in MHS.

Prior to July 2015, MHS employed approximately 80 attorneys and 800 non-attorney employees in 16 states. The firm's operations was primarily split into two halves – the Closing Business, which was primarily focused on retail closings of real estate and the Default Business, which was primarily focused upon foreclosures. The firm also provided some, limited legal services beyond closings and defaults. The Default Business' operations were based out of Baltimore, and that portion of the business was supervised by Mark Wittstadt in Baltimore. The Closing Business was supervised by Mr. Hardwick in Atlanta. Mr. Hardwick was also the attorney supervising the firm's centralized accounting department which was located in Atlanta, Georgia.

Additionally, MHS owned 100% of Landcastle Title, which was a title insurance agency, which was also headquartered in Atlanta.

B. CAUSES OF BANKRUPTCY

The Debtors' bankruptcy cases were precipitated by a confluence of events precipitated by Mr. Hardwick's unauthorized receipt of more than $20 million of funds for his own personal

benefit, as well as the embezzlement by Asha Maurya ("Ms. Maurya"), the former CFO for the Closing Business.

1. The "Over-disbursements" to Mr. Hardwick

On or about July 29, 2014, Mr. Hardwick, sent the Wittstadts an email entitled "emergency call", asking for a telephone conference immediately. During the call, Mr. Hardwick disclosed that, just prior to his leaving the United States for a trip abroad on July 17, 2014, he was made aware of an issue with respect to financial irregularities with the firm's trust accounts. Mr. Hardwick informed the Wittstadts that, during a routine audit, Fidelity National Title Insurance Company ("Fidelity"), found an altered bank statement. When asked by Mr. Hardwick, Ms. Maurya stated that she had inadvertently moved approximately $670,000 from the trust account to the operating account and had altered the bank statement. Despite Mr. Hardwick's assurances that he would handle the matter and keep the Wittstadts informed, Mark Wittstadt immediately arranged to travel to Atlanta to meet with Mr. Hardwick to address the fraudulent bank statement. Mark Wittstadt arrived in Atlanta on July 30, 2014 and began an investigation. During a meeting on July 31, 2014, Mr. Hardwick informed Mark Wittstadt and Gerard Wittstadt (who was attending by telephone) that he may have been "over disbursed" and would be wiring $1.4 million back to the firm.

On or about July 30, 2014, Tony Adams ("Mr. Adams"), a partner at the accounting firm of Alliance Financial Professionals, LLC (the "Alliance"), contacted Jeff Moore, a certified public accountant who specializes in forensic accounting, to investigate the Debtors' accounts. Mr. Moore showed up at the Debtors' Atlanta office for the first time on July 30, 2014. At that time, Mr. Moore was advised by Mr. Adams that money was missing and the Debtors needed help investigating their escrow accounts.

Between August 1, 2014 and August 15, 2014, Mr. Moore and at least five other members of his firm investigated the accounts of MSW to try to reach a rough determination of the amount of money missing, and where the money went. In July 2015, based upon the number of residential closings of real estate, the Debtors had more than $600 million going through the firm's escrow and operating accounts each month. Accordingly, the task of reconciliation was neither simple nor quick. Among other things, Mr. Moore and his colleagues interviewed Mark Wittstadt, Mr. Hardwick, and a number of other parties, and attempted to identify and reconcile each of the more than fifty bank accounts by quickly reviewing all of the Softpro accounting systems, identifying all of the accounts, getting bank statements and data for each account.

Early in Mr. Moore's forensic accounting investigation, he determined that at least $6.5 million was missing from the firm's accounts. Mr. Hardwick represented that he had sufficient equity in his personal holdings to cover the loans he was going to obtain to repay the missing funds. Mr. Hardwick had returned $1.4 million to the Debtors, and pledged that he would personally borrow an additional $5 million to cover the missing funds. On or about August 1, 2014, Mr. Hardwick advised the Wittstadts that he would be seeking two personal loans in the amount of $2 million and $3 million to cover the "overdisbusements." Mark Wittstadt has testified that, at the time, he directed Mr. Hardwick that, if he were to borrow any money, he had to do so personally, and he was not authorized to encumber any firm asset nor pledge the firm's guarantee.

2. Loan from James A. Pritchard, III

On or about August 4, 2014, Mr. Hardwick advised the Wittstadts that he was able to obtain a $2 million loan, and he would wire the money to the firm on Tuesday August 5, 2014. Mr. Adams, who also worked for Mr. Pritchard, Mr. Hardwick, Mr. Hardwick's company Divot Holdings, LLC ("Divot"), and the Debtors, introduced Mr. Hardwick to Mr. Pritchard, and Mr.

Adams provided the Debtors' financial statements to Mr. Pritchard in order to induce Mr. Pritchard to make a loan to Divot. Despite being in the Debtors' offices and involved in Mr. Moore's continued forensic investigation, Mr. Adams did not inform Mr. Pritchard of the ongoing investigation. Nor did Mr. Adams advise either of the Wittstadts that he was concurrently representing one of the parties lending money to Mr. Hardwick. Significantly, at no time, did Mr. Adams or the Alliance seek or receive from the Debtors any conflict waiver.

On or about August 4, 2015, Mr. Pritchard executed the following documents, after they were reviewed by Mr. Adams for Mr. Pritchard (collectively, the "Pritchard Loan Documents"): (i) a Promissory Note signed by Divot to repay $2 million (the "Pritchard Promissory Note"); (ii) a Pledge and Security Agreement signed by Mr. Hardwick securing Divot's repayment of the Pritchard Promissory Note with interest in Holabird Abstracts, Inc. (a company affiliated with Mr. Hardwick) (the "Pritchard Pledge Agreement"); and (iii) a Guaranty of Promissory Note by MSW in favor of Mr. Pritchard, executed by Mr. Hardwick as the then-managing partner of MSW, guaranteeing performance of the Promissory Note and the Pledge Agreement.

On August 4, 2014, after the Pritchard Loan Documents were executed, Mr. Pritchard wired $2 million to a Divot bank account, and on August 5, Mr. Hardwick caused Divot to wire $2 million from Divot's account to a bank account specially set up by Mr. Hardwick to cover the escrow shortfalls.

3. Loan from Dustin Johnson

On August 6, 2014, Mr. Hardwick advised the Wittstadts that he was able to obtain a $3 million loan. This loan, it turned out, was from top ranked professional golfer Dustin Johnson ("Mr. Johnson"). Mr. Hardwick was a trusted advisor, attorney and a very close friend of Dustin Johnson and a member of the board of Mr. Johnson's charitable foundation. Mr. Adams was

also a good friend, trusted advisor and member of the board of Mr. Johnson's charitable foundation.

On August 6, 2014, Mr. Hardwick borrowed $3 million from Dustin Johnson ("Mr. Johnson"). Mr. Johnson has asserted that Mr. Hardwick executed loan documents that provided for a return at a rate of 12%. The Debtors have never seen any signed loan agreements, and Mr. Johnson has admitted that he has no such loan documents.

4. Mr. Moore's Forensic Audit and Hardwick's Resignation

On or about August 15, 2014, Mr. Moore met with Mark Wittstadt and Mr. Morris to provide his first preliminary report to MSW. At the meeting, Mr. Moore notified the partners of MSW that, based upon a methodology for estimation of the missing funds, his preliminary estimate of the amount indicated a potential shortfall of $38 million from the Debtors' accounts. Almost immediately after learning about the estimated amount of missing funds, MSW notified Fidelity, which brought in its own team of auditors to undertake a forensic investigation of the Debtors' operating and escrow accounts.

On Sunday, August 17, 2014, the Wittstadts and Mr. Morris met without Mr. Hardwick present and agreed that Mr. Hardwick would be suspended without pay from the firm effective immediately, and Mr. Hardwick was so notified. Mark Wittstadt further instructed the IT director to disable Mr. Hardwick's access to any and all of the firm's systems and property. On August 18, 2014, after conferring with the Wittstadts and subsequently, Mr. Morris, Mr. Hardwick resigned his position with the firm in writing, and the firm executed the appropriate corporate documents confirming same.

The audits conducted by Fidelity revealed that Mr. Hardwick directly or indirectly caused that the firm to "over disburse"[4] to Mr. Hardwick more than $23,000,000 from the firm's escrow accounts for his personal use (including payments remitted directly to casinos and on account of private jets for the personal use of Mr. Hardwick, his "girlfriend" and family).

It was also subsequently determined that Ms. Maurya, using her position as MSW's chief financial officer embezzled more than $900,000 from MSW's accounts.

5. Litigation against the Debtors as a Result of Hardwick's Borrowings

After Mr. Hardwick resigned his position, MSW was presented with demands for payment on account of these so-called loans. MSW denied responsibility for the repayment, and it was separately sued by Mr. Pritchard and Mr. Johnson.

On October 8, 2014, Mr. Pritchard filed a complaint against MSW, Mr. Hardwick, and Divot in the Superior Court of Fulton County, State of Georgia (Civil Action No. 2014-CV-25435) (the "Pritchard Litigation"). On June 10, 2015, the Fulton County Superior Court entered an order and judgment on Mr. Pritchard's motion for partial summary judgment solely as to defendant MSW based upon a theory of ratification. Specifically, the Court granted judgment for Mr. Prichard against MSW in the amount $2,616,454.19, including all outstanding principal, interest and fees, with interest and fees accruing at the rate of $1,134.24 per day.

On October 28, 2014, Mr. Johnson commenced a lawsuit in the United States District Court for the Northern District of Georgia, Atlanta Division (Civil Action No. 2014-CV-252435) (the "Johnson Litigation"), against MSW, MSWLAW, Mr. Hardwick, and the Wittstadts, in connection with Mr. Johnson's alleged $3 million loan to MSW. A motion to dismiss by MSW, MSWLAW, and the Wittstadts pursuant to Rule 12 of the Federal Rules of Civil Procedure was

[4] The term "over-disbursed" is quoted herein as that is the precise term that Mr. Hardwick has used and continues to use in his defense of the allegations levied against him in a pending civil action and in a criminal action pending in the United States District Court for the Northern District of Georgia.

under advisement before the Georgia District Court when the Debtors filed for bankruptcy. The Wittstadts' motion to dismiss has never been ruled upon by the Court. The Debtors' motion was declared moot as a result of the bankruptcy filing

6. Fallout from Hardwick Embezzlement

The lawsuits filed by Mr. Pritchard and Mr. Johnson, the embezzlement by Mr. Hardwick (and, to a lesser extent, Ms. Maurya) directly and proximately created a confluence of issues for the firm and its related entities.

(i) The Landcastle Transactions

The embezzlement and the lawsuits, and the adverse publicity related thereto caused the title companies and banks from whom the overwhelming majority of the Debtors' work originated to cease to provide new matters to MSW. Additionally, the title companies and banks each withdrew active files from MSW. As result, on or about August 25, 2014, MSWLAW entered into a contribution agreement whereby MSWLAW transferred 70% of its interest in Landcastle Title to Landcastle Acquisition Corp., an affiliate of Fidelity.[5] Landcastle Title was an integral – and, at that time, profitable – part of the Debtors' business as it served as the title agent that issued the title insurance for the Debtors' closing businesses. Additionally, Landcastle Title served as a title abstracting company used by MSW to get its title abstracts to use for closings.

Faced with the need to cover a shortfall from the firm's escrow accounts caused by Mr. Hardwick's so-called "over disbursements," in exchange for 70% of its interest in Landcastle Title, MSWLAW received, among other things, $1, plus Fidelity's assumption of the obligation to cover any and all shortfall in escrow accounts (which was estimated to be approximately $28

[5] The remaining 30% was subsequently transferred to Landcastle Acquisition Corp. on or about April 1, 2015.

million). Additionally, on the effective date of the transaction, MSW agreed to loan $1,500,000 to Landcastle Title, and MSW agreed to assume $1,300,000 of the obligations on account of a loan to Mr. Hardwick which was to be repaid to Fidelity in sixty monthly installments. Significantly, as part of the transaction, Fidelity obtained all rights to assert certain claims against and collect upon any judgment against Mr. Hardwick and others (collectively, the "Recoupment Claims").[6] Under the agreement with Fidelity, MSW was entitled to a percentage of all money recovered by Fidelity on account of the Recoupment Claims which percentage could not exceed $1.5 million.[7] On June 8, 2016, the Debtors, upon consultation with the Committee, agreed to receive a payment of $300,000 from Landcastle Acquisition in satisfaction of any residual interest the estates may have in the Recoupment Claims (the "Landcastle Payment"). The Debtors have requested approval of, but has not yet received, Court approval of the Landcastle Payment.

(ii) Loss of Clients Due to Negative Publicity

As much as the loss of revenue immediately and irreparably harmed the Debtors, the public perception of the firm was also significantly stunted, particularly given the publicity of the lawsuits by Mr. Pritchard and Mr. Johnson, and the transaction with Landcastle Acquisition. Given the choice of the loss of the profitable Landcastle Title business or the immediate need to cover a shortfall of more than $20 million of trust funds missing, MSWLAW chose to part with Landcastle Title.

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6 Recoupment Claims are defined in the Landcastle Agreements, the extent and validity of which were approved by the Court in the Stipulation and Agreed Order Regarding Agreements Between Certain Debtors and Landcastle Acquisition Corp. [Docket No. 425] (the "Landcastle Stipulation"). The Landcastle Agreements are voluminous and, pursuant to the Landcastle Stipulation, are available upon request to counsel for the Landcastle Acquisition. The Plan currently provides that the Recoupment Claims do not include claims against the Wittstadts. Further, the Debtors do not believe that the Recoupment Claims include any claims against Arthur Morris or Randolph Schneider. Landcastle Acquisition's rights with respect to the foregoing are reserved.

7 As of the date hereof, Landcastle Acquisition has not recovered any funds from the Recoupment Claims.

Mr. Hardwick's unauthorized disbursements from trust accounts were devastating to the firm; however it was not a death sentence. Fidelity publicly backed the escrow accounts, the perpetrator of the defalcation was removed from the firm, and the firm was able to convince many of its clients that the firm would be able to survive and thrive again. While many of the firm's largest customers were, for a time, willing to continue to allow the firm to retain certain files (and even provide the firm with new matters), the publicity surrounding Mr. Johnson's lawsuit and the false and malicious statements made by his counsel alleging criminal conduct by the Wittstadts, all of which were untrue, were too much for even an otherwise successful firm like MSW to bear.

The false allegations made by Mr. Johnson's attorneys led a number of clients to contact the Wittstadts and advise that they could not do business with the Debtors anymore and would be terminating the relationship and transferring their files to new counsel unless the Debtors found a new firm with which to merge before December 31, 2014. Accordingly, MSW quickly sought to merge with another firm that also did foreclosure work on a national platform.

(iii) the B&H Merger

Concerned about its employees, on or about January 28, 2015, the Debtors entered into a series of transactions with Butler & Hosch, P.A. ("B&H") relating to the transfer of certain assets of MSW's and MSWLAW's default and foreclosure business (the "Default Assets") to B&H. The transfer of the Default Assets to B&H was documented in a series of agreements, including an asset purchase agreement dated January 28, 2015 (the "Asset Purchase Agreement"), a schedule of MSW's liabilities to be assumed by B&H, an unsecured promissory note dated January 28, 2015 (the "Promissory Note"), and a shared services and transition agreement dated January 31, 2015 (the "Shared Services Transition Agreement," and together with the Asset

Purchase Agreement, the Promissory Note, and other agreements executed in connection with the transaction, the "Transaction Documents").

In exchange for the Default Assets, B&H agreed to pay to MSW, among other things: (i) $2,072,167.24 under the Promissory Note and (ii) $5,000 per month under the Shared Services Transition Agreement for an undefined period of time until such time as the asset transfer was complete. Pursuant to the terms of the Asset Purchase Agreement, B&H agreed to assume certain liabilities aggregating more than $144,000 of equipment lease obligations and leases of nonresidential real property (the "Assumed Liabilities").

The Debtors did not receive any payments due under the Promissory Note or the Shared Services Agreement. Additionally, non-debtor third parties to the Assumed Liabilities have or may assert claims against the Debtors for unpaid rent of nonresidential real property or equipment, and certain non-debtor third parties have or may assert claims against the Debtors on account of goods and/or services provided related to the Default Assets after February 1, 2015, for which they did not receive payment from B&H.

As part of the sale transaction, the client files were turned over to B&H, and the majority of the attorneys who formerly worked for MSW became employees of B&H. After February 1, 2015, the Debtors continued to serve their clients and to remit bills through the Debtors' billing system. Between February 1, 2015 and July 5, 2015, the Debtors' clients remitted payments to the Debtors on account of invoices issued by the Debtors after February 1, 2015 for services provided by the Debtors on account of the Default Assets.

Unfortunately, almost immediately after the agreement was signed, but before the transition period had ended, MSW learned that B&H had created false invoices for reviewing each file to be transitioned from MSW to B&H, which B&H surreptitiously used for the purposes of factoring through its secured lender, Amegy Bank, National Association ("Amegy"),

to obtain loans. On May 14, 2015, B&H, together with fifteen of its related entities filed an assignment for the benefit of creditors (the "B&H ABC") in the Circuit Court of the Ninth Judicial Circuit in and for Orange County, Florida.

One of the other significant issues that arose as a result of the sale of the Debtors' assets to B&H was with respect to claims asserted against MSW for services which were used by MSW and B&H prior to the commencement of the B&H ABC. Specifically, in addition to the leases that were to be assumed and paid by B&H, B&H also used some of the same vendors, and those vendors considered the obligations for services provided to B&H to be obligations of the Debtors. Some of those vendors were third-party providers (the "Third Party Providers") who provided services, such as process service and advertising in connection with foreclosures. The sale transaction with B&H also caused issues with other vendors that, in turn, prevented MSW from being able to issue invoices to its clients.

7. Other Litigation

In addition to the Pritchard Litigation and the Johnson Litigation, the Debtors were subject to a number of other legal actions which impacted their ability to operate, including litigation involving the Assignee in the B&H ABC, as well as an action by Atlantic Bonding Company, Inc. ("Atlantic Bonding") for a temporary restraining order in the Circuit Court for Howard County, Maryland, Case No. 13C15104045, by and through which Atlantic Bonding sought, among other things, to prevent the transfer of certain funds held in MSW's escrow accounts maintained in Maryland.

In addition, on June 29, 2015, Amegy, the owner of certain assets pledged by B&H, filed its own complaint and motion for a temporary restraining order in the United States District Court for the District of Maryland (Case No. 15-01911) seeking to recover $1.2 million that Amegy alleged to be proceeds of accounts transferred by MSW to B&H and owed to Amegy, or

the proceeds of collateral pledged by B&H to Amegy as security (the "Amegy Action"). The Debtors had previously segregated the funds that it understood were the subject of the dispute (not only with Amegy, but with Third Party Providers) and said funds were held in a separate bank account maintained at Liberty Federal Bank. The Maryland District Court refused to grant Amegy's the requested emergency relief, and on July 2, 2015, the District Court entered an Order (i) denying the Plaintiff's motion for temporary restraining order; (ii) requiring that the parties provide the Court with a status report on or before July 17, 2015 as to whether they have been able to work out an interim agreement; (iii) requiring that the parties discuss whether or not the escrowed funds should be put into an interpleader fund or funds; (iv) requiring that the parties discuss whether, to the extent that these monies are included in the escrow account, they should be paid over to bonding companies immediately; and (v) whether the Wittstadts personally should even be named as defendants.

The Debtors were also subject to a malpractice brought by Branch Banking and Trust Company against MSW and Frederick Boynton, a former partner in MSW, which was pending in the Superior Court Superior Court of Fulton County, 2013-CV-227976.

These lawsuits exacerbated the need for the Debtors to seek relief under Chapter 11 in order to obtain breathing space necessary to maximize the estates' assets, including potential claims and causes of action.

8. Rights to Accounts Receivable

After B&H commenced the B&H ABC, one of the most immediate issues was collecting upon accounts receivable due to MSW. On or about August 26, 2011, Amegy had entered into a Purchase and Sale Agreement with B&H, pursuant to which Amegy purchased substantially all accounts generated by B&H (continuing at least through accounts generated on or before April

22, 2015), and B&H had granted to Amegy a security interest in substantially all assets of B&H to secure certain indemnification and other obligations of B&H to Amegy.

Between February 1, 2015 and July 5, 2015, the Debtors transferred more than $4.8 million to Amegy and more than $508,000 to B&H from money received on account of invoices issued by MSW on account of for work related to the Default Assets.

Unbeknownst to the Debtors at that time, B&H was in default of their agreements with Amegy prior to the filing of the B&H ABC, and was therefore unlikely to be able to repay its obligations. As a result, Amegy contacted certain of the B&H's and the Debtors' clients and advised that Amegy was entitled to payment of the invoices issued on account of the Default Assets, and some of those clients advised the Debtors that they would not pay the Debtors or Amegy without an order from a court determining who was entitled to payment.

As a result of this correspondence from Amegy, many of the Debtors' customers refused to remit payment of accounts receivable due to the Debtors, thereby causing an immediate liquidity issue. Further, because it was unable to pay the necessary vendors required to issue client invoices, the Debtors could not issue new invoices to many of its largest clients.

Based upon the litigation with the Mr. Johnson and Mr. Pritchard, the loss of business from clients who were no longer sending new matters to the firm and had directed that existing matters be transferred to other firms, the sale of Landcastle Title, and the failure to collect accounts receivable or issue invoices to collect on work which had been done, on July 5, 2015, the Debtors each filed voluntary bankruptcy petitions under Chapter 11 in the Bankruptcy Court for the Eastern District of Virginia.

9. <u>Indictment and Arrest of Mr. Hardwick and Ms. Maurya</u>

On February 9, 2016, a federal grand jury indicted Mr. Hardwick and Ms. Maurya on charges of conspiracy, wire fraud, and related crimes in connection with Mr. Hardwick's alleged

theft of over $20 million from the attorney escrow accounts and operating accounts of MSW and LandCastle Title. In addition to charges against Ms. Maurya for assisting with Mr. Hardwick's theft, the indictment also charged Ms. Maurya with embezzling approximately $900,000 from the firm's accounts to pay her own personal expenses. On or about February 22, 2016, Mr. Hardwick and Ms. Maurya were arrested and the indictment was unsealed in the United States District Court for the Northern District of Georgia. The criminal case against Mr. Hardwick and Ms. Maurya is pending in the United States District Court for the Northern District of Georgia at Case No. 1:16-cr-00065-ELR.

Among other things, the indictment and related filings alleged Mr. Hardwick began experiencing severe financial problems in the late-2000s, when a sharp decline in the residential real estate market made MHS less profitable. He was subject to a July 2008 divorce decree requiring him to pay his ex-wife over $550,000 per year in alimony and other payments for five years. Hardwick's legitimate income could not keep pace with his lavish lifestyle, which included private jet travel; multimillion dollar homes; high-end retail goods and services; gambling at casinos in Louisiana, Mississippi, New Jersey, and Nevada; and payments to bookies and girlfriends. The filings also alleged that, to maintain the illusion of wealth and success despite his financial problems, and to continue to live beyond his means, Mr. Hardwick began in or about 2011, to direct Ms. Maurya to make millions of dollars in shareholder distributions, bonuses, and other payments for Mr. Hardwick's benefit, directly out of MHS's bank accounts, in amounts that exceeded the share of MHS's profits to which Hardwick was entitled. This occurred at times when no shareholder bonuses or distributions were scheduled to be made, and without causing or directing proportionate bonuses or distributions to be made to the other MHS shareholders. The excess bonuses, distributions, and payments to and for Hardwick's benefit included payments to casinos, private jet charter companies, credit card

issuers, and other creditors and accounts. In order to fund the vast majority of these illicit payments, Mr. Hardwick and Ms. Maurya allegedly caused millions of dollars to be wire transferred to and for Hardwick's benefit out of MHS's attorney escrow accounts and operating accounts. The indictment further alleged that Mr. Hardwick and Ms. Maurya fraudulently concealed Hardwick's excess payments from the other MHS shareholders, MHS employees, outside auditors, title insurance underwriters, and others through false statements, half-truths, omitting material facts, and distributing false and misleading financial information and records.

In addition to charges against Ms. Maurya for her assistance with Mr. Hardwick's theft of over $20 million, the indictment charges Ms. Maurya separately with a scheme to defraud MHS by tricking MHS into issuing checks to pay off her personal credit card bills and other obligations. Ms. Maurya is alleged to have diverted over $900,000 from MHS's attorney escrow accounts and operating accounts to pay off her credit card bills and mortgage payments.

Mr. Hardwick and Ms. Maurya have each been charged with one count of conspiracy to commit wire fraud and 18 counts of wire fraud, including one count against Mr. Hardwick with for bank fraud and three counts of making false statements to federally insured financial institutions. Ms. Maurya has separately been charged with 11 counts of mail fraud.

The Debtors understand that the conspiracy, wire fraud, and mail fraud charges against Mr. Hardwick and Ms. Maurya each carry a maximum sentence of 20 years in prison and a fine of up to $250,000 per count. The Debtors further understand that the bank fraud and false statements charges against Hardwick each carry a maximum sentence of 30 years in prison and a fine of up to $1 million per count.

C. OVERVIEW OF CHAPTER 11 CASES

The Plan is the product of the resolution of a significant number of different matters, some of which were resolved by consent of the parties and others were the product of a judicial

determination. Below is a brief description of some, but not all, of the most relevant motions and applications filed in the Bankruptcy Cases. Below is a summary description of the most significant pleadings filed in the Bankruptcy Cases. This summary is not intended to address every motion or order filed in the Bankruptcy Cases, but to provide adequate information to enable the holders of Claims or Interests in the case to make an informed judgment about the Plan. All of the pleadings, including all motions and applications, filed and orders entered in these Chapter 11 Cases can be viewed free of charge at http://www.upshotservices.com/msw. The Debtors encourage all holders of Claims or Interests to review all pleadings.

1. Commencement of the Bankruptcy Cases and First Day Motions

On July 5, 2015 (the "Petition Date"), the Debtors filed voluntary petitions in the Bankruptcy Court for relief under Chapter 11 of the Bankruptcy Code.

Substantially contemporaneously with the filing of their bankruptcy petitions, the Debtors filed a number of motions with the Bankruptcy Court seeking relief necessary to be able to continue their operations. These "first day" motions included the following:

a. Motion for an Order Directing Joint Administration of their Related Chapter 11 Cases;[8]

b. Motion to Retain UpShot Services, LLC ("Upshot") as Claims, Noticing and Balloting Agent;

c. Motion for Entry of an Order Approving the Form and Manner of Notice of Commencement of the Chapter 11 Cases;

d. Motion For Entry of an Order Authorizing Debtors to (I) Prepare a List of Creditors in Lieu of Submitting a Formatted Mailing Matrix and (II) File a Consolidated List of Debtors' 30 Largest Unsecured Creditors;

[8] The Debtors' motion for joint administration was granted, and the Bankruptcy Cases are being jointly administered at Case Number 15-33370

e. Motion for Entry of an Order (I) Extending the Time to File Schedules and Statements of Financial Affairs and (II) Extending the Time to Schedule the Meeting of Creditors;

f. Motion for Entry of an Order Establishing Certain Notice, Case Management and Administrative Procedures;

g. Motion for Entry of an Order (I) Authorizing Debtors to Maintain Existing Bank Accounts and Business Forms and Continue to Use Existing Cash Management System; (II) Waiving the Requirements of Section 345(b) of the Bankruptcy Code and (III) Directing Applicable Financial Institutions to Honor and Process Checks and Transfers for Trust Funds;

h. Motion for Entry of an Order (I) Authorizing Debtors To Pay Prepetition Wages, Salaries and Benefits; and (II) Authorizing Debtors to Continue Employee Benefit Programs in the Ordinary Course of Business;

i. Motion for Entry of Interim and Final Orders (I) Prohibiting Utilities from Altering, Refusing or Discontinuing Service, (II) Deeming Utility Companies Adequately Assured of Future Performance and (III) Establishing Procedures for Determining Requests for Additional Adequate Assurance;

j. Motion for Entry of an Order Authorizing (I) Debtors to Continue and Renew Their Liability, Property, Casualty and Other Insurance Programs and Honor All Obligations in Respect Thereof and (II) Financial Institutions to Honor and Process Related Checks and Transfers; and

k. Motion for Entry of an Order Authorizing (I) Debtors to Pay Certain Prepetition Taxes and Fees and (II) Financial Institutions to Honor and Process Related Checks And Transfers.

The Bankruptcy Court considered each of these motions at a hearing on July 6, 2015, and granted the relief sought by the Debtors.

(i) Lease Rejections

Additionally, substantially contemporaneously with the filing of the Petitions, the Debtors filed a motion for entry of an order rejecting certain leases of nonresidential property retroactive to the Petition Date. As of the Petition Date, the Debtors were party to approximately forty-six (46) leases of nonresidential real property, some of which were the subject of an assumption by B&H as part of the sale of the Debtors' assets on January 28, 2015. By this

motion, the Debtors sought to reject forty-one of the leases and abandon certain property located at those premises. On July 31, 2015, the Court entered an Order granting this rejection motion [Docket No. 144].

(ii) Priority Claim Motion

Substantially contemporaneously with the filing of their bankruptcy petitions, the Debtors also filed a Motion (I) Pursuant to 11 U.S.C. §§ 105, 364(a), and 507 Authorizing the Debtors to (A) Obtain Post-Petition Financing, (B) Grant Unsecured Priority Claim Status, and (II) Scheduling a Final Hearing. [Docket No. 13] (the "Priority Claim Motion") By this motion, the Debtors sought authority to borrow up to $200,000 from Randolph Schneider and Arthur Morris for the sole purpose of paying outstanding priority claims due to former non-attorney employees up to $10,725 per person. By the terms of the agreement between the Debtors, the loan from Mr. Schneider and Mr. Morris was an unsecured loan to the Debtors' estates that resulted in Mr. Schneider and Mr. Morris receiving a claim with a priority under Section 507(a)(4) of the Bankruptcy Code (which is the same priority that the former non-attorney employees would have otherwise received). The Court granted the Priority Claim Motion at the first day hearing on July 6, 2015, and as a result, Mr. Morris and Mr. Schneider filed a proof of claim asserting a priority claim in the amount of $187,682.15 (the "Priority Claim") which shall be treated as a Class 2 Claim under the Plan.

(iii) Extension of the Automatic Stay

On the Petition Date, the Debtors also filed a motion to extend the automatic stay to the Debtors' officers and directors [Docket No. 5]. The need for this motion was caused by litigation in which the Debtors and their remaining principals and employees were named as parties, including the motion in the B&H ABC for turnover of certain assets of the Debtors, and Amegy's action in the Maryland District Court. The Debtors sought an extension of the

automatic stay in order to allow the Debtors' employees some breathing space in order to focus upon the Debtors' bankruptcy cases. At the conclusion of the hearing on July 6, 2015, the Court granted the motion to extend the automatic stay to the Debtors' officers and directors for thirty days.

2. Other Significant Postpetition Activities

(i) Retention of Estate Professionals

The Debtors retained Christian & Barton LLP and Morris James LLP as counsel for the Debtors, *nunc pro tunc* to the Petition Date. On July 17, 2015, the Office of the United States Trustee, appointed five of the Debtors' largest creditors to the Committee. The Committee selected Arent Fox, LLP ("Arent Fox") as counsel for the Committee and GlassRatner Advisory & Capital Group LLC ("GlassRatner") as the Committee's financial advisor. The retention of Arent Fox and GlassRatner was approved *nunc pro tunc* to July 17, 2015

(ii) Debtors' Schedules and Statements of Assets and Liabilities

On the Petition Date, the Debtors filed a motion to extend the deadline to file schedules and statements of financial affairs. On July 7, 2015, following the "first day" hearing, the Bankruptcy Court entered an Order extending the deadline for the Debtors to file their schedules and statements through August 18, 2015. On August 18, each of the Debtors filed schedules and statements of financial affairs their respective Bankruptcy Case, which detail, among other things all of the Debtors' assets and liabilities.

3. The Bar Date Order

On August 6, 2015, the Debtors filed a motion for entry of a bar date order, which would establish the dates by and through which holders of prepetition claims that were not scheduled as disputed, contingent or unliquidated must file proofs of claims. On August 28, 2015, the Bankruptcy Court entered an Order establishing a deadline of October 30, 2015 for creditors to

file proofs of claim and approving the form and manner of notice thereof, other than for governmental entities. The Bankruptcy Court established the deadline of January 5, 2016 for governmental entities to file proofs of claim.

The Bar Date Order further provides that, in the event that the Debtors amend any claim in their Schedules, the creditor holding that claimants shall have thirty (30) days from the date of the amended Schedules to file a proof of claim. Additionally, pursuant to the Bar Date Order, if the Debtors reject any executory contract or unexpired lease, any person that holds a claim arising from the rejection, shall have the later of the general bar date or thirty (30) days after the date of the order authorizing the rejection to file a proof of claim for any claim(s) arising from such rejection.

As of April 1, 2016, creditors have filed 245 Proofs of Claims, asserting administrative, priority, and general unsecured claims totaling more than $266 million, plus unliquidated claims. Some of those Proofs of Claims have been subsequently satisfied, or will be satisfied, in whole or in part, through one or more of the settlements contemplated by the Plan. The Debtors anticipate that other Proofs of Claims are duplicates, and after confirmation of the Plan, the Liquidating Trustee will object to a number of claims on substantive and/or non-substantive bases.

(i) Rejection of Leaseholds

As noted above, on the Petition Date, the Debtors had a total of forty-six (46) leases of nonresidential real property, some of which were the subject of an assumption by B&H as part of the sale of the Debtors' assets on January 28, 2015, and on July 31, 2015, the Court entered an Order granting the rejection motion.

Since then, the Debtors have rejected the remaining leases of nonresidential real property, and the Debtors are subletting office space on a month-to-month basis at their former space in Towson, MD.

After a preliminary review of all proofs of claim filed in the Bankruptcy Cases, the Debtors believe that the asserted lease rejection claims totals approximately $1,161,862. Such claims remain subject to further review and objection.

(ii) Resolution with Amegy and the Assignee for B&H and the Objections thereto

As of the Petition Date, the Debtors were in possession of $1,576,281.37 which had been received on account of invoices issued between February 1, 2015 and May 14, 2015, and such amounts were maintained in a segregated account (the "Bucket 1 Amounts"). Of those Bucket 1 Amounts, $398,370.11 was determined to have been received on account of expenses received from third parties (the "Initial Segregated Amount"). On the Petition Date, the Debtors had $2,294,722.41 of outstanding accounts receivable for work that had been performed and invoices issued ("Bucket 2 Amounts"). As of the Petition Date, the Debtors had work in progress (WIP) aggregating approximately $2,062,740.21 (the "Bucket 3 Amounts"). Because the Debtors were unable to access the invoice software necessary due to a payment dispute, they were unable to issue new invoices to most of their largest clients.

On July 17, 2015, Amegy filed a motion to bar the Debtors from using the cash proceeds of the foreclosure business that had been sold to B&H [Docket No. 92]. The Debtors did not oppose the relief sought by Amegy's motion, and on August 5, 2015, the Bankruptcy Court entered an Order approving Amegy's segregation motion [Docket No. 167].

On August 21, 2015, the Debtors commenced adversary proceeding 15-03414-KLP (the "Amegy Adversary Proceeding") by filing a complaint against B&H, the Assignee, and Amegy.

Pursuant to the Amegy Adversary Proceeding, the Debtors sought to avoid and recover pursuant to 11 U.S.C. §§ 544, 548, and 550 of the Bankruptcy Code and the Uniform Fraudulent Transfer Act all transfers of the Debtors' assets to B&H arising under or in connection with the Transaction Documents. Further, by and through the Amegy Adversary Proceeding, the Debtors also sought an accounting of all money received by B&H or the Assignee on account of the assets of the Debtors and the turnover of all of the assets of the Debtors in B&H, the Assignee's, and Amegy's respective, actual or constructive possession, including without limitation all computers and data of the Debtors in the Assignee's or Amegy's actual or constructive possession. In addition, the Debtors also sought a declaratory judgment that, because the transaction set forth in the Transaction Documents is avoided, Amegy had no claim to any interest in any of the Debtors' accounts, including (i) of the Bucket 1 Amounts, the Bucket 2 Amounts, or the Bucket 3 Amounts. The Debtors also sought to avoid and recover all transfers made to B&H and Amegy during the ninety days immediately prior to the petition date pursuant to 11 U.S.C. §§ 547 and 550.

In response to the Amegy Adversary Proceeding, on September 3, 2015, Amegy filed a motion to convert the Debtors' bankruptcy cases to Chapter 7 of the Bankruptcy Code, or alternatively, appoint a Chapter 11 trustee or receiver to manage certain of Debtors' assets and to modify the order segregating foreclosure invoice proceeds [Docket No. 252] (the "Amegy Conversion Motion").[9]

As a result of the Debtor's significant disputes with Amegy, on or about September 13, 2015, the Debtors, the Committee, and Amegy agreed to mediate the issue of ownership of the estates and Amegy's respective claims to the Bucket 1 Amounts, the Bucket 2 Amounts, and the

[9] On September 4, 2015, the United States Trustee filed a motion to convert the Debtors' Bankruptcy Cases to Chapter 7. The United States Trustee's motion has been continued from time to time as the Debtors, together with the Committee, have worked toward confirmation of a Chapter 11 plan.

Bucket 3 Amounts, and other claims that the Debtors have asserted against Amegy before Mark Felger of Cozen O'Connor (the "Mediator"). On September 14, 2015, the Debtors, after consulting with the U.S. Trustee, filed a stipulation with the Court to approve the Mediator, and for the fees of the Mediator to be paid from the Bucket 1 Amounts.[10]

On September 17, 2015, the Debtors, the Committee, Amegy, the Wittstadts, and their respective counsel, including the Wittstadts' personal counsel, all attended mediation with the Mediator for a full day. The parties were unable to reach a settlement during mediation, however parties were able to reach a global resolution approximately two weeks after mediation.

The terms of the settlement between the Debtors, the Committee, and Amegy included the following:[11]

- After payment of the Mediator's fees, the Bucket 1 Amounts would be split equally between the Debtors and Amegy.
- The Debtors and Amegy would prepare a letter to be sent to all of the Debtors' clients notifying each of the entry of an order approving the settlement with Amegy, the Court's approval of the arrangement set forth herein, and directing that each remit the payment(s) due on account of outstanding default invoices to the Debtors, and all proceeds of default invoices shall be deposited in a segregated account, thereby becoming Bucket 1 Amounts.
- In the event that any former client refuses to remit payment, the Debtors, in their discretion but only after consultation with Amegy, may pursue collection of those outstanding invoices, including the commencement of a law suit against an account debtor to collect any Default Invoice(s). The Debtors shall not retain outside counsel that is affiliated with the Debtors or the Wittstadts to pursue litigation collection from an account debtor without first obtaining the consent of Amegy. The Debtors shall regularly provide reports to Amegy and the Committee of all ongoing litigation against account debtors to collect any default invoice, including the amount of legal fees and expenses incurred to date.
- In the event that any invoice remains outstanding, and the Debtors have not instituted a lawsuit to collect the same within nine (9) months of the later of (i) the date the stipulation is approved, or (ii) such default invoice

[10] The mediation was not closed, however no other party expressed an interest in attending.

[11] This is a recitation of some, but not all, of the most significant material terms of the settlement between the Debtors, the Committee, Amegy and the Wittstadts. A complete copy of the underlying agreement was filed with the Bankruptcy Court and is available for free at http://www.upshotservices.com/msw.

is issued,[12] the Debtors shall be deemed to have assigned its rights under such default invoice(s) to Amegy, and Amegy may thereafter pursue collection of any such deemed assigned default invoice(s) in the name of the Debtors and/or B&H. To the extent Amegy successfully collects any amounts with respect to such deemed assigned default invoice(s), the balance, after deduction of Amegy's reasonable attorneys' fees and costs, shall be divided seventy percent (70%) to Amegy and thirty percent (30%) to the Debtors. The net proceeds of any lawsuit, after deducting legal fees and costs as permitted by this provision, shall constitute Bucket 1 Amounts and shall be distributed as such.

- The Debtors shall undertake all reasonable efforts to promptly issue invoices for all WIP comprising Bucket 3 Amounts. Each invoice issued with respect to the Bucket 3 Amounts shall be deemed a default invoice and thereafter comprise part of the Bucket 2 Amounts. Except to the extent otherwise agreed by Amegy, the Debtors and the Committee, to the extent Bucket 3 Amounts remain unbilled more than nine (9) months after the date of approval of the settlement agreement, such amounts shall be deemed assigned to Amegy for purposes of collection, and Amegy shall be entitled to issue invoices for such remaining Bucket 3 Amounts in the names of the Debtors and/or B&H, and Amegy shall be entitled to collect any such invoices. In the event and to the extent Amegy collects proceeds from any invoices issued pursuant to this provision, the net proceeds, after deducting Amegy's reasonable and necessary costs and expenses incurred in issuing and collecting the same, shall be divided with Amegy keeping seventy percent (70%) and the Debtors receiving the other thirty percent (30%).
- If the Debtors' Bankruptcy Cases are converted to Chapter 7, the agreement shall remain in full force and effect and be binding upon any duly appointed Chapter 7 trustee, and the Debtors' estates shall be deemed to have assigned all remaining Bucket 2 Amounts and Bucket 3 Amounts to Amegy for purposes of billing and collection, and Amegy shall have absolute and unfettered right to seek to collect the same, and any proceeds therefrom shall be divided seventy-five percent (75%) to Amegy and twenty-five percent (25%) to the Debtors' estates.
- Amegy and the Committee shall each have the reasonable right to request information regarding the status of the all WIP and invoices, including the amounts received by the Debtors on account of invoices, the billing of WIP, and the status of any litigation efforts. The Debtors shall promptly respond to such requests and shall provide any information requested to both Amegy and the Committee, regardless of which initiated the request.
- Nothing in the settlement with Amegy shall affect the Debtors' rights with respect to rights of collection for invoices issued prior to February 1, 2015 (other than costs incurred prior to February 1, 2015 and billed after February 1, 2015), or for work done by the Debtors not in connection with

[12] By stipulation, this deadline has been extended an additional thirty (30) days. See Docket No. 1023.

the assets sold to B&H, all of which remain assets of the Debtors' bankruptcy estates.

- The Debtors and Amegy further agreed that certain third party providers have asserted an entitlement to certain Bucket 1 Amounts, Bucket 2 Amounts, and Bucket 3 Amounts on account of services provided in connection with the assets purchased by B&H. In the event that the Court, after proper notice and hearing, determines that any Third Party Provider is entitled to payment specifically from Bucket 1 Amounts, Bucket 2 Amounts, and/or Bucket 3 Amounts, other than as general unsecured creditor of the Debtors entitled to a distribution under the Bankruptcy Code, such payment(s) shall come from the Debtors' portion of the Bucket 1 Amounts, the Bucket 2 Amounts, and the Bucket 3 Amounts, and no Third Party Provider or other creditor shall have any claim against or interest in Amegy's portion of Bucket 1 Amounts, Bucket 2 Amounts and/or Bucket 3 Amounts. All amounts received by Amegy hereunder are received free and clear of all liens, claims, encumbrances and interests.

Further, as part of the mediation, the Wittstadts and the Committee separately negotiated the amount of compensation to be received by each of the Wittstadts. Prior to and as part of the sale of the Debtors' assets to B&H, the Wittstadts entered into a contract by which were each entitled to compensation of $417,000 per year. Prior to filing for bankruptcy, the Wittstadts voluntarily agreed to reduce their salaries. Accordingly, the Wittstadts each arguably had an administrative claim for the difference between the amount received and the contractual amount due. During and following mediation, the Committee and the Wittstadts' were able to negotiate the compensation of each of the Wittstadts; specifically, the Wittstadts' compensation was fixed as of the Petition Date as $250,000 per year; however the Wittstadts were each entitled to receive as a commission of 13.5% of the Debtors' share from each of the Bucket 1 Amounts, Bucket 2 Amounts, and Bucket 3 Amounts with such collection commission to be offset in full by the amount of the postpetition salary paid to each of the Wittstadts in that quarter. The percentage of the collection commission is to decrease to 12.5% in the quarter beginning April 1, 2016, and will continue to decrease one percentage point each quarter thereafter. Finally, by the settlement, Amegy agreed to withdraw its motion to convert the Debtors' bankruptcy cases to Chapter 7.

On September 28, 2015, the Debtors filed a motion to approve the settlement with Amegy (the "Amegy Settlement Motion") [Docket No. 363]. Alex Cooper Auctioneers, Inc., Action Capital Corporation, Dustin Johnson, Owen Hare, CitiMortgage, Inc. and Bank of America, N.A. each filed an objection in response to the Amegy Settlement Motion. Additionally, the Debtors received and an informal objection from the Assignee.

In order to resolve the informal objection of objection with the Assignee, the Debtors (after consultation with the Committee), the Wittstadts, and Amegy, entered into a settlement with the Assignee for B&H which provided, among other things, mutual releases between both of the Wittstadts and the Debtors on the one hand, and B&H and the Assignee on the other hand except to the extent that any claims made against B&H were covered by applicable insurance. After the Debtors, the Wittstadts, Amegy, and the Assignee for B&H executed the settlement agreement, it was noticed to be heard by the Bankruptcy Court on October 21, 2015 at the same time as the Amegy Settlement Motion [Docket No. 439](collectively, the "Amegy/Assignee Settlement Motion").

On October 7, 2015, Dustin Johnson filed a motion to segregate certain funds held by the Debtors' in certain of the Debtors' escrow accounts and the Debtors' accounts receivable [Docket No. 441] (the "Johnson Motion to Segregate"). The Debtors, the Committee, the Wittstadts, and Amegy each filed objections to the Johnson Motion to Segregate. The Johnson Motion to Segregate was noticed to be heard by the Bankruptcy Court on October 21, 2015.

On October 21 and 22, 2015, the Bankruptcy Court conducted a two-day evidentiary hearing and oral argument to consider the Amegy/Assignee Settlement Motion, and the Johnson Motion to Segregate. At the conclusion of the hearing, the Court approved the Amegy/Assignee Settlement Motion over the objections of various parties, and denied the Johnson Motion to Segregate.

On November 2, 2015, the Bankruptcy Court entered an Order granting the Amegy/Assignee Settlement Motion [Docket No. 591] (the "Amegy/Assignee Settlement Order") and an Order denying the Johnson Motion to Segregate [Docket No. 592]. The Bankruptcy Court required that the Debtors maintain money in a segregated accounts equal to the amount of the services provided by Third Party Providers (as defined in Article V.B.6 herein) which have been collected from their clients (the "Third Party Escrow Funds"). As of May 1, 2016, the Third Party Escrow Funds totaled $410,215.29. A chart detailing the Third Party Escrow Funds is attached as **Exhibit B** hereto.

November 16, 2015, Mr. Johnson filed a notice of appeal of the Bankruptcy Court's Order granting the Amegy/Assignee Settlement Motion. Mr. Johnson did not appeal the Order denying the Johnson Motion to Segregate.

4. Dustin Johnson's Adversary Proceeding

On September 30, 2015, Dustin Johnson commenced Adversary Proceeding No. 15-03435 (the "Johnson Adversary Proceeding") against the Debtors, the Wittstadts, Amegy, and the Assignee for B&H seeking, among other things, (i) a declaratory judgment that he had a first priority and superior interest in and to all sums which came into the Debtors' or other Defendants' possession or custody between August 6, 2014 and the Petition Date, (ii) a declaratory judgment that he had a first priority and superior interest in and to all sums which came into the Debtors' or other Defendants' possession or custody after the Petition Date, (iii) imposition of an equitable lien and/or constructive trust upon all cash and accounts receivable of the Debtors since August 6, 2014, and (iv) an injunction enjoining Debtors (and the Defendants, to the extent obtained from, via, or through any of the Debtors) from transferring cash they hold or in which they have any interest pending adjudication of this adversary proceeding; and (v) for the turnover of $3 million to Mr. Johnson, plus his attorneys' fees and costs.

On November 2, 2015, the Debtors filed a motion to dismiss the Johnson Adversary Proceeding, on November 30, 2015, Mr. Johnson filed a response to the motion to dismiss, and on December 14, 2015, the Debtors filed a reply in support of their motion to dismiss. On February 2, 2016, the Bankruptcy Court heard oral argument, and at the conclusion of oral argument the Bankruptcy Court granted the Debtors' motion to dismiss, but permitted Mr. Johnson fifteen days from entry of the Order granting the Motion to dismiss to file a motion for leave to amend the complaint. On March 9, 2016, the Bankruptcy Court entered the order granting the Debtors' motion to dismiss.

5. Collections and Billing During Bankruptcy

Since the approval of the settlements, the Debtors were able to reach a Court-approved resolution with Black Knight, a vendor providing electronic billing services, by which they agreed to pay $58,131.67 of the $66,263.33 owed to Black Knight. In exchange for the payment, the Debtors would be allowed access to the Black Knight system, subject to further payments for the Debtors' ongoing use of the Black Knight system.

Since the Petition Date, the Debtors have collected a total of $811,812.27, of which $413,254.31 has been remitted to Amegy. The Debtors believe that, subject to legal and factual defenses of the Debtors' former clients, as of April 1, 2016, there remain $3,157,951.77 of outstanding accounts receivable, including over $800,000 owed by CitiMortgage, Inc. and its related affiliates, over $99,000 owed by Wells Fargo and, and over $475,000 owed by Bank of America, N.A. and its related affiliates.

6. Abandonment and Destruction of FF&E and Books and Records

The Debtors, as a law firm and related entities, had more than forty offices, plus repositories for physical hard files held for their clients. Among each of the offices was furniture, fixtures, and equipment, including computers, copiers, and servers.

For financial reasons, the Debtors were unable to maintain all of the computers, copiers and servers, many of which were subject to leases. At the same time, the Debtors are also subject to document retention obligations in connection with litigation holds in various matters, including a request from the United States Attorney in connection with the ongoing investigation and criminal matters involving Mr. Hardwick and Ms. Maurya.

On October 15, 2015, the Debtors filed a motion to approve a Protocol Regarding Preservation, Production, Access, Abandonment, and Destruction of Documents, Electronically Stored Information, Information Technology Equipment and Related Property of the Debtors' Estates by and through which the Debtors sought Pursuant to 11 U.S.C. Sections 105(a), 363(a), 541, and 544(a), and Federal Rule of Bankruptcy Procedure 6007 [Docket No. 481] (the "Protocol Motion"). A number of parties, including certain of MSW's former clients, Mr. Pritchard, and Mr. Johnson objected to the Debtor's Protocol Motion. The Debtors negotiated a protocol (the "Protocol") with the objecting parties, by and through which the Debtors would be permitted to abandon or destroy certain documents after notice. On November 19, 2015, the Court entered an Order granting the Protocol Motion and approving the Protocol [Docket No. 661].[13]

Pursuant to the Protocol, the Debtors filed two separate motions to destroy certain confidential information. [Docket Nos. 825 and 943].

7. Settlements to Be Effectuated Under the Plan

The Plan is expressly premised upon the following settlements, each of which will be effectuated on the Effective Date of the Plan: (i) a settlement among James Pritchard, the Debtors, the Wittstadts, and their insurer, Endurance Insurance Company ("Endurance"), (ii) a

[13] As set forth in the Plan, the terms of the Protocol Order will remain in full force and effect after the Effective Date.

settlement among Dustin Johnson, the Debtors, the Wittstadts, and Endurance; and (iii) a settlement among the Debtors' estates and the Wittstadts. Significantly, where the Wittstadts are parties to a settlement, the Wittstadts were represented by their own counsel, and the estates' interests were represented by the Committee (the "Wittstadt Settlements").

(i) Settlement with Mr. Pritchard

On February 29 and March 1, 2016, the Debtors, the Committee, the Wittstadts, Endurance, Mr. Pritchard, and Mr. Adams for himself and the Alliance, all attended mediation in Atlanta before Ralph Levy of JAMS (the "March Mediation"). Each of the parties was represented by counsel. Prior to the conclusion of the March Mediation, the Debtors (after consultation with the Committee), the Wittstadts, Endurance, and Mr. Pritchard reached a settlement of Mr. Pritchard's claims against the Debtors, and any potential claims against the Wittstadts, Mr. Schneider, Mr. Morris and Mr. Boynton (and other possible insures under the Endurance Policy), an executed copy of which (the "Pritchard Settlement Agreement")[14] is attached hereto as **Exhibit C**. Specifically, the Pritchard Settlement Agreement provides, among other things, that subject to approval of the Bankruptcy Court, Endurance, on behalf of all of the Debtors as insureds under 2014 Endurance Policy, shall pay $762,500 (the "Pritchard Settlement Amount"), and under a separate settlement agreement, Mr. Pritchard shall receive payment from Mr. Adams and the Alliance. For voting purposes, Mr. Pritchard will have an Allowed Class 3 General Unsecured Claim in the amount of $2.7 million, and for purposes of distribution Mr. Pritchard shall be entitled to a Allowed Class 3 General Unsecured Claim of $2.7 million, less the $762,500 received from Endurance and less any amount received from Mr. Adams and the Alliance.

[14] To the extent any conflicts exist between the summary of the Pritchard Settlement Agreement provided herein and the Pritchard Settlement Agreement, the Settlement Agreement shall control.

In exchange for receipt of the Pritchard Settlement Amount, Mr. Pritchard will dismiss all litigation and waive all claims against the Debtors, Mr. Hardwick, the Wittstadts, Mr. Boynton, Mr. Schneider, Mr. Morris, and all other insureds under the 2014 Endurance Policy, including Mr. Pritchard's action pending in the Fulton County Georgia Superior Court, and he shall file a notice of satisfaction of judgment in the Fulton County Georgia Superior Court.

Further, the Debtors' estates, and the Wittstadts shall give a limited and partial release to Mr. Adams and the Alliance solely arising from the loan transaction between the Debtors and Mr. Pritchard. Significantly, this settlement will not release Mr. Adams or the Alliance from any other claim. Additionally, all parties to the settlement between the Debtors, the Wittstadts, and Mr. Pritchard agree that Endurance has no obligation to pay any part of the General Unsecured Claim, other than payment of the settlement amount.

Finally, as part of the settlement, Mr. Pritchard agrees that upon approval of the settlement, he will execute a statement, in a form reasonably acceptable to the Wittstadts and the Debtors, by which he retracts all of his demand letters and other communications that have alleged any wrongdoing by the Wittstadts or the Debtors, and Mr. Pritchard shall accept service of a subpoena without the necessity for formal service from the Debtors or any successor thereof or the Wittstadts seeking to obtain all of the communications from or to Dustin Johnson, Mr. Hardwick, Mr. Adams, and the Alliance, or their respective counsel or advisors to Mr. Pritchard or his counsel or advisors with respect to any claims or alleged claims by Mr. Johnson against Debtors or the Wittstadts.

(ii) Settlement with Mr. Johnson

During the March Mediation, the Debtors, the Committee, the Wittstadts, Endurance, Mr. Johnson, and Mr. Adams for himself and the Alliance, each of which was separately represented by counsel, all attended mediation in Atlanta before Ralph Levy of JAMS however the parties

were unable to reach a settlement with respect to the Johnson Adversary Proceeding. On March 15, 2016, the Debtors, Endurance, the Wittstadts, and Mr. Johnson again met with Ralph Levy to mediate Mr. Johnson's claims. Following the continuation of the March Mediation, the Debtors, Endurance, the Committee, the Wittstadts, and Mr. Johnson were able to reach a settlement, an executed copy of which (the "Johnson Settlement Agreement") is attached hereto as **Exhibit D**. Specifically, the Johnson Settlement Agreement provides, among other things, that subject to approval of the Bankruptcy Court, Endurance, on behalf of all of the Debtors as insureds under 2014 Endurance Policy, shall pay $2 million (the "Johnson Settlement Amount") to Mr. Johnson.

In exchange for receipt of the Johnson Settlement Amount, Mr. Johnson will dismiss all litigation and waive all claims against the Debtors, Mr. Hardwick, the Wittstadts, and all other insureds under the 2014 Endurance Policy, including Mr. Johnson's action pending in the United States District Court for the Northern District of Georgia. Notably, this settlement does not include any release of any claims against Mr. Johnson's counsel, against which, the Debtors and the Wittstadts each assert a claim.

Further, Mr. Johnson will have an Allowed Class 3 General Unsecured Claim in the amount of $3 million for voting purposes only, and he shall receive no distribution under the plan on account of his seven (7) proofs of claims, each of which asserted a claim in the amount of $4 million.

(iii) Releases of and Settlement of Claims Against the Wittstadts

In furtherance of its fiduciary duties, the Committee directed its counsel to commence an independent investigation of the events leading the Debtors to commence the Bankruptcy Cases that did not involve the well documented fraud of Mr. Hardwick and Ms. Maurya. This investigation included an examination of the Debtors' prepetition operations and financial affairs

to identify possible estate claims and causes of action and sources of recovery for unsecured creditors.

Beginning in or about August 2015, the Committee made several document requests to the Debtors for, among other things, the Debtors' financial records and related correspondence. In response to the Committee's requests, the Debtors provided the Committee's professionals with documents on a rolling basis.

During the course of its investigation, the Committee focused on examining the prepetition conduct of, and transfers by the Debtors to the Debtors' current and former principals (the Wittstadts). The Debtors understand that the Committee's investigation revealed that the Debtors' estates may have potential claims against these principals for avoidable transfers made to these individuals as principals of the Debtors when the Debtors were insolvent, unbeknownst to the Wittstadts.

The Committee also examined these potential claims through the lens of the Bankruptcy Cases and understood that the Wittstadts have devoted significant time and resources, sometimes without compensation, to the administration of these cases and that, coupled with other factors, made the claims ripe for settlement. As a result, the Committee in an exercise of its business judgment, negotiated at arm's-length with the Wittstadts' counsel[15] with respect to a resolution of any claims that the estates may have against the Wittstadts.

The Committee, acting for the Debtors' estates, negotiated an agreement to be approved as part of the Plan. By this agreement ,the Debtors' estates and their successors and assignes, including the Liquidating Trust and the Liquidating Trustee, will release any claims that they may have against each of the Wittstadts in exchange for the Wittstadts agreeing to, among other things, continue to cooperate with the Liquidating Trustee on specific terms and subordinating

[15] The Debtors' counsel was not involved in any discussion between the Committee and the Wittstadts.

certain substantial claims that they have against the Debtors, including Administrative Claims, to all Allowed General Unsecured Claims and Allowed Third Party Provider Claims.

The Committee believes that this resolution is fair and reasonable and is in the best interest of creditors and the Debtors' estates and satisfies the requirements of and satisfies the requirements of Rule 9019 of the Federal Rules of Bankruptcy Procedure. According to the Committee's analysis, the Estates' claims against the Wittstadts are (i) relatively weak, (ii) will be expensive to pursue due to, among other things, the high cost of expert testimony regarding reasonably equivalent value, (iii) are subject to significant defenses including a potentially strong business judgment defense, and (iv) will not materially benefit creditor recoveries. Indeed, any collections on claims against the Wittstadts will be in their individual capacities and will likely result in limited, if any, ability to collect on a judgment.[16] Moreover, the complexity, expense and delay of litigation against the Wittstadts, who are critical to unwinding the Debtors' affairs, are self-evident. Finally, the interests of creditors will be better served by settling the causes of action against the Wittstadts, preserving estate assets that would otherwise be used to litigate the claims, and engaging the Wittstadts to assist the Liquidating Trustee in liquidating the estates to obtain recoveries for creditors.

In addition, the Committee asserts that the Wittstadt Settlement is reasonable because it provides value to the estates. The Wittstadts have agreed to subordinate a significant portion of their Administrative Claims, which the Committee has estimated total over $400,000. This subordination will enhance the recovery to other creditors. Moreover, the Committee expects that the Wittstadts will likely provide a significant benefit to the Liquidating Trustee. As the last remaining principals of the Debtors with working knowledge of the Debtors' business, their

[16] The Debtors did not maintain director and officer liability insurance. Therefore, any estate claims against the Wittstadts or your clients are not subject to insurance coverage and will result in personal liability.

assistance will be critical for the Liquidating Trustee to become familiar with the Debtors' operations, accounting information, and accounts receivable. Pursuant to the settlement, the Wittstadts have agreed to provide up to 80 hours of service to the Liquidating Trustee free of charge, plus additional time, if any, at a significantly reduced hourly rate. Thus, the Liquidating Trustee will be in a position to leverage the Wittstadts' knowledge of the Debtors' business to assess and monetize claims and other assets in a timely fashion, without significant cost to the Liquidating Trust. The Committee believes that these efforts will benefit all creditors.

(iv) Recoupment Buyout

While not a settlement under the Plan, the Landcastle Payment will be used in conjunction with the Plan. As more fully discussed in the Amended Joint Motion of Certain of the Debtors, the Creditors Committee, and Landcastle Acquisition Corp. for Entry of Stipulation and Agreed Order Amending Agreements [Docket No. 1034] (the "Landcastle Payment Motion"),[17] the payment of the Landcastle Payment will not relieve the Debtors of their obligations to cooperate with Landcastle but will provide the Debtors with additional liquidity that will partially fund the confirmation process and the Plan. Significantly, the Settlement with Landcastle shall not release any claims that the Debtors, their Estates, the Liquidating Trust, the Liquidating Trustee, or the Wittstadts may have against any Former Partner or any affiliate thereof or any other Person not otherwise released under the Plan.

VI. DESCRIPTION OF THE PLAN

A. INTRODUCTION

A summary of the principal provisions of the Plan is set forth below.

THE AMOUNT OF CLAIMS IN THE VARIOUS CLASSES AND THE NUMBER OF HOLDERS IN SUCH CLASSES CANNOT NOW BE EXACTLY DETERMINED DUE TO

[17] Notwithstanding any descriptions or statements in this Disclosure Statement, the terms of the Stipulation and Agreed Order Amending Agreements attached to the Landcastle Payment Motion shall govern.

THE NUMBER OF CLAIMS FILED WHICH THE DEBTORS AND/OR COMMITTEE MAY DEEM OBJECTIONABLE. THE DEBTORS ANTICIPATE THAT THE LIQUIDATING TRUSTEE, ONCE APPOINTED, MAY OBJECT TO CERTAIN CLAIMS IF NEGOTIATIONS WITH RESPECT TO SUCH CLAIMS ARE UNSUCCESSFUL. THEREFORE, THE AMOUNTS OF CLAIMS IN THE VARIOUS CLASSES SET FORTH HEREIN ARE ESTIMATES.

B. ASSETS OF THE ESTATE

Generally speaking, the Debtors' estates are comprised of a number of separate pools of assets (collectively, the "Estate Assets"): (i) all Causes of Action, including without limitation, all Avoidance Actions; (ii) one hundred percent (100%) of all Unclaimed Escrow Funds; (iii) the proceeds of all Accounts Receivable under the Amegy/Assignee Settlement Order; (iv) ninety percent (90%) of all Third Party Provider Escrow Funds; (v) the proceeds of the sale of any assets of the Debtors' estates; (vi) the Landcastle Payment; (vii) all rights under any Insurance Policy, including any proceeds therefrom; (viii) all rights of the Debtors' or the Estates' to any Default Escrow Funds attributable to work performed by the Debtors (or any predecessor or successor thereto); and (ix) any tax refunds or credits to which the Debtors are or will become entitled

1. Outstanding Accounts Receivable

On the Petition Date, the Debtors estimated that the estates were due approximately $7,290,000 of outstanding accounts receivable due from certain former clients. As of May 1, 2016, the Debtors estimate that the outstanding accounts receivable due from certain former clients is approximately $3,300,000. A chart detailing the amounts due from each of the former clients is attached hereto as **Exhibit E**. Pursuant to the settlement with Amegy, the Debtors

would be entitled to at least one half of the amounts collected.[18] The Debtors are aware that there may issues with respect to collecting some of the accounts receivable. In particular, some of the largest accounts receivable are due from former clients, including CitiMortgage N.A. and Bank of America N.A., who have asserted unliquidated claims to offset the amounts due to the Debtors. Other former clients have informed the Debtors of certain defects with respect to specific invoices, and the Debtors anticipate that other former clients will assert various defenses to the collection of accounts receivable due to the estates.

2. Third Party Escrow Amounts

As of April 1, 2016, the Debtors were in possession of $410,215.29 held in escrow (the "Third Party Escrow Amounts") which was on account of money collected from former clients which may be attributed to services provided by Third Party Providers. Certain of the Third Party Providers have asserted that the Third Party Escrow Amounts are subject to trust claims. The Debtors disagree, and believe that the claims of the Third Party Providers are general unsecured claims entitled to distribution with other general unsecured claims. Further, the Debtors believe that many of the claims asserted by the Third Party Providers are not obligations of the Debtors' estates but are obligations of B&H which arose after February 1, 2015.

As of May 1, 2016, sixteen (16) of the Third Party Providers have filed a total of twenty-five (25) proofs of claims aggregating $3,551,058.88. At least four of these claims, all filed by Alex Cooper Auctioneers (Proofs of Claim No. 106, 107, 108, and 109) assert a secured claim all in the amount of $520,250.76. The Debtors disagree with the amount of Alex Cooper

[18] Pursuant to the settlement with Amegy, in the event that any invoice remains outstanding, and the Debtors have not instituted a lawsuit to collect the such invoices within nine (9) months of the later of (i) November 2, 2015 (the date the stipulation was approved), or (ii) such invoice is issued, the Debtors shall be deemed to have assigned its rights under such invoice(s) to Amegy, and Amegy may thereafter pursue collection of any such deemed assigned invoice(s) in the name of the Debtors and/or B&H. To the extent Amegy successfully collects any amounts with respect to such deemed assigned Default Invoice(s), the balance, after deduction of Amegy's reasonable attorneys' fees and costs, shall be divided seventy percent (70%) to Amegy and thirty percent (30%) to the Debtors.

Auctioneer's claim and that it is secured. Accordingly, the Debtors believe, after reviewing certain of the proofs of claim filed by the Third Party Providers that the aggregate amount of the Claims is actually less than $2 million.

After consultation with the Committee, in an effort to provide a distribution which may otherwise avert litigating the issue over whether the Third Party Providers have trust fund claims and whether the Third Party Providers' claims are obligations of the Debtors or B&H, the Debtors' Plan separately classifies the Third Party Providers' Claims into Class 4, which will provide the Third Party Providers with a pro rata distribution of 10% of the Third Party Escrow Amounts on account of Allowed Class 4 Claims. The Third Party providers will also receive a pro rata share of the Class A Interests (with other general unsecured claims) on account of the balance of their Allowed Third Party Provider Claims. Further, the Estates will waive the right to objections to the Third Party Provider Claims on the basis that such claims are obligations of B&H, although all other bases for objections the Third Party Providers' Claims will remain. The waiver of the limited objection may be significant to any Third Party Providers who received money from the Debtor prior to bankruptcy on account of services determined to have been for the benefit of B&H, as such transfer(s) may be avoidable under Sections 548 and 550 of the Bankruptcy Code.

In the event that any of the Third Party Providers files an objection to the Plan on the basis that it has a trust claim, the Debtors and/or the Committee will oppose any such objection. In the event that the Bankruptcy Court determines that any Third Party Providers' Claim is not entitled to trust claims, the Debtors will amend the Plan to eliminate Class 4 of the Plan, and all Third Party Providers' Claims will be treated Class 3 as General Unsecured Claims. Further, any such amendment to the Plan will eliminate the waiver of the estates' right to object to the Third Party Providers' Claims on the basis that

some or all of the Third Party Providers' Claims are against B&H. In that case, the Debtors anticipate that the Liquidating Trustee will object to all Third Party Providers' Claims to the extent that they include any claims that arose after February 1, 2015.

3. Unclaimed Money Held in Escrow Accounts

As of April 25, 2016, the Debtors had at least fifty-five (55) escrow accounts which held approximately $10,187,103.33 (the "Escrow Funds"); the Debtors' Default Business had seven (7) escrow accounts that held a total of $6,444,894.13 (the "Default Escrow Accounts") , and the Debtors' Closing Business had forty-eight (48) escrow accounts that held a total of $3,742,209.20 (the "Closing Escrow Accounts").[19] A list of the accounts and the amount of Escrow Funds in each of the escrow accounts is attached hereto as **Exhibit F**.

(i) Default Escrow Accounts

The Debtors have fully reconciled all money held in the Default Escrow Accounts.[20] The funds held in the Default Escrow Accounts belong to identifiable third parties. Most of these funds are held awaiting court-approved disbursements from foreclosure sales handled by the attorneys in the Default Business. Other Default Escrow Funds are the result of checks issued by the Debtors to their former clients that have not been cashed. Depending upon when these uncashed checks were issued, some of the funds held in the Default Business' escrow accounts may be due to be escheated to various states under applicable non-bankruptcy law. Because the Default Escrow Funds can be reconciled, the Plan provides, among other things that, the Default Escrow Funds will be maintained as currently maintained by the Debtors and will be administered by the Wittstadts, in their capacities as substitute trustee, so that the Wittstadts can

[19] As of the Petition Date, the Debtors Closing Business had fifty-four (54) escrow accounts that held an aggregate of $4,655,905.30. Some of the escrow accounts have since been closed, and some of the funds have been distributed in the ordinary course of business.

[20] The Debtors believe that, among the seven Default Escrow Accounts, there is a total of less than twenty-five cents that cannot be attributed to any particular account or client.

comply with applicable rules of professional conduct, fulfill their obligations to any former clients of the Debtors, and/or fulfill their obligations under applicable state laws. Nothing in the Plan shall affect or impair the Estates' right to any portion of those Default Escrow Funds that is attributable to work performed by the Debtors (or any predecessor or successor thereto), and the Wittstadts shall promptly provide the Liquidating Trustee with reasonable information, including a monthly reconciliation of the Default Escrow Funds.

(ii) Closing Escrow Accounts

The Debtors have not been able to reconcile the funds held in the forty-eight (48) Closing Escrow Funds (the "Closing Escrow Funds"). As more fully outlined in Article V.B.1 herein, the Debtors are the victims of embezzlement by Mr. Hardwick and Ms. Maurya. In an effort to conceal their defalcation of the Debtors and hide the money that each took from the firm and/or the firm's escrow accounts for their own interests, Mr. Hardwick and Ms. Maurya either directly or indirectly caused money from the Closing Escrow Accounts to be commingled with the firm's other escrow accounts and/or operating accounts by shifting money from account to account, Simply stated, the Closing Escrow Accounts became so muddled that the Debtors cannot identify whether any non-debtor party may be entitled to any of the funds contained therein.

By the Motion to approve the Disclosure Statement filed on May 17, 2016 [Docket No. 997] (the "Solicitation Motion"), the Debtors sought approval of a separate process pursuant to Sections 105(a) and 541(a) of the Bankruptcy Code and Rules 3001, 3002, and 3003 of the Federal Rules of Bankruptcy Procedure, for parties to assert that they have an interest in the Closing Escrow Funds. Specifically, the Debtors request that the Court set a deadline of August 8, 2016 (the "Escrow Claim Bar Date"), which is forty-five (45) days from the date of the notice for all parties claiming an interest in the Closing Escrow Funds to submit a claim for the funds in the Closing Escrow Accounts, including documentation necessary to prove ownership of the

funds. Pursuant to Sections 105(a) and 541(a) of the Bankruptcy Code and Rule 3003(c) of the Federal Rules of Bankruptcy Procedure, any party asserting an interest in the Closing Escrow Funds who fails to timely file proof of such a claim will be forever barred, estopped, and enjoyed from asserting such claim against the Debtors, and the Debtors, their Chapter 11 estates, their successors and their respective property shall be forever barred from any and all indebtedness or liability with respect to such claim.

The Debtors and the Committee or, if after the Effective Date of the Plan, the Liquidating Trustee (each an "Estates Representative") will review any claim asserting an interest in the Closing Escrow Funds, and where the Estates Representative agrees that the claimant is entitled to such funds, payment will be promptly remit to the party asserting an interest. Where the Estates Representative does not agree with the claim, it will contact the claimant in order try to obtain more information in order to reconcile whether the claim should be honored. Where the Estates Representative is unable to reach a resolution, the Estates Representative will file a motion in the Bankruptcy Court to determine whether the asserted interest in the claimed Closing Escrow Funds should be recognized. **Upon the expiration of the Escrow Claim Bar Date, all funds for which no claims are made will be deemed Unclaimed Escrow Funds and will become property of the Debtors' estates free and clear of all liens, claims, encumbrances, and interests of any party and will be used for distribution in accordance with the Plan.**

In any event that any party asserts a claim for any of the Escrow Funds, the amount of such asserted claim to an interest in the Closing Escrow Funds shall be segregated pending a hearing and adjudication by the Bankruptcy Court, and the balance shall be transferred to the Debtors' operating accounts for distribution in accordance with the Plan, once approved. [21]

[21] While the Debtors cannot be certain, they have no reason to believe that there will be many legitimate claims to the Closing Escrow Account Funds. As more fully set forth in the Liquidation Analysis, the Debtors have

4. The Landcastle Acquisition Settlement Funds

As set forth in Section V.C.7(viii) herein, the Plan is premised upon a payment from Landcastle Acquisition that will provide $300,000 to the estates in full and complete satisfaction of the estates' interest in the Recoupment Claims.

5. Claims and Causes of Action, Including Avoidance Actions

Generally, the Bankruptcy Code permits a debtor-in-possession to prosecute certain causes of action (known as avoidance actions) for the benefit of its creditors in an effort to enhance the value of an estate and maximize any distribution of funds to creditors. Included among these causes of action are the recovery of payments made by a debtor to or for the benefit of creditors within ninety (90) days prior to the bankruptcy filing (or, if the recipient of the payment or benefit was an insider, payments made within one (1) year prior to filing); the recovery of a debtor's property transferred within two (2) years prior to the filing if made with an intent to hinder, delay or defraud a creditor or transferred by an insolvent debtor in exchange for less than reasonably equivalent value; the recovery of a debtor's estate property transferred after the commencement of a bankruptcy case without authorization under the Bankruptcy Code or by the Court; and the recovery of any transfer of a debtor's property that could be set aside, under non-bankruptcy law, by a hypothetical judgment lien creditor, by a hypothetical unsatisfied execution creditor, or by a hypothetical bona fide purchaser of real property.

Upon the Effective Date, and by virtue of the Confirmation of the Plan, the estates shall retain and enforce the all Causes of Action, and the Liquidating Trustee will retain the Causes of Action and may, in his or her sole discretion, prosecute or release any such Causes of Action and if prosecuted, compromise and settle such Causes of Action on such terms as he or she deems reasonable with no further notice to holders of Allowed Claims being necessary.

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estimated that no more than 20% of the Closing Escrow Account Funds ($744,873.22) will be the subject of legitimate claims, and the balance ($2,979,492.87) will be remitted to the estates for distribution under the Plan.

Solely by way of illustration, among the Causes of Action is the Debtors' right to pursue certain claims against Kevin Andrews, Larry Blair, Bryan Carroll, James Cash, Scott Elmore, Alex Harwick, Nathan Hardwick III, Budd Libby, Brad Little, Ted Smith, and Joel Weinbach (collectively, the "Passengers"), each of whom was a passenger on a trip that started on or about July 18, 2014, to England and Scotland to see, among other things, the British Open (the "British Open Trip"). The Debtors understand that Mr. Hardwick caused MSW to pay all of the expenses of the British Open Trip, including the chartered airplane exceeded $650,000 (the "British Open Expenses"), and none of the Passengers remitted any payment to MSW on account of the British Open Expenses.

Further, a review of the Debtors' response to Question 3(b) of its Statement of Financial Affairs indicates that while there were funds paid during the 90 day period prior to the Petition Date, there may be a small number of payments that are recoverable. Further a review of the Debtors' Schedule B21, a number of potential Causes of Action were listed, including claims against Barnes & Thornburg LLP, Gordon & Rees LLP, David Cornwell, and Mr. Adams and the Alliance. Subject to the limitation that the Liquidating Trustee may not bring any Causes of Action which have been settled either prior to or as part of the Plan or otherwise assigned, the Liquidating Trustee may pursue any seek the recovery of account of any of the Causes of Action. Given the early stages of said investigation, it is impossible to predict with any degree of certainty what, if any, recovery will be obtained from the Causes of Action.

6. Miscellaneous Assets

The Debtors anticipate that the estates may have certain assets that have value, including computers and related software that may have some value. At this point, it is unclear how much value the Liquidating Trustee will be able to recognize from the miscellaneous assets.

7. Applicable Insurance Proceeds

The Debtors do not have Directors' and Officers' insurance. They are party to malpractice insurance policies with Endurance prior to termination effective September 30, 2015, and they are party to malpractice insurance policies with Torus Specialty Insurance Company since October 1, 2015. All of the policies are "claims made," that is to say that, in order to be covered, the claims need to be made during the policy period. The Debtors do not believe that there is any monetary value which may be recovered on account of any insurance policies, however such policies are assets of the Debtors' estates which may be used to resolve, in whole or in part, certain claims made by former clients of the firm.

C. Description of Claims

1. Identification of Classes for Purposes of Acceptance or Rejection

THE FOLLOWING CLASSES OF CLAIMS ARE IMPAIRED UNDER THE PLAN, AND HOLDERS OF ALLOWED CLAIM IN EACH CLASS ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN:

CLASS 3: Allowed General Unsecured Claims

CLASS 4: Allowed Third Party Provider Claims

CLASS 5: Allowed Subordinated Partner Claims

THE FOLLOWING CLASS UNDER THE PLAN IS UNIMPAIRED, AND EACH HOLDER OF AN ALLOWED CLAIM THEREIN IS CONCLUSIVELY PRESUMED TO HAVE ACCEPTED THE PLAN AND SOLICITATION THEREOF WITH RESPECT TO ACCEPTANCE OF THE PLAN IS NOT REQUIRED. THE FOLLOWING CLASSES ARE UNIMPAIRED UNDER THE PLAN:

CLASS 1: The Allowed Secured Claims

CLASS 2: The Priority Claims

THE FOLLOWING CLASS IS IMPAIRED UNDER THE PLAN, HOWEVER AS THE HOLDERS OF INTERESTS ARE INSIDERS OF THE DEBTORS, THEY ARE NOT ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN.

CLASS 6: The Interests of the Shareholders of the Debtors

2. Administrative Expense and Priority Claims

In accordance with Section 1123(a)(1) of the Bankruptcy Code, all Allowed Claims of a kind specified in Section 507(a)(2) and of the kind specified in Section 507(a)(8) of the Bankruptcy Code, have not been classified under the Plan, and are excluded from the foregoing Classes. Pursuant to Article II of the Plan, all Allowed Claims of a kind specified in Section 507(a)(2) of the Bankruptcy Code incurred in the Cases will be paid by the Liquidating Trustee upon the later of allowance by the Court, the Effective Date, or such later date and on such terms as may be agreed upon by the Liquidating Trustee and the claimant.

(i) Administrative Expenses

The Allowed Claims against the Debtors' estates having priority under Section 507(a)(2) of the Bankruptcy Code, include amounts due to the Debtors' legal counsel, Morris James, LLP ("Morris James") and Christian & Barton LLP ("C&B") and the Committee's legal counsel, Arent Fox, and the Committee's financial advisor, GlassRatner, as well as amounts owed to other parties on account of postpetition obligations which remain outstanding as of the Effective Date.[22]

Morris James has filed fee applications seeking compensation for legal services provided to the estates and reimbursement of expenses from the Petition Date through February 29, 2016. Subject to final approval, Subject to final approval, the Court has entered orders approving a total of $1,145,111.00 for legal services provided to the estates and reimbursement of $21,290.23 of expenses. Morris James will continue to seek compensation for legal fees and reimbursement of expenses from the Debtors as the Bankruptcy Cases proceed.

[22] Among other things, the estates anticipate that amounts will be due to the Debtors' claims and balloting agent, Edward T. Gavin, CPT, as independent officer of certain of the Debtors, certain professional insurance, and other expenses, including an administrative expense due to Twelve Oaks Partner LLC (which the Debtors do not believe will exceed $5,000).

C&B has filed fee applications seeking compensation for legal services provided to the estates and reimbursement of expenses from the Petition Date through February 29, 2016. Subject to final approval, Subject to final approval, the Court has entered orders approving a total of $447,995 for legal services provided to the estates and reimbursement of $19,969.81 of expenses. C&B will continue to seek compensation for legal fees and reimbursement of expenses from the Debtors as the Bankruptcy Cases proceed.

Arent Fox has filed fee applications seeking compensation for legal services provided to the Committee and reimbursement of expenses from the Committee's appointment on July 20, 2015 through February 29, 2016. Subject to final approval, the Court has approved a total of $498,911.00 for legal services provided to the Committee and reimbursement of $2,091.57 of expenses. Arent Fox will continue to seek compensation for legal fees and reimbursement of expenses from the estates as the Bankruptcy Cases proceed.

GlassRatner has filed fee applications seeking compensation for professional services provided to the Committee and reimbursement of expenses from the Committee's appointment on July 24, 2015 through February 29, 2016. Subject to final approval, the Court has entered orders approving a total of $68,809.50 for professional services provided to the Committee and reimbursement of $12.40 of expenses. GlassRatner will continue to seek compensation for professional fees and reimbursement of expenses from the estates as the Bankruptcy Cases proceed.

As more fully set forth in the Liquidation Analysis, the Debtors do not believe that the total amount of the Administrative Expenses as of the Effective Date will exceed $2,704,190.51.

(ii) Priority Claims

Article II of the Plan provides that the unsecured Allowed Claims of Governmental Units having priority under Section 507(a)(8) of the Bankruptcy Code, will be paid from Estate Assets

on the later of (i) the date on which such Unclassified Claim becomes an Allowed Claim; (ii) the Effective Date; (iii) the date on which the Liquidating Trustee determines that Distributions may be made on such Unclassified Claims in accordance with the Plan; or (iv) as otherwise agreed upon. As required under §511(a) and (b) of the Bankruptcy Code, for each Governmental Unit, an interest rate equal to the rate determined, as of the calendar month in which Confirmation occurs, under applicable non-bankruptcy law shall be used to determine the value of such claims as of the Effective Date.

The Debtors are unaware if any claims will be filed requesting priority under Section 507(a)(8)(A) of the Bankruptcy Code. If filed, the Debtors or Liquidating Trustee will conduct an investigation of the amounts claimed by these Claimants.

As more fully set forth in the Liquidation Analysis, the Debtors do not believe that the total amount of the Priority Claims as of the Effective Date will exceed $600,000.[23]

3. Secured Claims

Allowed Secured Claims are classified in Class 1. The Debtors scheduled only three secured claims: (i) Action Capital in the amount of $149,903.78; (ii) FIRST Insurance Funding Corp. in the amount of $171,673.58; and (iii) U.S. Bank in the amount of $79,176.44.[24] The secured claim of FIRST Insurance Funding Corp. was resolved by orders of the Bankruptcy Court dated January 21, 2016 and February 4, 2016 which allowed FIRST Insurance Funding Corp. to exercise its rights and remedies with respect to its collateral; accordingly, the claim of FIRST Insurance Funding Corp. is no longer secured. The claim of U.S. Bank was scheduled as

[23] The Debtors have not yet fully evaluated the proofs of claim filed against the estates, but they anticipate that some of the claims asserting a priority will either be reduced in amount or in priority to general unsecured claims. To date, proofs of claims aggregating $686,532.37 were filed. The Debtors believe that certain of these claims were satisfied by the payment to non-attorneys made shortly after the cases were filed, are not obligations of the estate, or were overstated tax claims. The Debtors conservatively estimate that the amount of priority claims that will be Allowed Priority Claims will total approximately $600,000.

[24] U.S. Bank filed a proof of claim asserting an unsecured claim.

contingent and unliquidated. The Secured Claim of Action Capital will be paid on the Effective Date, except to the extent that it agrees to a different treatment, on the later of the Effective Date or within thirty (30) days of the Claim becoming Allowed.

The Debtors estimate that the total amount of Allowed Secured Claims will be approximately $155,000.

4. Priority Claims

CLASS 2: (Section 507(a) Priority Claims): Class 2 consists of those Claims accorded priority in right of payment under §507(a)(4) or (5) of the Bankruptcy Code. To the extent such any such Claims are Allowed, they shall be paid in full on the Effective Date or as soon as practicable.

5. Unsecured Claims

CLASS 3: (The Allowed General Unsecured Claims): Class 3 consists of the holders of the Allowed General Unsecured Claims, including any non-priority unsecured portions of governmental tax claims. The Debtors scheduled General Unsecured Claims in the amount of approximately $19,358,068, including claims listed as contingent, disputed, and unliquidated. Substantially all of the scheduled claims are related to trade debt. In addition to the scheduled claims, proofs of claim for General Unsecured Claims total approximately $34,973,094.29, plus unliquidated claims.

The distribution to holders of Allowed General Unsecured Claims will be determined by (1) the final Allowed amount of Priority Claims and General Unsecured Claims and (2) the net Cash recovery from the estate assets, including the Causes of Action, less the amount of postconfirmation administrative expenses. Because of the uncertainty of the final Allowed amount of Priority Claims and General Unsecured Claims and any Cash recovery from the Causes of Action, the Debtors are unable to provide an accurate estimate of any recovery to the

holders of Allowed General Unsecured Claims, but conservatively anticipate that holders of Allowed General Unsecured Claims will receive between 1% and 15% of their Allowed Claims.

CLASS 4: (Third Party Provider Claims):

On the later of the Initial Distribution Date, as that term is defined in the Plan, or within seven (7) days of the claim becoming Allowed, in full and final satisfaction of such Claim, each Holder of an Allowed Third Party Provider Claim in Class 4 shall receive, in full and final satisfaction of such Allowed Claim a distribution of ten percent (10%) of its Allowed Claim from the Third Party Escrow Amounts. Further, each Holder of an Allowed Third Party Provider Claim in Class 4 shall be entitled to a Pro Rata Share of the Liquidating Trust Interests on account of the balance of its Allowed Third Party Provider Claim, which shall be paid pro rata with Allowed General Unsecured Claims. Significantly, the Estates will waive the right to objections to the Third Party Provider Claims on the basis that such claims are obligations of B&H, although all other bases for objections the Third Party Providers' Claims will remain. The waiver of the limited objection may be significant to any Third Party Providers who received money from the Debtor prior to bankruptcy on account of services determined to have been for the benefit of B&H, as such transfer(s) may be avoidable under Sections 548 and 550 of the Bankruptcy Code.

Because of the uncertainty of the final Allowed amount of Priority Claims and General Unsecured Claims and any Cash recovery from the Causes of Action, the Debtors are unable to provide an accurate estimate of any recovery to the holders of Allowed Third Party Provider Claim, but reasonably anticipate that holders of Allowed Third Party Provider Claim will receive between 1% and 15% of their Allowed Claims, although based upon the waiver of the objection to right to objections to the Third Party Provider Claims on the basis that such claims are

obligations of B&H, the holders of Allowed Third Party Provider Claims is likely to receive a benefit significantly in excess of Allowed General Unsecured Claims.

CLASS 5: (Subordinated Partner Claims)

Class 5 consists of Subordinated Partner Claims. Each Holder of an Allowed Subordinated Partner Claim in Class 5 shall receive, in full and final satisfaction of such Allowed Subordinated Partner Claim,[25] a Pro Rata Share of the Class B Interests on account of its Allowed Claim and, as a result, will receive no distribution under the Plan unless Holders of Allowed Claims in Classes 3 and 4 are paid in full, with interest, as provided for under the Plan.

Class 5 is Impaired, and Holders of Subordinated Partner Claims are entitled to vote to accept or reject the Plan.

6. Equity Interests

CLASS 6: (Equity Interests in the Debtors)

All Interests in all Debtors shall be cancelled as of the Effective Date and Holders thereof shall receive no distributions under the Plan unless Holders of Allowed Claims in Classes 3, 4 and 5 are paid in full, with interest, as provided for under the Plan.

[25] Subordinated Partner Claims means all Claims of any kind asserted by or on behalf of any of the Wittstadts or any Former Partner except for (i) the Claim asserted by the Wittstadts on behalf of Holabird Abstracts, Inc., which will be classified and receive the treatment of an Allowed Third Party Provider Claim set forth in Class 4 of the Plan; (ii) the Wittstadt Indemnification Claims; (iii) Allowed Collection Commissions; (iv) the Allowed Administrative Claims of Twelve Oaks Partner, LLC; (v) the Priority Claims of Mr. Morris and Mr. Schneider arising from the post-petition loan approved by the Bankruptcy Court by order entered on August 7, 2016 [Docket No.179]; and (iv) the claim of Arthur Morris arising from a loan from Arthur Morris to MSW dated December 1, 2014. For the sake of clarification and disclosure, the Subordinated Partner Claims include claims of Arthur Morris and Randolph Schneider for deferred compensation, however the Debtors understand that Mr. Morris and Mr. Schneider may object to the subordination of their deferred compensation claims. After consultation with the Committee, the Debtors believe that the claims for deferred compensation will be subordinated as they are disguised equity interests because such claims arose from Mr. Morris' and Mr. Schneider's sale of their equity interests in the 2011 and 2013 amended and restated partnership agreements.

D. Means of Execution of the Plan

1. Substantive Consolidation

Upon the Effective Date, the Debtors' Estates shall be deemed substantively consolidated for purposes of administration, as well as distribution to Creditors and Holders of Equity Interests under the Plan. Specifically, pursuant to the Confirmation Order, the Bankruptcy Court will approve the limited administrative consolidation of the Debtors for the purpose of implementing the Plan, including for purposes of voting, assessing whether Confirmation standards have been met, calculating and making Distributions under the Plan and filing post-Confirmation reports and paying quarterly fees to the Office of the United States Trustee.

Further, as of the Effective Date: (i) all assets and liabilities of the Debtors will be deemed merged; (ii) all guarantees by one Debtor of the obligations of any other Debtor will be deemed eliminated so that any Claim against any Debtor and any guarantee thereof executed by any other Debtor and any joint or several liability of any of the Debtors will be deemed to be one obligation of the consolidated Debtors; (iii) each and every Claim Filed or to be Filed in the Chapter 11 Case of any Debtor will be deemed Filed against the consolidated Debtors and will be deemed one Claim against and a single obligation of the consolidated Debtors, and the Debtors may file and the Bankruptcy Court will sustain objections to Claims for the same liability that are Filed against multiple Debtors; and (iv) intercompany Claims between Debtors, if any, will be eliminated and extinguished. Such administrative consolidation (other than for the purpose of implementing the Plan) shall not affect (a) the legal and corporate structures of the Debtors, subject to the right of the Liquidating Trustee to dissolve any or all of the Debtors; (b) the vesting of the Estates' assets in the Liquidating Trust; (c) the right to any distributions from any Insurance Policies or proceeds of such policies; or (d) the rights of the Debtors or the

Liquidating Trustee to contest alleged setoff or recoupment efforts by creditors on the grounds of lack of mutuality under Section 553 of the Bankruptcy Code and otherwise applicable law.

The Debtors believe that substantive consolidation of the estates for purposes of voting and distribution is appropriate because, at all time, the Debtors effectively operated as one entity. While many of the Debtors had no assets as of the Petition Date, and had no creditors, a number of claims were filed by creditors who either could not, or did not, discern the difference between the various Debtor entities.

Ultimately, because many of the estates have little, if any, assets and few, if any, liabilities, the consolidation of the estates likely will not significantly alter any creditor's right, however all creditors will receive a benefit from the substantive consolidation because it will save the administrative expense of objecting to claims filed against the wrong entity, or trying to determine which assets belong to the various estates.

2. Intercompany Claims

By virtue of the compromises and settlement of the issues set forth in the Plan, on the Effective Date, (i) each Debtor shall waive any defense, including, without limitation, defenses arising under sections 502(d) and 553(a) of the Bankruptcy Code, to Intercompany Claims asserted by another Debtor and such claims shall be deemed Allowed Claims, (ii) Intercompany Claims between Debtors shall be deemed to be mutual claims arising prior to the Petition Date for purposes of setoff, (iii) each Debtor shall waive its right to receive any distribution on any Causes of Action such Debtor may have against another Debtor, and (iv) each Debtor shall waive and forever release any right, Claim or Cause of Action which has been or could have been asserted by such Debtor against any other Debtor.

3. Establishment of Liquidating Trust

On the Effective Date, the Liquidating Trust shall be established pursuant to the Liquidating Trust Agreement for the purpose of, among other things, administering the Liquidating Trust Assets, including but not limited to pursuing and prosecuting all Causes of Action, reviewing all proofs of claims filed in the Bankruptcy Cases, and making all Distributions from the Liquidating Trust as provided for in the Plan.

Article IV.E of the Plan provides for the appointment of the Liquidating Trust to act as the representative of the Debtors' estates. No later than five (5) business days in advance of the Voting Deadline, the Debtors will file a plan supplement which will include documents, schedules and exhibits to the Plan, including the Liquidating Trust Agreement identifying the Liquidating Trustee and identifying whether the Liquidating Trustee is disinterested. Further, the Liquidating Trust Agreement will detail the compensation to be received by the Liquidating Trustee. If approved by the Bankruptcy Court in the Confirmation Order, the person so designated shall become the Liquidating Trustee of the respective Liquidating Trust on the Effective Date.

The Liquidating Trustee may retain such professionals as he or she determines, in his or her business judgment, are in the best interests of the estates. The Liquidating Trustee is authorized to retain such professional without the need for approval by the Court under §327 of the Bankruptcy Code, or otherwise. Further, any professional so retained may be compensated, and expenses may be reimbursed, by the Liquidating Trustee without the need for approval by the Court under §§330 or 331 of the Bankruptcy Code, or otherwise, subject only to a review of the Oversight Committee.

Additionally, the Liquidating Trustee may incur additional costs for the administration of the estate as he or she determines, in his or her business judgment, are in the best interests of the estates.

4. Responsibilities of the Liquidating Trustee

The Liquidating Trustee shall be empowered and authorized to perform all of the duties, responsibilities, rights and obligations set forth in the Plan, subject to the approval of the Trust Oversight Committee, as set forth in the Liquidating Trust Agreement.

On the Effective Date, the Liquidating Trust shall be established pursuant to the Liquidating Trust Agreement for the purpose of, among other things, (i) investigating and, if appropriate, pursuing all Causes of Action, (ii) administering the Liquidating Trust Assets, and (iii) reviewing, and as necessary, objecting to Claims, including Administrative Expenses, and (iv) making all Distributions from the Liquidating Trust as provided for in the Plan and the Liquidating Trust Agreement. The Liquidating Trust Agreement, a copy of which is included in the Plan Supplement, is incorporated herein in full and is made a part of the Plan as if set forth herein.

Upon execution of the Liquidating Trust Agreement, the Liquidating Trustee shall be authorized to take all steps necessary to complete the formation of the Liquidating Trust; provided, that, prior to the Effective Date, the Liquidating Trustee may act as organizer of the Liquidating Trust and take such steps in furtherance thereof as may be necessary, useful or appropriate under applicable law to ensure that the Liquidating Trust shall be formed and in existence as of the Effective Date. The Liquidating Trust shall be administered by the Liquidating Trustee in accordance with the Liquidating Trust Agreement. The Liquidating Trust shall have authority to incur indebtedness in furtherance of its objectives.

Subject to the Liquidating Trust Agreement, as soon as practicable after the Effective Date, the Liquidating Trustee shall provide the Liquidating Trust Budget to the trust oversight committee (the "Trust Oversight Committee") of up to three (3) creditors. The members of the Trust Oversight Committee shall be identified in the Plan Supplement, and they will have the duties set forth in the Liquidating Trust Agreement and in Article IV.E.7 of the Plan.

5. Vesting of Assets of the Estate in the Liquidating Trust

The Liquidating Trust will be funded initially by a contribution to the Liquidating Trust Account by the Debtors equal to Cash held by the Debtors on the Effective Date, plus all Unclaimed Escrow Funds and the Landcastle Payment, less any payments made to the Holders of (i) Allowed Administrative Claims, (ii) Allowed Professional Fee Claims, (iii) Allowed Priority Tax Claims, (iv) Allowed Secured Claims, (v) Allowed Priority Non-Tax Claims, and (vi) Allowed Third Party Provider Claims on the Initial Distribution Date.

The entry of the Confirmation Order shall constitute approval to transfer the Unclaimed Escrow Funds to the Liquidating Trust free and clear of all liens, Claims, encumbrances and interests, of any person or entity whatsoever. Notwithstanding anything to the contrary contained therein, the Plan shall not transfer of any Recoupment Claim to the Liquidating Trust or otherwise. Except to the extent set forth herein, nothing in the Plan shall determine whether a Cause of Action constitutes a Recoupment Claim, and in the event a dispute exists whether a Cause of Action is a Recoupment Claim, such dispute shall be determined by the Bankruptcy Court.

On and after the Effective Date, the Liquidating Trustee shall have discretion with respect to the distribution of the transfers of Liquidating Trust Assets.

The entry of the Confirmation Order shall constitute approval to transfer the Unclaimed Escrow Funds to the Liquidating Trust free and clear of all Liens, Claims, encumbrances and

interests, including but not limited to any Claims or interests the Debtors or their current and former partners, members, owners, shareholders, equity holders, Interest Holders, or employees may have and/or be subject to, related to such Unclaimed Escrow Funds.

It is intended that the Liquidating Trust be classified for federal income tax purposes as a "liquidating trust" within the meaning of Treasury Regulations Section 301.7701-4(d) and as a "grantor trust" within the meaning of Sections 671 through 679 of the Internal Revenue Code. In furtherance of this objective, the Liquidating Trustee shall, in his or her business judgment, make continuing best efforts not to unduly prolong the duration of the Liquidating Trust. All assets held by the Liquidating Trust on the Effective Date shall be deemed for federal income tax purposes to have been distributed by the Debtors on a Pro Rata Share basis to Holders of Allowed General Unsecured Claims and Third Party Provider Claims and then contributed by such Holders to the Liquidating Trust in exchange for the Liquidating Trust Interests. All Holders of Allowed General Unsecured Claims and Allowed Third Party Provider Claims have agreed to use the valuation of the assets transferred to the Liquidating Trust as established by the Liquidating Trustee for all federal income tax purposes. The beneficiaries under the Liquidating Trust will be treated as the deemed owners of the Liquidating Trust. The Liquidating Trustee will be responsible for filing information on behalf of the Liquidating Trust as grantor trust pursuant to Treasury Regulation Section 1.671-4(a).

6. Liquidating Trust Interests

The Liquidating Trust shall be comprised of Class A Interests and Class B Interests. All rights to a Distribution on account of Allowed Class 3 Claims and Allowed Class 4 Claims shall be subordinate to the payment of Allowed Administrative Claims, Allowed Secured Claims, and Allowed Priority Claims.

On the Effective Date, each Holder of a Class 3 Claim and a Class 4 Claim shall, by operation of the Plan, receive a pro rata share of the Liquidating Trust Class A Interests. Liquidating Trust Interests shall be reserved for Holders of Disputed General Unsecured Claims and issued by the Liquidating Trust to, and held by the Liquidating Trustee in, the Disputed Claims Reserve pending allowance or disallowance of such Claims. No other entity, shall have any interest, legal, beneficial, or otherwise, in the Liquidating Trust, its Assets or Causes of Action upon their assignment and Transfer to the Liquidating Trust, however,

Upon payment of all Allowed Class 3 Claims and Allowed Class 4 Claims in full, including interest at the federal judgment rate set forth at 28 U.S.C. § 1961, all Holders of Allowed Class 5 Claims shall receive a *pro rata* distribution on account of their **Class B Interests**

Upon payment of all Allowed Class 5 Claims in full, including interest at the federal judgment rate set forth at 28 U.S.C. § 1961, all remaining assets shall be distributed to Holders of Class 6 Interests on a *pro rata* basis.

The Liquidating Trust Interests shall be uncertificated and shall be non-transferable except upon death of the Holder of a Liquidating Trust Interest or by operation of law. Holders of Liquidating Trust Interests, in such capacity, shall have no voting rights with respect to such interests. The Liquidating Trust shall have a term of six (6) years from the Effective Date, without prejudice to the rights of the Liquidating Trustee to extend such term conditioned upon the Liquidating Trust not becoming subject to the Securities Exchange Act of 1934 (as now in effect or hereafter amended).

7. Retention of Cash and Payment of Post-Confirmation Administrative Expenses

Pursuant to the Plan and Liquidating Trust Agreement, the Liquidating Trustee shall be authorized to use funds of the Liquidating Trust to meet any cash requirements in accordance with the terms of the Plan, including payment of the Liquidating Trustee's professionals.

Additionally, the Plan and Liquidating Trust Agreement provide that, notwithstanding any other provision of the Plan specifying a date or time for the payment or distribution of consideration hereunder, payments and distributions with respect to any Claim which at such date is disputed, unliquidated or contingent, will not be made until such Claim becomes an Allowed Claim, whereupon such payments and distributions will be made promptly, or as otherwise provided for in the Plan. Thus, any Claim as to which an objection is pending at the time a payment or distribution is due under the Plan, will not receive such payment or distribution until the objection to the Claim has been resolved by a Final Order.

8. Liquidating Trust Distributions

On the Initial Distribution Date, the Liquidating Trustee shall make, or shall make adequate reserves in the Disputed Claims Reserve for, the Distributions required to be made under the Plan to Holders of Allowed Claims entitled to Distributions on the Effective Date and shall reserve sufficient amounts for payment of Professional Fees.

On a semi-annual basis, the Liquidating Trustee may make interim Distributions of available Cash (i) to Holders of the Liquidating Trust Interests solely in accordance with the Plan and the Liquidating Trust Agreement and (ii) from the Disputed Claims Reserve in accordance with Article IV.E.5 and Article IV.E.8 of the Plan.

The Liquidating Trust shall be dissolved and its affairs wound up and the Liquidating Trustee shall make the Final Distributions, upon the earlier of (i) the date which is six (6) years

after the Effective Date, and (ii) that date when, (A) in the reasonable judgment of the Liquidating Trustee, after consultation with the Trust Oversight Committee, substantially all of the assets of the Liquidating Trust have been liquidated and there are no substantial potential sources of additional Cash for Distribution; and (B) there remain no substantial Disputed Claims. Notwithstanding the foregoing, on or prior to a date not less than six (6) months prior to such termination, the Bankruptcy Court, upon motion by a party in interest, including, but not limited to, the Trust Oversight Committee, may extend the term of the Liquidating Trust for one or more finite terms based upon the particular facts and circumstances at that time, if an extension is necessary to the liquidating purpose of the Liquidating Trust. The date on which the Liquidating Trustee determines, after consultation with the Trust Oversight Committee, that all obligations under the Plan and the Liquidating Trust Agreement have been satisfied is referred to as the "Trust Termination Date". On the Trust Termination Date, the Liquidating Trustee shall promptly request the Bankruptcy Court enter an order closing the Bankruptcy Cases (unless this has already been done).

After Final Distributions have been made in accordance with the terms of the Plan and the Liquidating Trust Agreement, if the amount of remaining cash is less than $10,000, the Liquidating Trustee may donate such amount to a charity of the Liquidating Trustee's selection.

9. Reporting Requirement of Liquidating Trust

In an effort to conserve estate assets, the Liquidating Trustee is not required to provide annual financial statements or similar reports of the Liquidating Trust to all Holders of Liquidating Trust Interests on an annual basis, however the Liquidating Trustee may produce an annual financial statement or similar report to be provided upon request by a Holder of a Liquidating Trust Interest. The Liquidating Trustee shall provide financial statements and

similar reports to the Trust Oversight Committee as provided for in the Liquidating Trust Agreement.

10. Privileges of the Debtors

All Privileges of the Debtors[26] shall be transferred, assigned and delivered to the Liquidating Trust, without waiver or release, and shall vest with the Liquidating Trustee. The Liquidating Trustee shall hold and be the beneficiary of all Privileges and entitled to assert all Privileges. No Privilege shall be waived by disclosures to the Liquidating Trustee of the Debtors' documents, information or communications subject to attorney-client privileges, work product protections or immunities or protections from disclosure jointly held by the Debtors and the Committee.

Accordingly, to the extent that documents are requested from current counsel to the Debtors by any Person, after the Effective Date, only the Liquidating Trustee shall have the ability to waive such attorney-client or other privileges. In addition, current counsel to the Debtors shall have no obligation to produce any documents currently in its possession as a result of or arising in any way out of its representation of the Debtors unless (i) the Person requesting such documents serves its request on the Liquidating Trustee; (ii) the Liquidating Trustee consents in writing to such production and any waiver of the attorney-client or other privilege such production might cause; and (iii) the Liquidating Trustee or the Person requesting such production agrees to pay the reasonable costs and expenses incurred by current counsel for the Debtors in connection with such production.

Unless the Court orders otherwise, upon the second (2nd) anniversary of the termination of the Liquidating Trust Agreement, any and all documents in the possession of the Debtors'

[26] Nothing herein shall affect or impair any former client's rights with respect to privilege and confidential documents. To the extent that any privileged documents or information remain in the Debtors' possession after the Effective Date, the Liquidating Trustee must obtain the consent, in writing, of any affected former clients prior to the transfer of such information and documents to any third party.

currently retained bankruptcy counsel and the Committee's current counsel as a result of or arising in any way out of their representation of the Debtors and/or the Committee, respectively, shall be deemed destroyed and no Person shall be entitled to obtain such documents, subject, however, to the Protocol Order and the Server Stipulation and Order, as applicable, which shall remain in full force and effect until the earlier of (i) termination pursuant to their respective terms, or (ii) entry of the Final Decree.

11. Trust Oversight Committee

Prior to the Effective Date, a committee of up to three (3) creditors shall be appointed by the Committee to serve as the Trust Oversight Committee. Members of the Trust Oversight Committee shall have the duties set forth in the Liquidating Trust Agreement and in the Plan and shall be identified in the Plan Supplement.

Subject to the terms of the Liquidating Trust Agreement, the Liquidating Trustee shall serve at the direction of the Trust Oversight Committee, provided that the Trust Oversight Committee may not direct the Liquidating Trustee or the members of the Trust Oversight Committee to act in a manner inconsistent with the Liquidating Trustee's duties under the Liquidating Trust Agreement and the Plan. The Trust Oversight Committee may terminate the Liquidating Trustee at any time in accordance with the provisions of the Liquidating Trust Agreement or upon the determination of the Bankruptcy Court on a motion for cause shown.

Nothing in the Plan or in the Liquidating Trust Agreement shall prevent the Liquidating Trustee from taking, or failing to take, any action that, based upon the advice of counsel, it is obligated to take (or fail to take) in the performance of any fiduciary or similar duty which the Trustee owes to the beneficiaries of the Liquidating Trust or any other person, including actions contrary to, or in the absence of, instruction by the Trust Oversight Committee.

The Liquidating Trustee, the members of the Trust Oversight Committee and their professionals shall be exculpated and indemnified pursuant to and in accordance with the terms of the Plan and the Liquidating Trust Agreement.

The members of the Trust Oversight Committee shall serve without compensation, however they shall be entitled to reimbursement for actual and reasonable out-of-pocket expenses, as provided for in the Plan and the Trust Agreement, including without limitation reasonable and documented expenses, including out-of-pocket expenses relating to airfare, hotel, meals and other travel costs, and postage, telephone and facsimile charges, for work performed on behalf of or relating to the administration of the Liquidating Trust or the Trust Oversight Committee, and other necessary expenses. Further, members of the Trust Oversight Committee may not be reimbursed by the Liquidating Trust for counsel in connection with their duties as members of the Trust Oversight Committee, unless first authorized pursuant to an Order of the Bankruptcy Court for cause shown.

Members of the Trust Oversight Committee cannot vote on any matter in which they have a direct pecuniary interest: In the event of a tie, the Liquidating Trustee shall cast the deciding vote.

The duties and powers of the Trust Oversight Committee shall terminate upon the later to occur of (i) the entry of the Final Decree, (ii) the dissolution of the Liquidating Trust, and (iii) the payment of the final distribution to Holders of Allowed General Unsecured Claims, and, if applicable, Allowed Interests.

12. Reservation of Rights Regarding Causes of Action

In accordance with Section 1123(b) of the Bankruptcy Code, and except where such Causes of Action have been expressly released, the Liquidating Trustee shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action,

including, but not limited to, collections of Accounts Receivable, Avoidance Actions and any claims under applicable non-bankruptcy law, whether arising before or after the Petition Date and the Liquidating Trustee's rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The Liquidating Trustee may pursue (and has standing to pursue) such Causes of Action, as appropriate, in accordance with the best interests of the Liquidating Trust beneficiaries. No Entity may rely on the absence of a specific reference in the Plan, or the Disclosure Statement to any Cause of Action against them as any indication that the Debtors or the Liquidating Trustee, as applicable, will not pursue any and all available Causes of Action against them. Except with respect to Causes of Action as to which the Debtors have released any Entity on or prior to the Effective Date, the Liquidating Trustee, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan. Unless any Causes of Action against an Entity is expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Liquidating Trustee expressly reserves all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppels (judicial, equitable or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation. Nothing contained in the Plan, the Plan Supplement, the Confirmation Order, the Liquidating Trust Agreement or any documents related thereto shall effect or impair the pursuit of the Recoupment Claims by Landcastle.

13. Objections to Claims; Estimation of Claims

The Liquidating Trustee may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to Bankruptcy Code Section 502(c) regardless of whether the Debtor or the Liquidating Trustee previously objected to such Claim or whether the

Bankruptcy Court has ruled on any such objection. The Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, such estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Liquidating Trustee may elect to pursue any supplemental proceedings to object to any ultimate allowance of such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

14. Post Confirmation Fees and Reports

All fees payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on or before the Effective Date. After the Effective Date, the Liquidating Trustee shall pay, prior to the closing of the Bankruptcy Cases all fees payable pursuant to 28 U.S.C. § 1930 which accrue after the Effective Date through and including the closing of the Bankruptcy Cases.

15. Executory Contracts and Unexpired Leases

The Bankruptcy Code gives a Chapter 11 debtor, as a debtor-in-possession, the power, subject to the approval of the Court, to assume or reject executory contracts or unexpired leases. Rejection or assumption may be effected either pursuant to a plan of reorganization or by order of the bankruptcy court entered upon application of the Debtors after notice and a hearing. If an executory contract or unexpired lease is rejected, the other party to the agreement may file a

claim for damages incurred by reason of its rejection. However, the amount of damages may be limited under the Bankruptcy Code. In the case of assumption of an executory contract or unexpired lease, the Bankruptcy Code requires that a debtor promptly cure any existing default (other than certain types of default based upon bankruptcy or the debtor's financial condition) and provide adequate assurances of future performance under such executory contracts or unexpired leases.

Prior to the Petition Date, the Debtors were party to various executory contracts and leases related to certain of the Businesses. On and since the Petition Date, decided to reject a significant number of executory contracts and unexpired leases pursuant to Section 365 of the Bankruptcy Code as the liability of those contracts and leases exceeded their value.

The Plan provides that any executory contract or unexpired lease which has not expired by its own terms on or prior to the Effective Date, which has not been assumed, assumed and assigned, or rejected with the approval of the Bankruptcy Court, or which the Debtors have obtained the authority to reject but have not rejected as of the Effective Date, or which is not the subject of a motion to assume the same pending as of the Effective Date, shall be deemed rejected by the Debtors on the Confirmation Date, and the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejection pursuant to Bankruptcy Code Sections 365€ and 1123(b)(2).

Notwithstanding the foregoing, all leases, agreements, contracts and similar arrangements necessary to preserve the Books and Records and otherwise satisfy the Debtors' obligations under the terms of the Landcastle Agreements Order, Protocol Order, and Server Stipulation and Order, a list of which shall be included in the Plan Supplement, shall be maintained by the Liquidating Trustee for so long as required by such orders.

16. Termination of the Debtors' 401(k) Plan

On the Petition Date, the Debtors filed a motion for authority to terminate their 401(k) plan, and on September 1, 2015, the Bankruptcy Court entered an Order granting the Debtors' motion, and authorizing the Debtors to take all and any actions necessary to terminate the 401(k) plan. The Debtors have since effectuated the 401(k) plan, and nothing in the Plan shall amend or modify any rights of any parties to their rights under the terminated 401(k) plan.

E. Retention of Jurisdiction

Pursuant to the Plan, the Court will retain exclusive jurisdiction of these proceedings to for the following purposes:

- Allow, disallow, determine, liquidate, classify, estimate, or establish the priority, Secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the Secured or unsecured status, priority, amount, or allowance of Claims or Interests;
- Decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;
- Resolve any matters related to: (i) the assumption, assignment, or rejection of any executory contract or unexpired lease to which a Debtor is party or with respect to which a Debtor may be liable in any manner and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Claims related to the rejection of an executory contract or unexpired lease, cure obligations pursuant to Section 365 of the Bankruptcy Code, or any other matter related to such executory contract or unexpired lease; (ii) any potential contractual obligation under any executory contract or unexpired lease that is assumed and/or assigned and (iii) any dispute regarding whether a contract or lease is or was executory or expired;
- Ensure that Distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;
- Adjudicate any disputes with respect to any claim to the Unclaimed Escrow Funds or the Default Escrow Funds;
- Adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications

involving a Debtor that may be pending in the Bankruptcy Cases on the Effective Date;

- Adjudicate, decide, or resolve any and all matters related to Causes of Action;
- Enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;
- Enter and enforce any order for the sale of property pursuant to Sections 363, 1123, or 1146(a) of the Bankruptcy Code;
- Resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan, including whether any Causes of Action constitute Recoupment Claims, except as provided for in the Plan and the Landcastle Amended Agreements Order;
- Issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan;
- Resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the settlements, compromises, releases, injunctions, exculpations, and other provisions contained in Article IX and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;
- Resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of Distributions;
- Enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;
- Determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan, the Disclosure Statement or Liquidating Trust Agreement;
- Adjudicate any and all disputes arising from or relating to Distributions under the Plan or any transactions contemplated therein;
- Consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

- Determine requests for the payment of Claims and Interests entitled to priority pursuant to Section 507 of the Bankruptcy Code;
- Hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;
- Hear and determine matters concerning state, local, and federal taxes in accordance with Sections 346, 505, and 1146 of the Bankruptcy Code;
- Hear and determine all disputes involving the existence, nature, or scope of any of Releasing Parties' releases, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;
- Enforce all orders previously entered by the Bankruptcy Court, including, without limitation, the Amegy Settlement Order, the Landcastle Agreements Order, the Protocol Order, and the Server Stipulation and Order;
- Hear any other matter not inconsistent with the Bankruptcy Code;
- Enter an order concluding or closing the Bankruptcy Cases; and
- Enforce the injunction, release, and exculpation provisions set forth in Article IX.

F. Modification of the Plan

Subject to the limitations contained herein, the Debtors and the Committee, reserve the right to modify the Plan as to material terms and seek Confirmation consistent with Section 1127(a) of the Bankruptcy Code and, as appropriate, not resolicit votes on such modified Plan. Subject to certain restrictions and requirements set forth in Section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Debtors upon consultation with the Committee expressly reserve their rights to alter, amend, or modify materially the Plan one or more times after Confirmation and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the

purposes and intent of the Plan. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with Article XI of the Plan.

G. Discharge

Article XI of the Plan provides that Confirmation of the Plan does not result in a discharge with respect to any debt as provided in §1141(d)(3) of the Bankruptcy Code.

Nothing in the Plan constitutes a release of any claim of, or injunction against, any federal, state or local governmental entity.

VII. COMPARISON OF PLAN TO ALTERNATIVES

A. Comparison to Alternatives

The Debtors believe that the Plan affords creditors the potential for the greatest recovery from the Debtors' remaining assets and, therefore, is in the best interest of the creditors. As of April 1, 2016, the estates' assets primarily consist of Cash the amount of approximately $3 million in cash held in various escrow accounts that are not attributable to any of the Debtors' current or former clients, the Debtors' rights to any accounts receivable, which are subject to the rights under the Amegy Settlement, any Causes of Action, which the Debtors are unable to estimate at this time, including any claims that the estate may have against Dustin Johnson's counsel, and the settlement with Landcastle.

The Administrative Claims and the Allowed Claims of Governmental Units having priority under §507(a)(8) of the Bankruptcy Code will not exceed the Cash held by the estates. Any distributions paid on the General Unsecured Claims will depend on the amount of Allowed claims against the estates and how much the estates are able to recover on account of the Accounts Receivable and the Causes of Action. The Debtors believe it would be more efficient

from a time and cost perspective to proceed under the Plan by appointing a Liquidating Trustee to pursue the Causes of Action.

The Debtors do not believe that conversion of the Bankruptcy Cases to Chapter 7 of the Bankruptcy Code would increase the amount to be received by the estate or the amount to be received on account of Allowed General Unsecured Claims. First, conversion to Chapter 7 would require the appointment of a Trustee (and his or her counsel) who would have no experience or knowledge of the Debtors' financial situation, their records, or assets. Further, the conversion to Chapter 7 would reduce the amount available to the Debtors under the Amegy Settlement because, under the Amegy Settlement, the MSW is entitled to a 50% of all money received from the collection of accounts receivable, however in the event that the Debtors' bankruptcy cases are converted to Chapter 7, Amegy would be entitled to collect upon the accounts receivable and keep 70% of all money received.

A substantial waiting period would be required for any Chapter 7 Trustee to effectively wind up the Cases. The Debtors anticipate that the Liquidating Trustee will be able to make an initial distribution to holders of Allowed Claims more readily than a Chapter 7 Trustee who will almost certainly wait until the estates have been fully administered before making a distribution on account of administrative expenses or claims.

Additionally, the value of the Debtors' assets would be reduced in a liquidation scenario because of the potential increased expenses associated with a Chapter 7 Trustee. Section 326(a) of the Bankruptcy Code provides for the compensation to be received by a Chapter 7 Trustee. Based upon a distribution of $3.5 million (which the Debtors believe to be a conservative estimate based upon the Debtors' entitlement to Non-Client Escrow Funds, 90% of the Third Party Escrow Funds, the Landcastle Acquisition Settlement Funds, and Debtors entitlement to one half of all amounts collected from the Debtors' accounts receivable, as well as the estates'

Causes of Action), the Trustee would receive $128,250 of fees. By contrast, the Debtors anticipate that the Liquidating Trustee will be paid on an hourly basis for his or her services, and such fees will be substantially less than those allowed under Section 326(a) of the Bankruptcy Code.

In sum, the Debtors, after consultation with the Committee, believe that Confirmation of the Plan will avoid the lengthy delay and significant cost of liquidation under Chapter 7 of the Bankruptcy Code. If the Plan is not confirmed, the theoretical alternative is conversion and liquidation under Chapter 7 which the Debtors believe would cause the estates to incur the additional costs of a Chapter 7 trustee and his or her professionals. Further, the Debtors believe that the Plan, including the liquidation of the remaining assets of the Debtors, will maximize the value of recoveries to all Holders of Allowed Claims by authorizing the Liquidating Trustee to promptly distribute money to creditors on account of Allowed Claims. Additionally, by the terms of the Plan, after the Effective Date, the Liquidating Trustee will be authorized to liquidate the assets and otherwise administer the estates with more modest supervision by the Bankruptcy Court which will, in turn, minimize the administrative costs to the estates.

Attached hereto as **Exhibit E** is a liquidation analysis comparing the likely distribution to creditors and equity holders through the Plan as compared to through a liquidation after conversion to Chapter 7.

B. Risk Factors

1. Parties May Object to the Plan's Classification of Claims and Interests.

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtors, after consultation with the Committee, believe that

the classification of the Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Interests, each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims or Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

2. The Debtors May Not Be Able to Obtain Confirmation of the Plan

With regard to any proposed plan of reorganization, the Debtors may not receive the requisite acceptances to confirm a plan. In the event that votes from Claims in a Class entitled to vote are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek Confirmation of the Plan by the Bankruptcy Court. Even if the requisite acceptances of a proposed plan are received, the Bankruptcy Court might not confirm the Plan as proposed if the Bankruptcy Court finds that any of the statutory requirements for confirmation under section 1129 of the Bankruptcy Code have not been met.

3. The Conditions Precedent to the Effective Date of the Plan May Not Occur

As more fully set forth in the Plan, the Effective Date is subject to certain conditions precedent. If such conditions precedent are not met or waived, the Effective Date will not occur.

4. Risks Associated with Proving and Collecting Claims Asserted in Litigation

The ultimate recoveries under the Plan to holders of General Unsecured Claims depend in part upon the ability of the Liquidating Trustee to realize favorable litigation outcomes or settlements of Avoidance Actions or other Causes of Action on behalf of the estates. It is extremely difficult to place a value on litigation, and litigation outcomes cannot be predicted. It is possible that the Liquidating Trust may recover nothing at all, or very little, on account of such litigation.

The risks in such litigation include, but are not limited to, risks associated with defenses and counter-claims of opposing parties to the litigation, the delay and expense associated with discovery and trial of factually intensive and complex disputes, and the additional delay and expense inherent in appellate review.

5. Allowed Claims May Substantially Exceed Estimates

The actual amount of Allowed Claims could be materially greater than anticipated, which will impact the distributions to be made to holders of Claims.

6. Risks Related to Financial Information

The financial information contained in this Disclosure Statement has not been audited. In preparing this Disclosure Statement, the Debtors and Committee relied on financial data derived from the Debtors' books and records that was available at the time of such preparation. Although the Debtors and Committee have used reasonable efforts to assure the accuracy of the financial information provided in this Disclosure Statement, and while the Debtors and Committee believe that such financial information fairly reflects the Debtors' financial condition, the Debtors and Committee are unable to warrant or represent that the financial information contained herein are without inaccuracies.

VIII. DESCRIPTION OF DEBTORS AFTER CONFIRMATION

After the Effective Date, the Debtors shall be dissolved.

IX. PAYMENT OF FEES

On or before the Effective Date, the Debtors will pay all fees payable under 28 U.S.C. §1930(a)(6) and 11 U.S.C. §1129(a)(12). Subsequent to Confirmation, the Liquidating Trustee will timely file with the Court and serve, a report, or reports, of the actions taken, the progress made toward the consummation of the Plan, and the time frame anticipated until a final report and motion for entry of a final decree can be filed with the Court. Further, after confirmation of

the Plan, and until the Cases are dismissed or closed, the Liquidating Trustee will be responsible for timely payments of post confirmation fees incurred pursuant to 28 U.S.C. §1930(a)(6). After confirmation, the Liquidating Trustee will also file with the Bankruptcy Court, and the United States Trustee quarterly post confirmation reports in the format specified by the United States Trustee, for each quarter that the Cases remain open.

X. RELEASES UNDER THE PLAN

A. Releases by the Debtors and their Estates.

AS OF THE EFFECTIVE DATE, THE DEBTORS, THEIR ESTATES, AND THE LIQUIDATING TRUST WILL BE DEEMED TO FOREVER RELEASE, WAIVE, AND DISCHARGE ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION, AND LIABILITIES WHETHER DIRECT OR DERIVATIVE, LIQUIDATED OR UNLIQUIDATED, FIXED OR CONTINGENT, MATURED OR UNMATURED, DISPUTED OR UNDISPUTED, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, THEN EXISTING OR THEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE THAT ARE BASED IN WHOLE OR IN PART ON ANY ACT, OMISSION, TRANSACTION, EVENT, OR OTHER OCCURRENCE TAKING PLACE ON OR PRIOR TO THE EFFECTIVE DATE IN ANY WAY RELATING SOLELY TO THE DEBTORS' BANKRUPTCY CASES, THE PLAN, OR THE DISCLOSURE STATEMENT, THAT COULD HAVE BEEN ASSERTED AT ANY TIME, PAST, PRESENT, OR FUTURE, BY OR ON BEHALF OF THE DEBTORS, OR THEIR ESTATES, SOLELY AGAINST (A) ANY OF THE DEBTORS' COUNSEL FOR OR OTHER PROFESSIONALS EMPLOYED BY THE DEBTORS PURSUANT TO AN ORDER OF THE BANKRUPTCY COURT IN THESE BANKRUPTCY CASES; (B) THE COMMITTEE, ITS COUNSEL AND PROFESSIONALS EMPLOYED BY THE COMMITTEE PURSUANT TO AN ORDER OF THE BANKRUPTCY COURT IN THESE BANKRUPTCY CASES, (C) THE MEMBERS OF THE COMMITTEE AND COUNSEL THERETO, AND (D) THE WITTSTADTS, WITH RESPECT TO THAT PERSON'S POST-PETITION CONDUCT OR WHILE ACTING IN THESE BANKRUPTCY CASES, AS SUCH; PROVIDED, HOWEVER, THAT THE FOREGOING SHALL NOT AFFECT THE LIABILITY OR RELEASE OF ANY PERSON THAT OTHERWISE WOULD RESULT FROM ANY SUCH ACT OR OMISSION TO THE EXTENT SUCH ACT OR OMISSION IS DETERMINED BY A FINAL ORDER TO HAVE CONSTITUTED FRAUD, WILLFUL MISCONDUCT, GROSS NEGLIGENCE, BAD FAITH, SELF-DEALING OR BREACH OF THE DUTY OF LOYALTY; PROVIDED FURTHER, HOWEVER, THAT THE FOREGOING SHALL NOT BE A WAIVER OF ANY DEFENSE, OFFSET OR OBJECTION TO ANY CLAIM FILED AGAINST THE DEBTORS AND THEIR ESTATES BY ANY PERSON. NOTHING HEREIN SHALL BE DEEMED TO BE A RELEASE OF ANY CLAIM HELD BY THE DEBTORS, THEIR ESTATES AND THE LIQUIDATING TRUST OF ANY CLAIM AGAINST ANY OFFICER, DIRECTOR,

EMPLOYEE OR PROFESSIONAL, BASED ON THAT OFFICER, DIRECTOR, EMPLOYEE OR PROFESSIONAL'S PRE-PETITION CONDUCT.

B. Releases among the Releasing Parties.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, ON THE EFFECTIVE DATE, IN CONSIDERATION FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASING PARTIES, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, THE RELEASING PARTIES, TO THE MAXIMUM EXTENT PERMISSIBLE UNDER APPLICABLE LAW, DISCHARGE AND RELEASE AND SHALL BE DEEMED TO HAVE PROVIDED A FULL DISCHARGE AND RELEASE TO EACH OF THE OTHER RELEASING PARTIES (AND EACH OF THE OTHER RELEASING PARTIES SHALL BE DEEMED FULLY RELEASED AND DISCHARGED BY THE RELEASING PARTIES) AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, DEBTS, RIGHTS, SUITS, DAMAGES, REMEDIES, CAUSES OF ACTION, LIABILITIES WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, LIQUIDATED OR UNLIQUIDATED, CONTINGENT OR NON-CONTINGENT, EXISTING AS OF THE EFFECTIVE DATE IN LAW, EQUITY OR OTHERWISE, WHETHER FOR TORT, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS, OR OTHERWISE, ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, THE TRANSACTIONS CONTEMPLATED BY THE PLAN, THE BANKRUPTCY CASES, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THE PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN ANY OF THE DEBTORS AND ANY OF THE OTHER RELEASING PARTIES, THE RESTRUCTURING OF CLAIMS AND INTERESTS PRIOR TO OR IN THE BANKRUPTCY CASES, THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE PLAN, THE DISCLOSURE STATEMENT, THE PLAN SUPPLEMENT, THE LIQUIDATING TRUST AGREEMENT, OR RELATED AGREEMENTS, INSTRUMENTS, OR OTHER DOCUMENTS RELATED TO THE BANKRUPTCY CASES, OR ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE ON OR BEFORE THE EFFECTIVE DATE, INCLUDING THOSE THAT ANY OF THE RELEASING PARTIES WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN THEIR OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR THAT ANY HOLDER OF A CLAIM OR AN INTEREST OR OTHER ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT ON BEHALF OF ANY OF THE RELEASING PARTIES; PROVIDED, HOWEVER, THAT THE FOREGOING SHALL NOT BE A WAIVER OF ANY DEFENSE, OFFSET OR OBJECTION TO ANY CLAIM FILED AGAINST THE DEBTORS AND THEIR ESTATES BY ANY PERSON; AND SHALL NOT BE A RELEASE OF CLAIMS AGAINST ANY OFFICER, DIRECTOR EMPLOYEE, OR OTHER PERSON THAT IS NOT A RELEASING PARTY.

C. Exculpation

THE EXCULPATED PARTIES SHALL NEITHER HAVE, NOR INCUR, ANY LIABILITY TO ANY ENTITY FOR ANY ACT TAKEN OR OMITTED TO BE TAKEN

IN CONNECTION WITH, RELATING TO, OR ARISING OUT OF, THE BANKRUPTCY CASES, FORMULATING, NEGOTIATING, SOLICITING, PREPARING, DISSEMINATING, IMPLEMENTING, CONFIRMING, OR EFFECTING THE CONSUMMATION OF THE PLAN, THE DISCLOSURE STATEMENT, THE ADMINISTRATION OF THE PLAN OR THE PROPERTY TO BE DISTRIBUTED UNDER THE PLAN OR RELATED TO THE ISSUANCE, DISTRIBUTION, AND/OR SALE OF ANY SECURITY, OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THE PLAN; PROVIDED, HOWEVER, THAT THE FOREGOING SHALL NOT AFFECT THE LIABILITY OF ANY PERSON THAT OTHERWISE WOULD RESULT FROM ANY SUCH ACT OR OMISSION TO THE EXTENT SUCH ACT OR OMISSION IS DETERMINED BY A FINAL ORDER TO HAVE CONSTITUTED FRAUD, WILLFUL MISCONDUCT, OR GROSS NEGLIGENCE.

D. Exclusion of Recoupment Claims

Notwithstanding anything to the contrary contained herein, nothing in the Plan, including but not limited to Article IX hereof, the Confirmation Order or the Plan Supplement, shall constitute a release of any person or entity, their respective counsel, current and former shareholders, members, agents, employees, and insurers predecessors, successors, assignees, heirs, executors, and administrators from any Recoupment Claims

XI. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A. Introduction

The following discussion summarizes certain potential material U.S. federal income tax consequences of the implementation of the Plan to the Debtors and certain holders of Allowed Claims. The following summary does not address the U.S. federal income tax consequences to creditors whose claims are unimpaired or otherwise entitled to payment in full under the Plan.

The following summary is based on the Internal Revenue Code of 1986, as amended (the "Tax Code" or "IRC"), Treasury Regulations promulgated thereunder, judicial decisions, and published administrative rules and pronouncements of the Internal Revenue Service (IRS), all as in effect on the date hereof. Changes in such rules or new interpretations thereof may have

retroactive effect and could significantly affect the U.S. federal income tax consequences described below.

The U.S. Federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The implementation of the Plan may result in federal, state, local, or foreign income, excise or franchise tax consequences to the Debtors, their bankruptcy estates (the "Estates"), and to their creditors. The Debtors have not requested a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of the Plan, **and no tax opinion is given by this Disclosure Statement or in the Plan.** Thus, no assurance can be given as to the interpretation that the IRS will adopt. The description of the consequences contained herein is provided for informational purposes only.

Furthermore, the discussion below covers only certain of the federal tax consequences associated with the Plan's implementation. This discussion does not attempt to comment on all aspect of the federal tax consequences associated with the Plan, nor does it attempt to consider various facts or limitations applicable to any particular creditor that may modify or alter the consequences described herein. This discussion does not address state, local or foreign tax consequences or the consequences of any federal tax other than federal income tax.

As a result of the numerous uncertainties concerning the income tax consequences of the Plan, there is no assurance of any kind that a particular taxpayer will, in fact, be entitled to the tax treatment described in this section of the Disclosure Statement. ***Creditors are strongly advised to consult with their own tax advisors regarding the tax consequences to them, to the Debtors, and to the estates of the transactions contemplated by the Plan, including federal, state, local and foreign tax consequences***.

IRS CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, HOLDERS OF CLAIMS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF

FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY HOLDERS OF CLAIMS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE TAX CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE DEBTORS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS OF CLAIMS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

B. Federal Income Tax Consequences to Certain Creditors

1. Tax Consequences of Payment of Allowed Claims Pursuant to Plan Generally.

The federal income tax consequences or the implementation of the Plan to the holders of Allowed Claims will depend, among other things, on the consideration to be received by the holder, whether the holder reports income on the accrual or cash method, whether the holder receives distributions under the Plan in more than one taxable year, whether the holder's Claim is Allowed or disputed on the Effective Date, and whether the holder has taken a bad debt deduction or worthless security deduction with respect to its claim.

2. Recognition of Gain or Loss.

In general, a holder of an Allowed Claim should recognize gain or loss equal to the amount realized under the Plan in respect of its Claim, less the holder's tax basis in the Claim. Any gain or loss recognized in the exchange may be long-term or short-term capital gain or loss or ordinary income or loss, depending upon the nature of the Allowed Claim and the holder, the length of time the holder held the Claim, and whether the Claim was acquired at a market discount. If the holder realizes a capital loss, the holder's deduction of the loss may be subject to

limitation. The holder's tax basis for any property received under the Plan generally will equal the amount realized. The holder's amount realized generally will equal the sum of the cash and the fair market value of any other property received by the holder under the Plan on the Effective Date or a subsequent distribution date, less the amount (if any) treated as interest, as discussed below.

3. Post-Effective Date Distributions.

Because certain holders of Allowed Claims may receive cash distributions after the Effective Date, the imputed interest provisions of the Internal Revenue Code may apply and cause a portion of the subsequent distribution to be treated as interest. Additionally, because holders may receive distributions with respect to an Allowed Claim in a taxable year or years following the year of the initial distribution, any loss and a portion of any gain realized by the holder may be deferred. All holders of Allowed Claims are urged to consult their tax advisors regarding the possible application of (or ability to elect out of) the "installment method" of reporting with respect to their Claims.

4. Receipt of Interest.

Holders of Allowed Claims will recognize ordinary income to the extent that they receive cash or property that is allocable to accrued but unpaid interest which the holder has not yet included in its income. If an Allowed Claim includes interest, and if the holder receives less than the amount of the Allowed Claim pursuant to the Plan, the holder must allocate the Plan consideration between principal and interest. The holder may take the position that the amounts received pursuant to the Plan are allocable first to principal, up to the full amount of principal, and only then, to interest. However, the proper allocation of Plan consideration between principal and interest is unclear, and holders of Allowed Claims should consult their own tax advisors in this regard. If the Plan consideration allocable to interest with respect to an Allowed Claim is

less than the amount that the holder has previously included as interest income, the previously included but unpaid interest may be deducted, generally as a loss.

5. Bad Debt or Worthless Securities Deduction.

A holder who receives, in respect of an Allowed Claim, an amount less than the holder's tax basis in the Claim may be entitled in the year of receipt (or in an earlier or later year) to a bad debt deduction in some amount under 26 U.S.C. § 166(a) or a worthless securities deduction under 26 U.S.C. § 165(g). The rules governing the character, timing, and amount of bad debt and worthless securities deductions place considerable emphasis on the facts and circumstances of the holder, the obligor, and the instrument with respect to which a deduction is claimed. Holders of Allowed Claims, therefore, are urged to consult their tax advisors with respect to their ability to take such a deduction.

C. Information Reporting and Withholding.

Under the Internal Revenue Code's backup withholding rules, the holder of an Allowed Claim may be subject to backup withholding with respect to distributions or payments made pursuant to the Plan, unless the holder comes within certain exempt categories (which generally include corporations) and, when required, either demonstrates that categorization or provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax, but merely an advance payment that may be refunded to the extent it results in an overpayment of tax. Holders of Allowed Claims may be required to establish exemption from backup withholding or to make arrangements with respect to the payment of backup withholding.

The foregoing summary has been provided for informational purposes only. All holders of Claims receiving a distribution under the Plan are urged to consult their tax advisors concerning the tax consequences of the Plan.

XII. CONCLUSION

The Debtors urge all impaired creditors to vote to ACCEPT the Plan and to evidence such acceptance by return their ballot by July 21, 2016 at 500 p.m. (prevailing Mountain Time).

Dated: June 19, 2016
Richmond, Virginia

MORRIS SCHNEIDER WITTSTADT VA., PLLC

By: /s/ Jennifer M. McLemore
Augustus C. Epps, Jr., Esquire (VSB No. 13254)
Jennifer M. McLemore, Esquire (VSB No. 47164)
CHRISTIAN & BARTON, LLP
909 East Main Street, Suite 1200
Richmond, Virginia 23219-3095
Telephone: (804) 697-4100
Facsimile: (804) 697-6112

-and-

Jeffrey R. Waxman, Esquire (*admitted pro hac vice*)
Eric J. Monzo, Esquire (*admitted pro hac vice*)
MORRIS JAMES LLP
500 Delaware Avenue, Suite 1500
Wilmington, Delaware 19801
Telephone: (302) 888-6800
Facsimile: (302) 571-1750

Counsel for the Debtors and Debtors-in-Possession