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**UNITED STATES BANKRUPTCY COURT
 FOR THE DISTRICT OF NEVADA**

In re:

GUMP'S HOLDINGS, LLC

☐ Affects this Debtor.

☒ Affects all Debtors.

☐ Affects Gump's Corp.

☐ Affects Gump's By Mail, Inc.

Case No.: BK-18-14683-mkn
 Chapter 11

Jointly administered with:

No. BK-18-14684-mkn (In re Gump's Corp.)
 No. BK-18-14685-mkn (In re Gump's By Mail, Inc.)

Date: n/a

Time: n/a

**DISCLOSURE STATEMENT CONCERNING THE DEBTORS'
 PLAN OF LIQUIDATION (as Revised)**

THIS IS NOT A SOLICITATION OF VOTES ON THE PLAN. VOTES MAY NOT BE SOLICITED UNTIL THE BANKRUPTCY COURT HAS APPROVED A DISCLOSURE STATEMENT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT.

NOTICE TO HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN

PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, THE EXHIBITS ANNEXED TO THE PLAN AND THIS DISCLOSURE STATEMENT.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF. DELIVERY OF THIS DISCLOSURE STATEMENT AFTER THE DATE HEREOF DOES NOT IMPLY THAT THERE HAS BEEN NO CHANGE IN INFORMATION SET FORTH HEREIN SINCE THAT DATE. THE DEBTORS HAVE NO DUTY TO, AND EXPRESSLY DISCLAIM ANY OBLIGATION TO, UPDATE OR ALTER ANY FORWARD-LOOKING STATEMENTS WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE, UNLESS OTHERWISE ORDERED TO DO SO BY THE BANKRUPTCY COURT.

FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND EQUITY INTERESTS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN. IN THE EVENT OF ANY CONFLICT BETWEEN OR INCONSISTENCY IN THE DESCRIPTIONS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE TERMS OF THE PLAN, THE TERMS OF THE PLAN SHALL GOVERN.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(b) AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAW OR OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT HAS NEITHER BEEN APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. PERSONS OR ENTITIES TRADING IN OR OTHERWISE

1 PURCHASING, SELLING OR TRANSFERRING CLAIMS OF THE DEBTORS SHOULD
2 EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE
3 PURPOSE FOR WHICH THEY WERE PREPARED.

4 CERTAIN STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT,
5 INCLUDING ANY PROJECTED FINANCIAL INFORMATION, VALUATION,
6 ILLUSTRATIVE CREDITOR RECOVERIES AND OTHER FORWARD-LOOKING
7 STATEMENTS, ARE BASED, AT LEAST IN PART, ON ESTIMATES AND
8 ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL
9 BE REFLECTIVE OF ACTUAL OUTCOMES.

10 AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER
11 ACTIONS OR THREATENED ACTIONS, THE DISCLOSURE STATEMENT SHALL
12 NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR
13 LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS A STATEMENT MADE
14 IN SETTLEMENT NEGOTIATIONS. THE DISCLOSURE STATEMENT SHALL NOT
15 BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE
16 CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER
17 LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR
18 EQUITY INTERESTS IN, THE DEBTORS AND DEBTORS-IN-POSSESSION IN THESE
19 CHAPTER 11 CASES.

20 NO RELIANCE SHOULD BE PLACED ON, OR INFERENCE DRAWN FROM,
21 THE FACT THAT A PARTICULAR LITIGATION CLAIM OR PROJECTED
22 OBJECTION TO A CLAIM OR INTEREST IS, OR IS NOT, IDENTIFIED IN THIS
23 DISCLOSURE STATEMENT.

24 THIS DISCLOSURE STATEMENT IS NOT LEGAL ADVICE TO YOU. THE
25 CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS
26 LEGAL, BUSINESS OR TAX ADVICE. EACH HOLDER OF A CLAIM OR INTEREST
27 SHOULD CONSULT HIS OR HER LEGAL COUNSEL AND ACCOUNTANT WITH
28 REGARD TO ANY LEGAL, TAX OR OTHER MATTERS CONCERNING HIS OR HER

**CLAIM OR INTEREST. THIS DISCLOSURE STATEMENT MAY NOT BE RELIED
UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE
PLAN.**

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EXECUTIVE SUMMARY

All capitalized terms used in this Disclosure Statement and not otherwise defined herein shall have the meanings ascribed thereto in the Plan (see Exhibit A, Section 1.1, Definitions). Unless otherwise stated, all references herein to “Schedules” and “Exhibits” are references to schedules and exhibits to this Disclosure Statement, respectively.

○ The Proponents

Gump’s Holding’s, LLC, Gump’s Corp and Gump’s by Mail, Inc., the debtors-in-possession in the Chapter 11 Cases, submit this Disclosure Statement to holders of Claims for (i) solicitation of acceptances of Debtors’ Plan of Liquidation (the “Plan,” attached hereto as **Exhibit A**), filed with the United States Bankruptcy Court for the District of Nevada (the “Bankruptcy Court”) and (ii) the hearing to consider confirmation of the Plan (“Confirmation Hearing”).

The Chapter 11 Cases

On August 3, 2018 (the “Petition Date”), Gump’s Holdings, LLC, Gump’s Corp., and Gump’s By Mail, Inc. (collectively, “Debtors”), debtors and debtors-in-possession, commenced a voluntary case under Chapter 11 of the Bankruptcy Code, commencing the chapter 11 cases (the “Chapter 11 Cases”). Contemporaneously with the filing of the voluntary petitions, Debtors filed an application for an order to jointly administer the Chapter 11 Cases, with Gump’s Holdings, LLC denominated as the lead case.

The Plan

The Plan is an attempt to maximize value for creditors by, primarily, (a) providing a mechanism for liquidating the remaining assets of the Debtors in an orderly and value-maximizing manner and (b) resolving the claims against the recoveries. The Plan establishes a Liquidating Trust for the benefit of the holders of Administrative Claims, Priority Unsecured Claims and General Unsecured Claims.

THE DEBTORS BELIEVE THAT THE PLAN IS FAIR AND EQUITABLE, WILL MAXIMIZE THE VALUE OF THE DEBTORS’ ESTATES, AND WILL PROVIDE THE BEST RECOVERIES AVAILABLE TO CLAIMHOLDERS. FOR THESE REASONS AND THE OTHER REASONS DESCRIBED HEREIN, THE

**DEBTORS URGE ALL PARTIES ENTITLED TO VOTE TO TIMELY RETURN THEIR BALLOTS AND
VOTE TO ACCEPT THE PLAN.**

Approval of the Disclosure Statement

On _____, the Bankruptcy Court entered an order (the “Disclosure Statement Order”) pursuant to section 1125 of the Bankruptcy Code provisionally approving this Disclosure Statement (the “Disclosure Statement”) as containing adequate information of a kind and in sufficient detail to enable a hypothetical investor in the relevant classes to make an informed judgment whether to accept or reject the Plan.

This Disclosure Statement includes and describes the Plan, a copy of which is attached hereto as **Exhibit A**. Approval of this Disclosure Statement by the Bankruptcy Court does not constitute a determination by the Bankruptcy Court of the fairness or merits of the Plan or of the accuracy or completeness of the information contained in this Disclosure Statement.

The Disclosure Statement Order, attached hereto as **Exhibit B**, sets forth in detail, among other things, the deadlines, procedures and instructions for voting to accept or reject the Plan and for filing objections to confirmation of the Plan, the record date for voting purposes and the applicable standards for tabulating ballots. In addition, detailed voting instructions accompany each ballot. This Disclosure Statement contains important information that may bear upon your decision to accept or reject the Plan. Please read this document carefully.

Voting Procedures

If you are entitled to vote to accept or reject the Plan, a ballot (a “Ballot”) for the acceptance or rejection of the Plan is enclosed with the Disclosure Statement mailed to you for the purpose of voting on the Plan. If you hold Claims in more than one class and you are entitled to vote in more than one class, you will receive Ballots enabling you to vote each such separate class.

CLASS 1(a)—SECURED CLAIMS (HOLDINGS), CLASS—1(b) SECURED CLAIMS (RETAIL), CLASS 1(c)— SECURED CLAIMS (DIRECT), CLASS 2(a)— PRIORITY UNSECURED CLAIMS (HOLDINGS), CLASS 2(b)— PRIORITY UNSECURED CLAIMS (RETAIL), CLASS 2(c)— PRIORITY UNSECURED CLAIMS

(DIRECT) ARE UNIMPAIRED UNDER THE PLAN AND ARE PRESUMED TO HAVE ACCEPTED THE PLAN, AND THEREFORE SUCH CLASSES DO NOT VOTE. CLASS 4(a)—INTERCOMPANY CLAIM (HOLDINGS), CLASS 4(b)—INTERCOMPANY CLAIM (RETAIL), CLASS 4(c)—INTERCOMPANY CLAIM (DIRECT), CLASS 5(a)—EQUITY SECURITY (HOLDINGS), CLASS 5(b)—EQUITY SECURITY (CHACHAS HOLDINGS), CLASS 5(c)—EQUITY SECURITY (RETAIL), AND CLASS 5(d)—EQUITY SECURITY (DIRECT) WILL NEITHER RECEIVE NOR RETAIN ANY PROPERTY UNDER THE PLAN AND ARE PRESUMED TO HAVE REJECTED THE PLAN, AND THEREFORE SUCH CLASSES DO NOT VOTE. ALL OTHER CLASSES ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN. ACCORDINGLY, THE DEBTORS ARE SOLICITING ACCEPTANCES OF THE PLAN FROM THE HOLDERS OF ALL CLAIMS, OTHER THAN THOSE IN CLASSES 1(a) THROUGH 2(c) AND, CLASSES 4(a) THROUGH 5(d).

No solicitation of votes to accept or reject the Plan may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code. You should not rely on any information relating to the Debtors, their business, or the Plan other than that contained in this Disclosure Statement and the exhibits hereto.

After carefully reviewing this Disclosure Statement, including the attached exhibits, please indicate your acceptance or rejection of the Plan by voting to accept or reject the Plan on the enclosed Ballot(s) and return the same to:

c/o Donlin Racano and Company, Inc.
Re Gump's Holdings, LLC, et al,
P.O. Box 199043 Blythebourne Station
Brooklyn, NY 11219

DO NOT RETURN ANY OTHER DOCUMENTS WITH YOUR BALLOT.

TO BE COUNTED, YOUR BALLOT MUST BE DULY COMPLETED, EXECUTED AND RECEIVED BY
4:00 P.M., PREVAILING PACIFIC TIME, ON [] (THE "VOTING DEADLINE").
ANY EXECUTED BALLOT RECEIVED THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION

OF THE PLAN SHALL NOT BE COUNTED.

THE DEBTORS BELIEVE THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF THEIR ESTATES AND ALL PARTIES IN INTEREST AND URGE ALL HOLDERS OF IMPAIRED CLAIMS TO ACCEPT THE PLAN.

Pursuant to the Disclosure Statement Order, the Bankruptcy Court set _____, 2020 as the record date for holders of Claims and Equity Interests entitled to vote on the Plan (the "Voting Record Date"). Accordingly, only holders of record as of the Voting Record Date that otherwise are entitled to vote under the Plan will receive a Ballot and may vote on the Plan.

If you are a holder of a Claim entitled to vote on the Plan and you did not receive a Ballot, received a damaged Ballot, or lost your Ballot, or if you have any questions concerning this Disclosure Statement, the Plan or the procedures for voting on the Plan, please call _____.

FOR THE AVOIDANCE OF DOUBT, THE DEBTORS AND THE LIQUIDATING TRUSTEE RESERVE THE RIGHT TO OBJECT TO CLAIMS AND EQUITY INTERESTS AFTER THE VOTING DEADLINE. FOR THE FURTHER AVOIDANCE OF DOUBT, IT IS POSSIBLE THAT HOLDERS OF CLAIMS AND EQUITY INTERESTS THAT DO NOT APPEAR ON THE DEBTORS' SCHEDULES AND/OR ARE NOT ALLOWED CLAIMS WILL NOT RECEIVE A DISTRIBUTION ON ACCOUNT OF SUCH CLAIMS UNTIL THE EXPIRATION OF THE TIME PERIOD WITHIN WHICH CLAIM OBJECTIONS MUST BE FILED AS REFERENCED IN "THE CHAPTER 11 PLAN—PROCEDURES FOR RESOLVING AND TREATING CONTESTED CLAIMS."

You may be bound by the Plan if it is accepted by the requisite holders of Claims even if you do not vote to accept the Plan, or if you are the holder of an unimpaired Claim.

○ **Confirmation Hearing**

Pursuant to section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled the Confirmation Hearing for _____, 2020 at ____:____.m. (prevailing Pacific Time), before the Honorable Mike K. Nakagawa in Courtroom 2 (3d Floor), United States Bankruptcy Court for the

District of Nevada, Foley Federal Building, 300 Las Vegas Blvd. South, Las Vegas Nevada 89101. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan must be served and filed so that they are actually filed and received on or before _____, 2020 at ____:____.m. (prevailing Pacific Time), in the manner described in the Disclosure Statement Order attached hereto as **Exhibit B**. The Confirmation Hearing may be adjourned from time to time without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

THE DEBTORS URGE ALL HOLDERS OF IMPAIRED CLAIMS ENTITLED TO VOTE ON THE PLAN TO ACCEPT THE PLAN.

EXPLANATION OF CHAPTER 11

○ Overview of Chapter 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code pursuant to which a debtor may reorganize its business for the benefit of its creditors, equity holders and other parties in interest. The commencement of a chapter 11 case creates an “estate” comprising all the legal and equitable interests of a debtor in property as of the date the petition is filed. Sections 1101, 1107 and 1108 of the Bankruptcy Code provide that a debtor may continue to operate its business and remain in possession of its property as a “debtor in possession” unless the bankruptcy court orders the appointment of a trustee. In the Chapter 11 Cases, the Debtors have remained in possession of their property and have continued to operate their businesses as debtors in possession.

The filing of a chapter 11 petition triggers the automatic stay provisions of the Bankruptcy Code. Section 362 of the Bankruptcy Code provides, among other things, for the stay of all attempts by creditors or other third parties to collect prepetition claims from the debtor or otherwise interfere with its property or business. Exempted from the automatic stay are governmental authorities seeking to exercise regulatory or policing powers. Except as otherwise ordered by the bankruptcy court, the automatic stay remains in full force and effect until the effective date of a confirmed chapter 11 plan.

The formulation and confirmation of a chapter 11 plan is the principal purpose of a chapter 11 case. The plan sets forth the means for satisfying claims against and interests in a debtor’s

1 estate.

2 ○ **Chapter 11 Plan**

3 A chapter 11 plan may provide anything from a complex restructuring of a debtor's business
4 and its related obligations to a simple liquidation of a debtor's assets. In either event, upon
5 confirmation of the plan, the plan becomes binding on a debtor and all of its creditors and equity
6 holders, and the prior obligations owed by the debtor to such parties are compromised and
7 exchanged for the obligations specified in the plan. For a description of key components of the
8 Plan, see "Overview of the Plan," below.

9 After a chapter 11 plan has been filed, the holders of impaired claims against and equity
10 interests in a debtor are permitted to vote to accept or reject the plan unless they are to receive
11 nothing under the plan. Before soliciting acceptances of the proposed plan, section 1125 of the
12 Bankruptcy Code requires the debtor to prepare and file a disclosure statement containing adequate
13 information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make
14 an informed judgment about the plan. This Disclosure Statement is presented to holders of
15 Impaired Claims against the Debtor to satisfy the requirements of section 1125 of the Bankruptcy
16 Code in connection with the Debtors' solicitation of votes on the Plan.

17 **OVERVIEW OF THE PLAN**

18 The Plan provides for the treatment of Claims against and Equity Interests in the Debtors in
19 the Chapter 11 Cases.

20 ○ **Summary of the Terms of the Plan**

21 The Plan implements and is built around the following key elements:

- 22 • On the Effective Date, a Liquidating Trust will be created pursuant to the Plan.
23 Holders of Administrative Claims, Allowed Unsecured Priority Claims and Allowed
24 General Unsecured Claims will receive Liquidating Trust Beneficial Interests in the
25 Liquidating Trust.
- 26 • On the Effective Date, all of the Debtor's Assets that are not necessary to pay
27 Administrative Claims will be transferred into the Liquidating Trust.
- 28 • The Liquidating Trustee will liquidate the assets in the liquidating trust and pay

creditors in the order of priority under the Bankruptcy Code.

○ **Confirmation of a Chapter 11 Plan**

If all classes of claims and equity interests accept a chapter 11 plan, the Bankruptcy Court may confirm the plan if the Bankruptcy Court independently determines that the requirements of section 1129(a) of the Bankruptcy Code have been satisfied. See “Confirmation and Consummation Procedures—Confirmation of the Plan” below. The Debtors believe that the Plan satisfies all the applicable requirements of section 1129(a) of the Bankruptcy Code.

Chapter 11 of the Bankruptcy Code does not require that each holder of a claim or interest in a particular class vote in favor of a plan for the bankruptcy court to determine that the class has accepted the plan. See “Confirmation and Consummation Procedures” below.

In addition, classes of claims or equity interests that are not “impaired” under a chapter 11 plan are conclusively presumed to have accepted the plan and thus are not entitled to vote. Conversely, classes that are to neither receive nor retain property under the plan are conclusively deemed to have rejected the plan. See “Confirmation and Consummation Procedures.” Accordingly, acceptances of a plan will generally be solicited only from those persons who hold claims or equity interests in an impaired class that will receive distributions under the Plan. Class 1(a)—Secured Claims (Holdings), Class 1(b) Secured Claims (Retail), Class 1(c)— Secured Claims (Direct), Class 2(a)— Priority Unsecured Claims (Holdings), Class 2(b)— Priority Unsecured claims (Retail), Class 2(c)— Priority Unsecured Claims (Direct) are unimpaired under the Plan and are presumed to have accepted the Plan. Class 4(a)— Intercompany Claim (Holdings), Class 4(b)— Intercompany Claim (Retail), Class 4(c)— Intercompany Claim (Direct), Class 5(a)— Equity Security (Holdings), Class 5(b)— Equity Security (Chachas Holdings), Class 5(c)— Equity Security (Retail), and Class 5(d)— Equity Security (Direct) will neither receive nor retain any property under the Plan and are presumed to have rejected the Plan. All other classes are entitled to vote to accept or reject the Plan.

In general, a bankruptcy court also may confirm a chapter 11 plan even though fewer than all the classes of impaired claims against and equity interests in a debtor accept such plan. For a chapter 11 plan to be confirmed, despite its rejection by a class of impaired claims or equity

1 interests, the plan must be accepted by at least one class of impaired claims (determined without
2 counting the vote of insiders) and the proponent of the plan must show, among other things, that
3 the plan does not “discriminate unfairly” and that the plan is “fair and equitable” with respect to
4 each impaired class of claims or equity interests that has not accepted the plan. See “Confirmation
5 and Consummation Procedures—Cramdown” below. The Plan has been structured so that it will
6 satisfy the cramdown requirements and can therefore be confirmed, if necessary, over the objection
7 of any such classes of Claims.

8 ○ **Summary of Distributions Under the Plan**

9 The following is a summary of the distributions under the Plan. It is qualified in its entirety
10 by reference to the full text of the Plan, which is attached to this Disclosure Statement as **Exhibit**
11 **A**. In addition, for a more detailed description of the terms and provisions of the Plan, see “The
12 Chapter 11 Plan” section of this Disclosure Statement below.

13 The claim amounts set forth below are based on information contained in the Debtors’ books
14 and records and constitute what the Debtors believe to be reasonable estimates of the likely
15 resolution of outstanding disputed Claims. These amounts may differ from the outstanding filed
16 claims amounts.

17 The following chart summarizes the distribution to unclassified and classified Claims and
18 Equity Interests under the Plan:

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Administrative and Tax Claims

Claims ¹	Treatment
Administrative Claims Estimated Allowed Claims: \$ 56,262.86	Each Allowed Administrative Claim shall be paid by the Disbursing Agent upon the latest of: (i) the Effective Date or as soon thereafter as is practicable; (ii) such date as may be fixed by the Bankruptcy Court, or as soon thereafter as practicable, (iii) the fourteenth (14) Business Day after such Claim is Allowed, or as soon thereafter as practicable; and (iv) such date as the Holder of such Claim and Debtors or the Liquidating Trustee, as applicable, shall agree upon. Estimated Recovery: 100% of Allowed Claim

¹ Administrative Claims and Tax Claims are treated in accordance with section 1129(a)(9) of the Bankruptcy Code.

Claims ¹	Treatment
Professional Fee Claims Estimated Allowed Claims: \$ 345,000.00	<p>On the Effective Date, the Liquidating Trustee shall establish and fund the Professional Fee Reserve from Cash and other Assets not held in the Administrative Expense Claim Reserve or Priority Claim Reserve. All Professionals seeking an award by the Bankruptcy Court of compensation for services rendered and reimbursement of expenses incurred through and including the Effective Date under Sections 330 or 331 of the Bankruptcy Code or otherwise under a separate standard ordered by the Bankruptcy Court or entitled to the priorities established under Sections 503(b)(2), 503(b)(3), 503(b)(4) or 503(b)(5) of the Bankruptcy Code, shall (a) file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred through the Effective Date by not later than the date which is thirty (30) days after the Effective Date or such other date as is fixed by the Bankruptcy Court and (b) if granted such an award by the Bankruptcy Court, be paid in full in Cash in such amounts as are Allowed by the Bankruptcy Court (i) on the date upon which such Administrative Expense Claim becomes an Allowed Administrative Expense Claim or as soon thereafter as is practicable, (ii) upon such other terms as may be mutually agreed upon between such holder of an Administrative Expense Claim and the Liquidating Trustee, or (iii) in accordance with the terms of any applicable order entered by the Bankruptcy Court.</p> <p>Estimated Recovery: 100% of Allowed Claim</p>

Claims ¹	Treatment
<p>Priority Tax Claims for All Debtors</p> <p>Estimated Allowed Claims: \$1,453.40</p>	<p>Each Allowed Priority Tax Claim shall be paid in full in Cash in an amount equal to such Allowed Priority Tax Claim on the later of: (i) the Effective Date or as soon thereafter as is practicable; (ii) such date as may be fixed by the Bankruptcy Court, or as soon thereafter as practicable, (iii) the fourteenth (14th) Business Day after such Claim is Allowed, or as soon thereafter as practicable; and (iv) such date as the Holder of such Claim and the Debtors or the Liquidating Trustee, as applicable, shall agree upon. Until an Allowed Priority Tax Claim is paid in full, the unpaid balance shall accrue statutory interest from the Effective Date fixed at the applicable federal or state statutory rate in effect with respect to such Priority Tax Claim on the Petition Date..</p> <p>Estimated Recovery: 100% of Allowed Claim</p>

Claims and Equity Interests

Classes	Treatment
<p>Class 1(a)— Secured Claims (Holdings)</p> <p>Approx. Filed/Scheduled Claims: \$31,849,199.02</p> <p>Estimated Allowed Claims: \$0.00</p> <p>Unimpaired</p>	<p>Each Allowed Secured Claim in Holdings, if any, shall, in full and final satisfaction of such Claim, receive on the Effective Date turnover of any collateral securing the Allowed Secured Claim. If the Allowed Secured Claim is fully secured by the collateral securing the Allowed Secured Claim, the Allowed Claim shall be deemed satisfied in full. To the extent the Allowed Secured Claim is not satisfied in full by the return of the collateral securing the Allowed Secured Claim, then the balance of the Allowed Claim shall be treated as an Allowed General Unsecured Claim in Class 3(a).</p> <p>Estimated Recovery: 100% of Allowed Claim; claim being contributed by holders.</p>
<p>Class 1(b)— Secured Claims (Retail)</p> <p>Approx. Filed/Scheduled Claims: \$22,887,849.64</p> <p>Estimated Allowed Claims: \$00.00</p> <p>Unimpaired</p>	<p>Each Allowed Secured Claim of Retail, if any, shall, in full and final satisfaction of such Claim, receive on the Effective Date turnover of any collateral securing the Allowed Secured Claim. If the Allowed Secured Claim is fully secured by the collateral securing the Allowed Secured Claim, the Allowed Claim shall be deemed satisfied in full. To the extent the Allowed Secured Claim is not satisfied in full by the return of the collateral securing the Allowed Secured Claim, then the balance of the Allowed Claim shall be treated as an Allowed General Unsecured Claim in Class 3(b).</p>

Classes	Treatment
	Estimated Recovery: 100% of Allowed Claim; claim being contributed by holders.
<p>Class 1(c)— Secured Claims (Direct)</p> <p>Approx. Filed/Scheduled Claims: \$22,838,543.34 Estimated Allowed Claims: \$00.00</p> <p>Unimpaired</p>	<p>Each Allowed Secured Claim of Direct, if any, shall, in full and final satisfaction of such Claim, receive on the Effective Date turnover of any collateral securing the Allowed Secured Claim. If the Allowed Secured Claim is fully secured by the collateral securing the Allowed Secured Claim, the Allowed Claim shall be deemed satisfied in full. To the extent the Allowed Secured Claim is not satisfied in full by the return of the collateral securing the Allowed Secured Claim, then the balance of the Allowed Claim shall be treated as an Allowed General Unsecured Claim in Class 3(c).</p> <p>Estimated Recovery: 100% of Allowed Claim; claim being contributed by holders.</p>
<p>Class 2(a)— Priority Unsecured Claims (Holdings)</p> <p>Approx. Filed/Scheduled Claims: \$178,304.68 Estimated Allowed Claims: \$65,707.77</p> <p>Unimpaired</p>	<p>Each Allowed Priority Unsecured Claim of Holdings not treated above, if any, shall, in full and final satisfaction of such Claim, be paid by the Disbursing Agent in full in Cash on the latest of: (i) the Initial Distribution Date, or as soon thereafter as is practical; (ii) such date as may be fixed by the Bankruptcy Court, or as soon thereafter as is practicable; (iii) the fourteenth (14th) Business Day after such Claim is Allowed, or as soon thereafter as is practicable; or (iv) such date as the Holder of such Claim and Holdings or the Liquidating Trustee, as applicable, have agreed or shall agree, plus pre-Petition Date interest due under applicable bankruptcy or non-bankruptcy law and claimed in a Proof of Claim by such Holder to the extent approved by the Bankruptcy Court or as included in the Schedules by Holdings.</p> <p>Estimated Recovery: 100% of Allowed Claim</p>
<p>Class 2(b)— Priority Unsecured Claims (Retail)</p> <p>Approx. Filed/Scheduled Claims: \$501,883.53 Estimated Allowed Claims: \$00.00</p> <p>Unimpaired</p>	<p>Each Allowed Priority Unsecured Claim of Retail not treated above, if any, shall, in full and final satisfaction of such Claim, be paid by the Disbursing Agent in full in Cash on the latest of: (i) the Initial Distribution Date, or as soon thereafter as is practical; (ii) such date as may be fixed by the Bankruptcy Court, or as soon thereafter as is practicable; (iii) the fourteenth (14th) Business Day after such Claim is Allowed, or as soon thereafter as is practicable; or (iv) such date as the Holder of such Claim and Retail or the Liquidating Trustee, as applicable, have agreed or shall agree, plus pre-Petition Date interest due under applicable bankruptcy or nonbankruptcy law</p>

Classes	Treatment
	<p>and claimed in a Proof of Claim by such Holder to the extent approved by the Bankruptcy Court or as included in the Schedules by Retail.</p> <p>Estimated Recovery: 100% of Allowed Claim</p>
<p>Class 2(c)— Priority Unsecured Claims (Direct)</p> <p>Approx. Filed/Scheduled Claims: \$20,867.40 Estimated Allowed Claims: \$6,329.93</p> <p>Unimpaired</p>	<p>Each Allowed Priority Unsecured Claim of Direct not treated above, if any, shall, in full and final satisfaction of such Claim, be paid by the Disbursing Agent in full in Cash on the latest of: (i) the Initial Distribution Date, or as soon thereafter as is practical; (ii) such date as may be fixed by the Bankruptcy Court, or as soon thereafter as is practicable; (iii) the fourteenth (14th) Business Day after such Claim is Allowed, or as soon thereafter as is practicable; or (iv) such date as the Holder of such Claim and Direct or the Liquidating Trustee, as applicable, have agreed or shall agree, plus pre-Petition Date interest due under applicable bankruptcy or nonbankruptcy law and claimed in a Proof of Claim by such Holder to the extent approved by the Bankruptcy Court or as included in the Schedules by Direct.</p> <p>Estimated Recovery: 100% of Allowed Claim</p>
<p>Class 3(a)— General Unsecured Claims (Holdings)</p> <p>Approx. Filed/Scheduled Claims: \$5,153,724.46 Estimated Allowed Claims: \$15,062,255.95</p> <p>Impaired</p>	<p>Each Holder of an Allowed General Unsecured Claim of Holdings shall participate Pro Rata with each other Holder of an Allowed General Unsecured Claim of Holdings and shall receive, on the applicable Plan Distribution Date (or as soon as reasonably practicable thereafter), its Pro Rata Share of the Liquidating Trust Beneficial Interests as to which all Holders of Allowed General Unsecured Claims of the Debtors in Classes 3(a), 3(b), and 3(c) would be entitled as if all such Classes were a single Class; provided, however, that a holder of an Allowed General Unsecured Claim against more than one Debtor shall be treated as holding a single Allowed General Claim and limited to a single recovery on account of all such Allowed General Unsecured Claims.</p> <p>Estimated Recovery: Unknown at this time</p>
<p>Class 3(b)— General Unsecured Claims (Retail)</p> <p>Approx. Filed/Scheduled Claims: \$9,255,726.68 Estimated Allowed Claim: \$19,184,258.17*</p> <p>*Includes Corporate Partners Claim included in Class 3(a)</p> <p>Impaired</p>	<p>Each Holder of an Allowed General Unsecured Claim of Retail shall participate Pro Rata with each other Holder of an Allowed General Unsecured Claim of Retail and shall receive, on the applicable Plan Distribution Date (or as soon as reasonably practicable thereafter), its Pro Rata Share of the Liquidating Trust Beneficial Interests as to which all Holders of Allowed General Unsecured Claims of the Debtors in Classes 3(a), 3(b), and 3(c) would be entitled as if all such Classes were a single Class; provided, however,</p>

Classes	Treatment
	<p>that a holder of an Allowed General Unsecured Claim against more than one Debtor shall be treated as holding a single Allowed General Claim and limited to a single recovery on account of all such Allowed General Unsecured Claims.</p> <p>Estimate Recovery: Unknown at this time</p>
<p>Class 3(c)— General Unsecured Claims (Direct)</p> <p>Approx. Filed/Scheduled Claims: \$10,006,729.30 Estimated Allowed Claims: \$19,935,260.79*</p> <p>*Includes Corporate Partners Claim included in Class 3(a)</p> <p>Impaired</p>	<p>Each Holder of an Allowed General Unsecured Claim of Direct shall participate Pro Rata with each other Holder of an Allowed General Unsecured Claim of Direct and shall receive, on the applicable Plan Distribution Date (or as soon as reasonably practicable thereafter), its Pro Rata Share of the Liquidating Trust Beneficial Interests as to which all Holders of Allowed General Unsecured Claims of the Debtors in Classes 3(a), 3(b), and 3(c) would be entitled as if all such Classes were a single Class; provided, however, that a holder of an Allowed General Unsecured Claim against more than one Debtor shall be treated as holding a single Allowed General Claim and limited to a single recovery on account of all such Allowed General Unsecured Claims.</p> <p>Estimated Recovery: Unknown at this time</p>
<p>Class 4(a)—Intercompany Claims (Holdings)</p> <p>Estimated Allowed Claims: [\$650]</p> <p>Impaired</p>	<p>On the Effective Date the Intercompany Claims of Holdings shall be extinguished and the Holders thereof shall not receive and Distribution for such Intercompany Claims.</p> <p>Recovery: 0% of Allowed Claim</p>
<p>Class 4(b)— Intercompany Claims (Retail)</p> <p>Estimated Allowed Claims: Unknown</p> <p>Impaired</p>	<p>On the Effective Date the Intercompany Claims of Retail shall be extinguished and the Holders thereof shall not receive and Distribution for such Intercompany Claims.</p> <p>Recovery: 0% of Allowed Claim</p>
<p>Class 4(c)— Intercompany Claims (Direct)</p> <p>Estimated Allowed Claims: Unknown</p> <p>Impaired</p>	<p>On the Effective Date the Intercompany Claims of Direct shall be extinguished and the Holders thereof shall not receive and Distribution for such Intercompany Claims.</p> <p>Recovery: 0% of Allowed Claim</p>
<p>Class 5(a)— Equity Securities (Holdings)</p> <p>Impaired</p>	<p>On the Dissolution Date, the Equity Securities of Holdings shall be extinguished and cancelled, and Holders of Class 5(a) Equity Securities shall not receive any Distribution on account of such Equity Securities.</p> <p>Recovery: 0%</p>

Classes	Treatment
Class 5(b)— Equity Securities (Chachas Holdings) Impaired	On the Dissolution Date, the Equity Securities of Holdings held by Chachas shall be extinguished and cancelled, and Holders of Class 5(b) Equity Securities shall not receive any Distribution on account of such Equity Securities. Recovery: 0%
Class 5(c)— Equity Securities (Retail) Impaired	On the Dissolution Date the Equity Securities of Retail shall be extinguished and cancelled, and Holders of Class 5(c) Equity Securities shall not receive any Distribution on account of such Equity Securities. Recovery: 0%
Class 5(d)— Equity Securities (Direct) Impaired	On the Dissolution Date the Equity Securities of Direct shall be extinguished and cancelled, and Holders of Class 5(d) Equity Securities shall not receive any Distribution on account of such Equity Securities. Recovery: 0%

THE DEBTORS' BUSINESS AND CAPITAL STRUCTURE

The following discussion is provided by way of background and reflects the historical relations and operations of the Debtors without giving effect to any changes to be effectuated in connection with the Plan.

○ The Business of the Debtors

Established in 1861 by the Gump family as a frame and mirror shop, Gump's expanded its offerings in the late 19th century to sell moldings, gilded cornices, and European art to those made wealthy by the California Gold Rush and by the early 20th Century, had become an iconic retailer of distinctive luxury home furnishings and décor known for its fine art, jewelry, antiques, and personalized service.

At the commencement of the case, Gump's was comprised of two operating companies—Retail and Direct—which are wholly owned by Holdings. Retail operated the flagship Gump's department store at 135 Post Street near Union Square in San Francisco, California, which also housed the Debtors' corporate offices (the "Store"). Direct operated the Debtors' distribution center (the "Distribution Center") in Olive Branch, Mississippi, which fulfills direct-to-consumer sales, including catalog and e-commerce sales, and delivers merchandise to the Retail store. In

1 addition to the Store in San Francisco and the Distribution Center in Mississippi, Debtors held
2 certain furniture, fixtures, and equipment in a storage unit in Richmond, California (the “Richmond
3 Storage Facility”) and certain other locations.

4 **The Debtors’ Capital Structure.**

5 The Debtors are parties to three secured loan agreements in which Retail and Direct are
6 borrowers and Holdings is a guarantor. At the commencement of the Chapter 11 Cases, the first
7 lien was held by Sterling Business Credit, LLC (“Sterling”) pursuant to the Loan and Security
8 Agreement (as amended and together with the ancillary documents, the “Prepetition Loan
9 Agreement”), for a revolving credit facility of up to \$15,000,000, dated December 29, 2015. As of
10 the close of business the Petition Date, the aggregate principal amount outstanding under the
11 Prepetition Loan Agreement was asserted by Sterling to be \$5,752,648.87.

12 As security for payment and performance of the Retail and Direct’s obligations under the
13 Prepetition Loan Agreement (the “Prepetition Loan Obligations”), Sterling held a security interest
14 and lien on substantially all of the then current and future assets of Retail and Direct, including, but
15 not limited to, inventory, accounts receivable, general intangibles, equipment, trademarks, trade
16 names, business names, service marks, logos, and certain related intellectual property (the
17 “Trademark Collateral”), copyrights, copyright licenses, domain names, and proceeds from any of
18 the foregoing, subject to certain exceptions and permitted liens (collectively, the “Borrower
19 Collateral”).

20 As security for Holdings’ payment and performance of the Prepetition Loan Obligations,
21 Sterling has a security interest and lien in all of the property of Holdings described in the Security
22 Agreement and the Pledge and Security Agreement each dated December 29, 2015 (together with
23 the Borrower Collateral, the “Prepetition Collateral”).

24 Additionally, Retail and Direct, as borrowers, Holdings, as guarantor, and Corporate
25 Partners II Limited (“Corporate Partners”) are parties to a Secured Promissory Note dated May 24,
26 2012, as amended September 12, 2012, January 10, 2014, November 25, 2014, May 1, 2015, and
27 July 1, 2016 by the Fifth Amendment to Secured Promissory Note, in the principal amount of
28 \$5,200,000 (the “Junior Note”). The Junior Note grants a security interest in all or substantially all

1 of the assets of Retail and Direct, while the Secured Guaranty of Holdings grants a security interest
 2 in all or substantially all of the assets of Holdings. The Junior Note is subordinate to the Prepetition
 3 Loan Obligations pursuant to the Intercreditor and Subordination Agreement dated as of December
 4 29, 2015 (the “Corporate Partners Subordination”). The Junior Note bears interest at 14% and
 5 matures July 31, 2021. Interest payments have been payable only “in-kind” pursuant to § 5(a) of
 6 the Corporate Partners Subordination. As of the Petition Date, the balance due on the Junior Note
 7 was approximately \$9,634,000.

8 Retail and Direct, as borrowers, obtained an additional loan from Methuselah Capital
 9 Partners, L.P. (“Methuselah”), an affiliate of director John Chachas,² in the principal amount of
 10 \$250,000 pursuant to that certain Secured Promissory Note dated July 21, 2017 (the “Methuselah
 11 Note”), having a maturity date of July 31, 2021. The Methuselah Note grants a security interest on
 12 substantially all assets of the borrowers and is guaranteed by Holdings. The Methuselah Note bears
 13 interest at 14% per annum, and the principal and interest due, as of August 3, 2018, was
 14 approximately \$289,000.00. Methuselah and Sterling are parties to a Subordination Agreement
 15 dated as of July 13, 2017, with terms substantially similar to the Corporate Partners Subordination.

16 **The Circumstances Leading to Debtors’ Liquidity Crisis.**

17 The Debtors faced an increasingly challenging retail environment for a number of years.
 18 The department store segment of the U.S. retail industry is a highly competitive environment that
 19 has evolved significantly in response to market-disrupting competitive retail formats, including the
 20 increased prominence of specialty retailers and online retailers, as well as the expansion of the
 21 internet and, most significantly, the pervasive role that mobile technology and social media now
 22 play in the retail consumer shopping experience. The Debtors’ results and performance was been
 23 significantly impacted by these factors, along with high operating costs and a large debt load.

24 Against this backdrop, the Debtors were proactive in developing strategies to improve the
 25 companies’ performance, including retention of a new management team and implementation of
 26 an aggressive marketing plan. Despite these efforts, the Debtors incurred losses and negative cash
 27

28 _____
² Mr. Chachas resigned as a director of Holdings on August 3, 2018, but remains a member.

1 flows for several years, sustaining operations through the infusion of capital and loans by its
2 majority equity holder, Corporate Partners. While the Debtors achieved certain improvements in
3 its financial performance, they were not enough to achieve positive cashflow. On a consolidated
4 basis, Debtors' net losses were approximately \$5,015,143 in 2016 and approximately \$5,683,825
5 in 2017. By January 28, 2017, Holdings had an accumulated members' deficit of approximately
6 \$58,428,974.

7 On January 25, 2017, Sterling declared that certain Events of Default (as defined in the
8 Prepetition-Loan Agreement) had occurred under the Prepetition Loan Agreement arising from
9 breach of certain financial covenants. On or about June 12, 2017, the Debtors and Sterling entered
10 into the First Amendment to Loan and Security Agreement, pursuant to which, *inter alia*, Debtors
11 agreed that certain Events of Default existed under the Prepetition Loan Agreement, the financial
12 covenants in Section 9.14 tied to "Free Cash Flow" and "Tangible Net Worth" were amended, and
13 Debtors agreed to receive an additional \$1,500,000 million as proceeds of newly issued equity or
14 subordinated debt.

15 However, on January 24, 2018, Sterling again declared that certain Events of Default
16 occurred, again based on the financial covenants set forth in the Prepetition Loan Agreement, as
17 amended. Debtors and Sterling entered into a Limited Forbearance Agreement and Reservation of
18 Rights with the Debtors (the "Forbearance Agreement") on March 27, 2018, which expired on April
19 27, 2018 in accordance with its terms. Among other things, the Forbearance Agreement required
20 Debtors to deliver a letter of intent to Sterling on or before April 20, 2018 for the sale of certain
21 assets, including customer lists, inventory, and trademarks relating to "Style by Gump's" and
22 "Gump's Style" for \$9,000,000 or the amount necessary to pay in full Debtors' obligations to
23 Sterling.

24 Despite the marketing efforts described below, Debtors were unable to deliver the required
25 letter of intent, and on May 5, 2018, Sterling delivered another Notification of Certain Events of
26 Default and Reservation of Rights.

27
28

SUMMARY OF THE CHAPTER 11 CASES

The Commencement of the Chapter 11 Cases.

On the Petition Date, Debtors commenced voluntary cases under Chapter 11 of the Bankruptcy Code, commencing the chapter 11 cases (the “Chapter 11 Cases”). Contemporaneously with the filing of the voluntary petitions, Debtors filed an application for an order to jointly administer the Chapter 11 Cases, with Gump’s Holdings, LLC denominated as the lead case.

Debtor’s “First Day” Relief.

Shortly after the filing of the voluntary petitions, Debtors filed applications for orders to jointly administer the Chapter 11 Cases, with Holdings denominated as the lead case. The Debtors also then filed a motion to preserve certain bank accounts, to retain Donlin Racano as the claims and noticing agent and to limit notice. Following hearings, orders were entered granting these motions.

Debtors also filed an Emergency Motion for Interim and Final Order (A) Authorizing the Debtors to Obtain Post-Petition Financing, (B) Granting Liens and Providing Administrative Expense Status, (C) Authorizing the Debtors’ Use of Cash Collateral, (D) Granting Adequate Protection, (E) Modifying the Automatic Stay, and (F) Granting Related Relief (the “Final DIP Order” and together with an earlier approved interim DIP order, the “DIP Orders”). Together, the DIP Orders provided for, among other things, Sterling’s loan of approximately \$737,000 to the Debtors subsequent to the Petition Date (the “DIP Loan,” and together with the obligations evidenced by the Prepetition Loan Documents, the “Loans”). The financing motion was approved on an interim and final basis.

Appointment of the Committee

The United States Trustee for Region 17, which covers the District of Nevada, appointed an Official Committee of Unsecured Creditors on August 20, 2018. The Committee consists of LSC Communications, Buccellati Inc., Seiko Worldwide LLC, Barbara Heinrich Studio and Regency International Business.

Retention of Professionals by the Debtors and the Committee

On August 9, 2016, the Bankruptcy Court approved the Debtors retention of Garman Turner Gordon LLP to serve as the Debtors’ bankruptcy counsel. On September 18, 2018, the Court approved the employment of Lincoln as financial advisor. In addition, on October 24, 2018, the

1 Bankruptcy Court approved the Committee's retention of Brownstein Hyatt Farber Schreck, LLP
2 to serve as the Committee's counsel.

3 **Investigation by the Committee**

4 Since its appointment, the Committee, the Committee has undertaken the investigation of
5 the Debtor's operations over the past 4 years, including potential claims against the Debtors' former
6 officers and directors. The Debtors have made claims against the directors and officers insurance
7 policies.

8 **Debtors' Marketing Efforts and the Agency Agreement.**

9 For the past few years prior to the Petition Date, Debtors evaluated their strategic alternatives,
10 including a sale of Gump's as a going-concern or a sale of assets. However, as Debtors' financial
11 condition deteriorated rapidly in early 2018 and funding from Corporate Partners became uncertain
12 due to fund limitations, Debtors retained Lincoln International, LLC ("Lincoln") to pursue strategic
13 alternatives, including, without limitation, a sale of the going-concern, a refinance of their obligations
14 to Sterling under the Prepetition Loan Agreement, a capital raise, or a sale of a discrete assets or
15 operations. Lincoln engaged in an aggressive marketing campaign, approaching over 200 prospective
16 investors, and approached over 20 prospective lenders to potentially provide bridge financing or
17 refinance the Prepetition Loan Obligations in full.

18 More than 40 prospective investors and 10 prospective lenders executed non disclosure
19 agreements. However, prospective lenders were hesitant to lend without additional equity investment
20 to provide needed liquidity and working capital in light of the Debtors' negative cashflow and
21 overburdened capital structure. Several potential equity investors declined to continue diligence,
22 expressing their belief that the value of the Debtors' assets did not substantially exceed its debt.
23 Because the Debtors were not meeting sales projections, their sources of working capital continued
24 to dwindle resulting in constraints on the ability to purchase inventory, and by late June 2018, Debtors
25 were faced with an immediate liquidity crisis.

26 With the Debtors' timeline for the exercise of a strategic alternative radically reduced, Lincoln
27 began pursuing proposals for a stalking horse bid for the going-concern from potential investors and
28 sought offers based on an orderly liquidation value from Hilco and Gordon Brothers. By mid-June,

1 approximately 25 prospective investors or lenders were conducting diligence. None, however,
2 resulted in a viable offer for the business or investment or financing proposals which were not
3 contingent upon raising additional capital, whether as debt or equity.

4 In early July, Debtors received separate proposals from Hilco Merchant Resources, LLC
5 (“Hilco”) and Gordon Brothers Retail Partners, LLC (“Gordon Brothers”) for a liquidation of the
6 Debtors’ assets, and on or about July 13, 2018, Debtors received a joint proposal from Hilco and
7 Gordon Brothers for an orderly liquidation of the Debtors’ assets pursuant to a store closing sale.
8 Over the next few weeks, Debtors negotiated the terms of an agreement for the conduct of an orderly
9 liquidation sale of Debtors’ merchandise and fixtures with a joint venture between Hilco Merchant
10 Resources, LLC and Gordon Brothers Retail Partners, LLC (the “Agent”), along with the terms of
11 postpetition financing from Sterling (discussed above) necessary to finance the Debtors’ liquidation
12 process.

13 **The Agency Agreement and the Sale.**

14 On August 10, 2018 the Bankruptcy Court entered its *Order: (A) Approving Agency*
15 *Agreement, (B) Authorizing and Approving Store Closing Sale Free and Clear of all Liens, Claims,*
16 *and Encumbrances, (C) Granting Liens, and (D) Granting Related Relief* [ECF No. 58] (the “GOB
17 Approval Order”). Pursuant to the GOB Approval Order, the Bankruptcy Court, *inter alia*, approved
18 that certain Agency Agreement dated on or about August 5, 2018 (the “Agency Agreement”) and
19 authorized the conduct of a going out of business sale (“Sale”) by Debtors and the Agent in
20 accordance with the terms and conditions of the Agency Agreement and the GOB Approval Order.
21 The Sale with respect to Direct assets was concluded before the end on October 2018 and Direct’s
22 premises was retaken by Direct’s landlord at that time. The Sale respecting Retail’s assets continued
23 until December 29, 2018 (the “Sale Termination Date”). Merchant and Agent concluded their conduct
24 of the Sale under the Agency Agreement and the GOB Approval Order, and the Post Street store was
25 retaken by its landlord shortly thereafter.

26 **The Reconciliation Agreement**

27 Thereafter, the Agent and Debtors prepared the Final Reconciliation (as defined in the Agency
28 Agreement) reflecting the results of the Sale, which was the subject of the Final Reconciliation and

1 Settlement Agreement. Following several weeks of negotiations between Sterling, Debtors and the
 2 Agent, on March 12, 2019, the Debtors and Agent filed their *Joint Motion by Debtors and Liquidating*
 3 *Agent for Approval of Final Reconciliation and Settlement Agreement* [ECF No. 302] (the
 4 “Reconciliation Motion”). Disputes arose among the Debtors, Sterling, the Agent, and the Committee
 5 relating to, *inter alia*, the Final Reconciliation and Settlement Agreement and the conduct of the Sale
 6 under the GOB Approval Order and Agency Agreement, along with the amount of Sterling’s claim.
 7 Sterling’s objection and the Committee’s informal objection to the Reconciliation Motion were
 8 resolved by the terms of the *Order Approving Final Reconciliation & Settlement Agreement* [ECF
 9 No. 371], including the supplement to the Agency Agreement attached thereto as Exhibit 1 (the
 10 “Reconciliation Order”). In this regard, the disputes primarily revolved around whether proceeds of
 11 the sale that were paid to Sterling while the sale was ongoing had satisfied Sterling’s claims such that
 12 the amounts in dispute should be paid to Debtors. Pursuant to the Reconciliation Order, the Agent
 13 paid to Sterling on behalf of Debtors the remaining proceeds of the Sale (as augmented pursuant to
 14 the Reconciliation Order) in the total amount of \$923,000 on or about March 29, 2019, and mutual
 15 releases were granted between Sterling and the Agent. The disputes between Sterling and the Debtors
 16 and the Committee were continued for further proceedings (“Contested Matters”).

17 **The Acquisition of Sterling’s Pre- and Post-Petition Claims and Liens.**

18 In the Contested Matters, Sterling contended that the outstanding balance of the Loans was
 19 approximately \$960,000, inclusive of approximately \$350,000 in legal fees and costs, and that such
 20 amount increased during the month of March 2019 due to litigation of the Contested Matters. The
 21 Debtors contended, among other things, that Sterling breached the DIP Orders that Sterling’s fees
 22 and costs should be disallowed under Section 506(b), in whole or in part, and the Committee
 23 contended that Sterling breached its agreement to pay a fixed sum of \$35,000 to the Committee for
 24 certain fees and expenses.

25 Thereafter, the Debtors, the Committee, and Sterling reached a compromise regarding the
 26 Contested Matters and the Bankruptcy Cases, and the claims and liens of Sterling under the
 27 Prepetition Loan Documents and DIP Orders as evidenced in the Sterling Proof of Claim. In this
 28 regard, on April 18, 2019, the Bankruptcy Court entered its *Order Approving Settlement Between*

1 *Sterling Business Credit, LLC and the Debtors and the Official Committee of Unsecured Creditors,*
 2 *and Transfer of Claims* which resolved all remaining issues with Sterling and the Debtors' bankruptcy
 3 estates and pursuant to which Sterling transferred its outstanding secured claims to a special purpose
 4 entity owned by the Debtors. See ECF No. 381. Among other matters, under this settlement, Sterling
 5 retained the \$923,000 amount paid to it by the Agent and the Debtor's non debtor affiliate acquired
 6 the Loans and collateral. Releases were granted by Sterling to the Committee and Debtors, and
 7 Debtors and the Committee released Sterling.

8 **The Debtor's Efforts to Sell the IP Assets and Marketing.**

9 As a condition imposed by Sterling to the extension of credit and use of cash collateral, the
 10 Debtors were required to file a motion for authorization to sell the Debtors' intellectual property and
 11 approval of any related sales processes and procedures no later than August 15, 2018, and to complete
 12 the sale by September 30, 2018.

13 The Debtors filed their motion to approve bid procedures and a sale of the IP Assets on August
 14 15, 2018, as required under the Interim DIP Order. ECF No. 72. The Debtors filed an amended
 15 iteration of that motion on August 21, 2018 (the "First Sale Motion") [ECF No. 90], seeking to sell
 16 the IP Assets, comprised of: (1) trademarks, service marks, trade names, service names, brand names,
 17 all trade dress rights, logos, internet domain names and corporate names and general intangibles of a
 18 like nature, together with the goodwill associated with any of the foregoing, and all applications,
 19 registrations and renewals thereof, which Debtors believe are owned by one or more of the Debtors;
 20 (2) IP addresses allocated to the Debtors; (3) copyrights and copyright licenses; (4) claims or causes
 21 of action arising out of or related to any infringement, dilution, misappropriation or other violation of
 22 any of the foregoing; (5) subject to the Debtors' published privacy policies, membership lists, gift
 23 registries, customer databases, including contact information and email addresses and other
 24 purchasing history and related information (the "Customer Data"); and (5) any property necessary
 25 for the transfer to and/or the operation by a buyer of any of the foregoing.

26 The Debtors also moved to for authorization to retain the investment banking firm Lincoln
 27 Partners Advisors LLC ("Lincoln") to continue with its pre- and post-petition work to market the IP
 28 Assets for sale. Lincoln's extensive pre-petition marketing efforts on behalf of the Debtors were

1 outlined in the First Sale Motion.

2 Shortly after the entry of the Interim DIP Order, Sterling attempted to impede the Debtors'
3 retention of Lincoln. Notwithstanding Sterling's objections, however, Lincoln continued its
4 marketing of the IP Assets in accordance with the procedures contemplated in the First Sale Motion
5 and Lincolns' retention. As indicated above, the Bankruptcy Court approved the Debtors' retention
6 of Lincoln on September 13, 2018, following a contested hearing.

7 **The Initial IP Assets Sale**

8 The Bankruptcy Court thereafter entered an order approving bid procedures and scheduling
9 an auction to occur on October 17, 2018. Although the Debtors had discussions with many potential
10 buyers for the IP Assets, the Debtors received only one binding offer for the IP Assets for \$150,000.
11 Notwithstanding all of the other expressions of interest over months leading up to the hearing to
12 approve that sale, not a single overbidder stepped up to offer a higher bid for the IP Assets. On the
13 eve of the auction and sale hearing, Sterling opposed the IP Sale. However, and despite its condition
14 that the Debtors sell the IP Assets, Sterling would not disclose a sale price at which it would support
15 the sale. Ultimately, the Debtors took the IP Sale off of the Bankruptcy Court's calendar, and in light
16 of the lack of offers despite Lincoln's extensive pre- and post-petition marketing, the Debtors
17 determined not to attempt to bring another sale forward until after Sterling's sale-scuttling conduct
18 could be curbed.

19 After this failed attempt to sell the IP Assets, Debtors were primarily focused on winding
20 down the business and obtaining the maximum value to satisfy Sterling's secured claim and fund a
21 dividend to unsecured creditors. After the Closing Sale was completed, the Debtors no longer had
22 any continuing retail operations requiring the continued or prospective use of the IP Assets. Indeed,
23 the Debtors had no further business operations, had rejected all real property leases, and had paid
24 down and ultimately purchased (through a special purpose entity) Sterling's claim.

25 **The Subsequent IP Assets Sale.**

26 The Debtors subsequently received an offer for the IP Assets during the reconciliation process
27 from GH Acquisitions, LLC ("GH"). The offer was shared with the Committee, and following
28 negotiation, the terms were memorialized into an agreement. Under the agreement, the Buyer

1 purchased, assumed, and acquired from the Debtors its IP Assets and certain related property and
 2 contracts. The agreement and sale were approved by the Bankruptcy Court on June 20, 2019. GH is
 3 a Nevada entity affiliated with John Chachas, its managing member, and owned by Mr. Chachas, his
 4 revocable trust (of which Mr. Chachas and his wife are the beneficiaries), and his children.

5 **Disclosure Statement**

6 The Plan and this Disclosure Statement were filed on December____, 2020. The
 7 Bankruptcy Court has provisionally approved the Disclosure Statement, and a final hearing to
 8 approve the Disclosure Statement confirm the Plan has been set for ____ __, 2020 at __:___.m.
 9 before the Honorable Michael K. Nakagawa , United States Bankruptcy Judge, in the United States
 10 Bankruptcy Court for the District of Nevada, Courtroom 2, 300 Las Vegas Boulevard South, Las
 11 Vegas, Nevada, 89101.

12 **THE CHAPTER 11 PLAN**

13
 14 As a result of the Chapter 11 Cases and through the Plan, the Debtors submit that creditors
 15 will obtain a greater recovery under the Plan than any recovery that would be available if the
 16 Debtors' assets were liquidated under chapter 7 of the Bankruptcy Code. The Plan is annexed
 17 hereto as **Exhibit A** and forms part of this Disclosure Statement. The summary of the Plan set forth
 18 below is qualified in its entirety by the more detailed provisions set forth in the Plan. The Assets
 19 of the Debtors are primarily Causes of Action. The Assets are detailed on **Schedule 1**.

20 ○ **Classification of Creditors**

21 As required by the Bankruptcy Code, the Plan classifies Claims by their legal attributes as
 22 follows:

23 ■ **Secured Claims**

24 Class 1(a), Class 1(b) and Class 1(c) consists of Secured Claims against Holdings, Retail
 25 and Direct, respectively. Debtors believe these claims are owned or asserted by Gump's
 26 Obligations Holdings Company, LLC, Corporate Partners, Seeker and Sons and Methuselah, and
 27 the treatment is the same for all Secured Creditors. Some other creditors have filed secured claims,
 28 but Debtors believe the other asserted and scheduled secured claims have or are in the process of

1 being resolved, are unsecured or are objectionable on one or more grounds. Under the Plan,
 2 Allowed Secured claims are unimpaired and deemed to vote in favor of the Plan.

3 ○ Each Allowed Secured Claim in Holdings, Retail and Direct, if any,
 4 shall, in full and final satisfaction of such Claim, receive on the Effective Date
 5 turnover of any collateral securing the Allowed Secured Claim. If the Allowed
 6 Secured Claim is fully secured by the collateral securing the Allowed Secured
 7 Claim, the Allowed Claim shall be deemed satisfied in full. To the extent the
 8 Allowed Secured Claim is not satisfied in full by the return of the collateral securing
 9 the Allowed Secured Claim, then the balance of the Allowed Claim shall be treated
 10 as an Allowed General Unsecured Claim in Class 3(a), 3(b) and 3(c), respectively.

11 The Debtors believe that other than the claim held by Gump's Obligations Holdings
 12 Company, LLC, the total amount of Allowed Secured Claims is approximately zero.

13 ▪ **Priority Unsecured Claims**

14 The Bankruptcy Code gives statutory priority to certain claims. Such Priority Unsecured
 15 Claims against Holdings, Retail and Direct, respectively, that are required to be classified are
 16 classified in Class 2(a), Class 2(b) and Class 2(c) under the Plan. The Debtors expect the total
 17 amount of scheduled and filed Priority Unsecured Claims will not exceed \$75,000.00 as most
 18 Priority Unsecured Claims were previously paid pursuant to court orders.. To the extent that
 19 Priority Unsecured Claims exist, each Allowed Priority Unsecured Claim of Holdings, Retail or
 20 Direct, if any, shall, in full and final satisfaction of such Claim, be paid by the Disbursing Agent in
 21 full in Cash on the latest of: (i) the Initial Distribution Date, or as soon thereafter as is practical; (ii)
 22 such date as may be fixed by the Bankruptcy Court, or as soon thereafter as is practicable; (iii) the
 23 fourteenth (14th) Business Day after such Claim is Allowed, or as soon thereafter as is practicable;
 24 or (iv) such date as the Holder of such Claim and Holdings or the Liquidating Trustee, as applicable,
 25 have agreed or shall agree, plus pre-Petition Date interest due under applicable bankruptcy or non-
 26 bankruptcy law and claimed in a Proof of Claim by such Holder to the extent approved by the
 27 Bankruptcy Court or as included in the Schedules by Holdings, Retail or Direct.

28

1 ▪ **General Unsecured Claims**

2 Class 3(a), Class 3(b) and Class 3(c) consist of General Unsecured Claims against Holdings,
3 Retail and Direct, respectively of Claims. The Debtors believe that the total amount of scheduled
4 and filed General Unsecured Claims without duplication of the secured claims that became
5 unsecured claims and prior to claims objections are approximately \$33,000,000.00. Approximately
6 \$900,000 of this amount will be forgiven by Gump's Obligations Holdings Company, LLC.

7 Under the Plan, Each Holder of an Allowed General Unsecured Claim of against Holdings,
8 Retail and Direct shall participate Pro Rata with each other Holder of an Allowed General
9 Unsecured Claim against Holdings, Retail and Direct and shall receive, on the applicable Plan
10 Distribution Date (or as soon as reasonably practicable thereafter), its Pro Rata Share of the
11 Liquidating Trust Beneficial Interests as to which all Holders of Allowed General Unsecured
12 Claims of the Debtors in Classes 3(a), 3(b), and 3(c) would be entitled as if all such Classes were a
13 single Class; provided, however, that a holder of an Allowed General Unsecured Claim against
14 more than one of the Debtors shall be treated as holding a single Allowed General Claim and limited
15 to a single recovery on account of all such Allowed General Unsecured Claims.

16 ▪ **Intercompany Claims**

17 Class 4(a), Class 4(b) and Class 4(c) consist of Intercompany Claims held by Holdings,
18 Retail and Direct, respectively, of Claims against a Debtor. The Debtors believe that the total
19 amount of scheduled and/or filed Intercompany Claims exceed **\$650.00**.

20 On the Effective Date the Intercompany Claims of Holdings shall be extinguished and the
21 Holders thereof shall not receive and Distribution for such Intercompany Claims.

22 ▪ **Equity Interests**

23 Class 5(a), Class 5(b), Class 5(c) and Class 5(d) consist of Equity Interests in Holdings,
24 Retail and Direct.

25 On the Dissolution Date, the Equity Securities of Holdings shall be extinguished and
26 cancelled, and Holders of Class 5(a) Equity Securities shall not receive any Distribution on account
27 of such Equity Securities.

28

○ **Means for Implementing the Plan**

▪ **Post Confirmation Operations of the Debtors**

Although the majority of the work to be done after confirmation of the Plan will be completed by the Liquidating Trust, there will be some activities that must be completed by the Debtor following confirmation of the Plan. From and after the Effective Date until the completion of dissolution on the Dissolution Date, Reorganized Debtors will continue to be managed by Tony Lopez (who acted as Chief Financial Officer for the Debtors prior to and during the Chapter 11 Cases. Mr. Lopez will be compensated for his time and the rate of \$425 per hour. Mr. Lopez management duties may subsequently be modified to the extent provided by Reorganized Debtors' articles of incorporation or organization, by-laws, and operating agreement (as amended, supplemented, or modified). The Secured Claims of Gump's Obligations Holdings Company, LLC shall be released for the benefit of the holders of beneficial interest in the Liquidating Trust and the Reorganized Debtors.

▪ **The Liquidating Trust**

The Plan provides for the creation of the Liquidating Trust, pursuant to the Liquidating Trust Declaration, that will oversee the orderly liquidation of the property transferred under the Plan to the Liquidating Trust by the Debtors. In this regard, the Secured Claims of Gump's Obligations Holdings Company, LLC shall be released for the benefit of the holders of beneficial interest in the Liquidating Trust. The Liquidating Trust Declaration shall constitute a Plan Document and shall only contain terms and conditions consistent with the Plan and reasonably acceptable to the Debtors and the Committee. Without limiting the generality of the foregoing, but subject to **Section 5.6** of the Plan, the Liquidating Trust Declaration shall require that all Liquidating Trust property be distributed subject to the following waterfall:

- First, to satisfy in full any outstanding expenses arising from the administration of the Liquidating Trust, which could include compensation to Reorganized Debtors to administer or sell trust assets;
- Second, to pay the holders of Allowed Administrative Claims, Professional Fee Claims and Priority Tax Claims;

- Third, ratably, to the holders of Liquidating Trust Beneficial Interests until such holders have received, in the aggregate, an amount equal to the Allowed amount of all unpaid Priority Unsecured Claims;
- Fourth, ratably, to the holders of Liquidating Trust Beneficial Interests until such holders have received, in the aggregate, an amount equal to Allowed amount of General Unsecured Claims.

- **Note regarding proposed distribution scheme.**

As described in detail above, holders of an Allowed General Unsecured Claim against more than one Debtor arising from the same transaction shall be limited to a single recovery on account of all such Allowed General Unsecured Claims. Further, each holder of an Allowed General Unsecured Claim will receive its Pro Rata Share of the Liquidating Trust Beneficial Interests, which will entitle such holder to distributions from the Liquidating Trust. Although holders of Allowed General Unsecured Claims will share in recoveries from a single source—the Liquidating Trust—they will not be adversely affected by such arrangement. Moreover, they will only share in the Liquidating Trust Fund if the Plan is accepted on a Debtor-by-Debtor basis.

After careful investigation, it is the Debtors' view that the Plan, which is expected to provide creditors with more value than if the case is converted or dismissed. **The Debtors urge you to vote for the Plan.**

- **Causes of Action**

Upon the occurrence of the Effective Date, all Trust Causes of Action shall be vested in the Liquidating Trust. Except as otherwise set forth in the Plan, the right of the Liquidating Trust to commence, prosecute, and settle any and all Causes of Action shall be preserved.

NO PERSON 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 LIQUIDATING TRUST OR REORGANIZED DEBTORS WILL NOT PURSUE ANY AND ALL AVAILABLE CAUSES OF ACTION AGAINST THEM. EACH OF THE LIQUIDATING TRUST AND REORGANIZED DEBTORS EXPRESSLY RESERVES ALL RIGHTS TO PROSECUTE

1 ANY AND ALL CAUSES OF ACTION AGAINST ANY PERSON, EXCEPT AS
 2 OTHERWISE PROVIDED IN THE PLAN. UNLESS ANY CAUSES OF ACTION
 3 AGAINST A PERSON ARE EXPRESSLY WAIVED, RELINQUISHED, EXCULPATED,
 4 RELEASED, COMPROMISED OR SETTLED IN THE PLAN OR A FINAL ORDER,
 5 EACH OF THE LIQUIDATING TRUST AND DEBTORS EXPRESSLY RESERVE ALL
 6 CAUSES OF ACTION FOR LATER ADJUDICATION, AND, THEREFORE, NO
 7 PRECLUSION DOCTRINE, INCLUDING WITHOUT LIMITATION, THE DOCTRINES
 8 OF RES JUDICATA, COLLATERAL ESTOPPEL, ISSUE PRECLUSION, CLAIM
 9 PRECLUSION, ESTOPPEL (JUDICIAL, EQUITABLE OR OTHERWISE) OR LACHES,
 10 SHALL APPLY TO SUCH CAUSES OF ACTION UPON OR AFTER THE
 11 CONFIRMATION OR CONSUMMATION OF THE PLAN.

12 ▪ **Sources of Cash for Plan Distributions**

13 Plan Distributions shall be made from Cash held and to be collected by Debtors prior to the
 14 Effective Date and from the Liquidating Trust's property after the Effective Date.

15 ▪ **Statutory Fees**

16 After the Confirmation of the Plan, but prior to the Effective Date, all fees payable pursuant
 17 to 28 U.S.C. § 1930 shall be paid by the Reorganized Debtors as Disbursing Agent. All such fees
 18 arising after the Effective Date, shall be paid by the Liquidating Trust from Liquidating Trust
 19 property.

20 **CONFIRMATION AND CONSUMMATION PROCEDURES**

21 ○ **Overview**

22 A chapter 11 plan may provide anything from a complex restructuring of a debtor's business
 23 and its related obligations to a liquidation of the debtor's assets. In either event, upon confirmation
 24 of the plan, it becomes binding on the debtor and all of its creditors and equity holders, and the
 25 obligations owed by the debtor to such parties are compromised and exchanged for the obligations
 26 specified in the plan. Before soliciting acceptances of the proposed plan, section 1125 of the
 27 Bankruptcy Code requires the debtor to prepare and file a disclosure statement containing adequate
 28 information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make

1 an informed judgment about the plan. **This Disclosure Statement is presented to holders of**
2 **impaired Claims against the Debtors to satisfy the requirements of section 1125 of the**
3 **Bankruptcy Code in connection with the Debtors' solicitation of votes on the Plan.**

4 If all classes of Claims and Equity Interests accept a chapter 11 plan, the bankruptcy court
5 may confirm the plan if the bankruptcy court independently determines that the requirements of
6 section 1129(a) of the Bankruptcy Code have been satisfied. Section 1129(a) sets forth the
7 requirements for confirmation of a plan and, among other things, requires that a plan meet the "best
8 interests of creditors" test and be "feasible." The "best interests of creditors" test generally requires
9 that the value of the consideration to be distributed to the holders of claims or equity interests under
10 a plan may not be less than those parties would receive if the debtor were liquidated pursuant to a
11 hypothetical liquidation occurring under chapter 7 of the Bankruptcy Code. Under the "feasibility"
12 requirement, the bankruptcy court generally must find that there is a reasonable probability that the
13 debtor will be able to meet its obligations under its plan without the need for further financial
14 reorganization. **The Debtors believe that the Plan will satisfy all applicable requirements of**
15 **section 1129(a) of the Bankruptcy Code, including, most significantly and compellingly, the**
16 **best interests of creditors' test and the feasibility requirement.**

17 The Bankruptcy Code does not require that each holder of a claim or interest in a particular
18 class vote in favor of a chapter 11 plan for the bankruptcy court to determine that the class has
19 accepted the plan. Rather, a class of creditors will be determined to have accepted the plan if the
20 bankruptcy court determines that the plan has been accepted by a majority in number and two-
21 thirds in amount of those claims actually voting in such class. Similarly, a class of equity security
22 holders will have accepted the plan if the bankruptcy court determines that the plan has been
23 accepted by holders of two-thirds of the number of shares actually voting in such class.

24 In addition, classes of claims or equity interests that are not "impaired" under a chapter 11
25 plan are conclusively presumed to have accepted the plan and thus are not entitled to vote.
26 Furthermore, classes that are to receive no distribution under the plan are conclusively deemed to
27 have rejected the plan. Accordingly, acceptances of a plan will generally be solicited only from
28 those persons who hold claims or equity interests in an impaired class. A class is "impaired" if the

1 legal, equitable or contractual rights associated with the claims or equity interests of that class are
 2 modified in any way under the plan. Modification for purposes of determining impairment,
 3 however, does not include curing defaults and reinstating maturity on the effective date of the plan.
 4 **Classes 1(a), 1(b) and 1(c)—Secured Claims and Class 2(a), 2(b) and 2(c)— Priority**
 5 **Unsecured Claims, are not impaired under the Plan and are not entitled to vote on the Plan.**
 6 **In addition, a class is conclusively deemed to have rejected the Plan if it will neither retain**
 7 **nor receive any property under the Plan. Classes 4(a), 4(b) and 4(c) Intercompany Claims**
 8 **and Classes 5(a), 5(b), 5(c) and 5(d) Equity Interests will neither receive nor retain any**
 9 **property under the Plan and are deemed to have rejected the Plan. All other classes are**
 10 **entitled to vote on the Plan.**

11 The bankruptcy court also may confirm a chapter 11 plan even though fewer than all of the
 12 classes of impaired claims and equity interests accept such plan. For a chapter 11 plan to be
 13 confirmed despite its rejection by a class of impaired claims or equity interests, the plan must be
 14 accepted by at least one class of impaired claims (determined without counting the vote of insiders)
 15 and the proponent of the plan must show, among other things, that the plan does not “discriminate
 16 unfairly” and that the plan is “fair and equitable” with respect to each impaired class of claims or
 17 equity interests that has not accepted the plan.

18 Under section 1129(b) of the Bankruptcy Code, a plan is “fair and equitable” as to a
 19 rejecting class of claims or equity interests if, among other things, the plan provides: (a) with respect
 20 to secured claims, that each such holder will receive or retain on account of its claim property that
 21 has a value, as of the effective date of the plan, equal to the allowed amount of such claim; and (b)
 22 with respect to unsecured claims and equity interests, that the holder of any claim or equity interest
 23 that is junior to the claims or equity interests of such class will not receive or retain on account of
 24 such junior claim or equity interest any property from the estate, unless the senior class receives
 25 property having a value equal to the full amount of its allowed claim.

26 A plan does not “discriminate unfairly” against a rejecting class of claims or equity interests
 27 if (a) the relative value of the recovery of such class under the plan does not differ materially from
 28 that of any class (or classes) of similarly situated claims or equity interests, and (b) no senior class

of claims or equity interests is to receive more than 100% of the amount of the claims or equity interest in such class.

○ **Confirmation of the Plan**

▪ **Elements of Section 1129 of the Bankruptcy Code**

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the conditions to confirmation under section 1129 of the Bankruptcy Code are satisfied.

Such conditions include the following:

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtors have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means proscribed by law.
- Any payment made or promised 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 Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable.
- 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 Debtors or 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 creditors and equity holders and with public policy, and the Debtors have disclosed the identity of any insider that will be employed or retained by the Debtor, and the nature of any compensation for such insider.
- With respect to each impaired class of Claims or Equity Interests, each holder of an impaired Claim or impaired Equity Interest either has accepted the Plan or will receive or retain under the Plan, on account of the Claims or Equity Interests held

1 by such entity, property of a value, as of the Effective Date, that is not less than the amount
2 that such entity would receive or retain if the Debtors were liquidated on such date under
3 chapter 7 of the Bankruptcy Code.

4 • In the event that the Debtors do not move to confirm the Plan non-
5 consensually, each class of Claims or Equity Interests entitled to vote has either accepted
6 the Plan or is not impaired under the Plan.

7 • Except to the extent that the holder of a particular Claim has agreed
8 to a different treatment of such Claim, the Plan provides that Administrative Claims,
9 Priority Unsecured Claims, and Tax Claims will be paid either (i) in full, in Cash, on the
10 Effective Date or (ii) a date that is as soon as reasonably practicable after the date such
11 Claim becomes Allowed, if not Allowed on the Effective Date.

12 • At least one impaired class of Claims has accepted the Plan,
13 determined without including any acceptance of the Plan by any insider holding a Claim in
14 such class.

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

19 • All fees payable under 28 U.S.C. § 1930, as determined by the
20 Bankruptcy Court at the Confirmation Hearing, have been paid or the Plan provides for the
21 payment of all such fees on the Effective Date of the Plan.

22 **The Debtors believe that the Plan satisfies all requisite applicable provisions of chapter**
23 **11 of the Bankruptcy Code, that they have complied or will have complied with all of the**
24 **provisions of the Bankruptcy Code, and that the Plan is being proposed and submitted to the**
25 **Bankruptcy Court in good faith.**

26 ■ **Acceptance**

27 A class of Claims will have accepted the Plan if the Plan is accepted, with reference to a
28 class of Claims, by at least two-thirds in amount and more than one-half in number of the Allowed

1 Claims of each such class of Claims. Each class of Equity Interests will have accepted the Plan if
2 the Plan is accepted with reference to a class of Equity Interests, by at least two-thirds in amount
3 of the Allowed Equity Interests of each class of Equity Interests.

4 ▪ **Best Interests of Creditors Test**

5 With respect to each impaired class of holders of Claims and Equity Interests, confirmation
6 of the Plan requires that each such holder either (a) accept the Plan or (b) receive or retain under
7 the Plan property of a value, as of the applicable consummation date under the Plan, that is not less
8 than the value such holder would receive or retain if the debtor were liquidated under chapter 7 of
9 the Bankruptcy Code. The Liquidation Analysis, attached hereto as **Schedule 2**, shows that holders
10 of Claim will receive more under the Plan than they would in a chapter 7 case.

11 To determine what holders of Claims and Equity Interests of each impaired class would
12 receive if the debtor were liquidated, the Bankruptcy Court must determine the proceeds that would
13 be generated from the liquidation of the properties and interests in property of the Debtor in a
14 chapter 7 liquidation case. The Debtors' most significant assets are the Causes of Action, which
15 are detailed on **Schedule 1**. The proceeds that would be available for satisfaction of Claims against
16 and Equity Interests in the Debtors would be limited to any net proceeds generated from the
17 successful prosecution of the Causes of Action. Such proceeds would be reduced by the costs and
18 expenses of the litigation and collection and by such additional administration and priority claims
19 that may result from the use of chapter 7 for the purposes of liquidation.

20 The costs of liquidation under chapter 7 of the Bankruptcy Code would include the fees
21 payable to a trustee in bankruptcy, and the fees that would be payable to additional attorneys and
22 other professionals that such a trustee may engage, plus any unpaid expenses incurred by the
23 Debtors and the Committee during the Chapter 11 Cases, such as compensation for attorneys,
24 financial advisors, accountants and other costs that are allowed in the chapter 7 cases.

25 The foregoing types of Claims and such other Claims which may arise in the liquidation
26 cases or result from the pending Chapter 11 Cases would be paid in full from the liquidation
27 proceeds before the balance of those proceeds would be made available to pay impaired Claims.

28 To determine if the Plan is in the best interests of each impaired class, the present value of

1 the distributions from the proceeds of the liquidation of the properties and interests in property of
2 the Debtors (net of the amounts attributable to the aforesaid claims) is then compared with the
3 present value offered to such classes of Claims and Equity Interests under the Plan.

4 After consideration of the effects that a chapter 7 liquidation would have on the limited
5 proceeds available for distribution to creditors in the Chapter 11 Cases, including (i) the additional
6 costs associated with the appointment of the chapter 7 trustee and (ii) the dilution of recoveries due
7 to increased creditor participation, the Debtors have determined that confirmation of the Plan will
8 provide each holder of an impaired Claim with a substantially greater recovery than it would receive
9 pursuant to liquidation of the Debtor under chapter 7 of the Bankruptcy Code.

10 ▪ **Feasibility**

11 The Bankruptcy Code conditions confirmation of a chapter 11 plan on, among other things,
12 a finding that it is not likely to be followed by the liquidation, unless such liquidation is proposed
13 under a plan, or the need for further financial reorganization of a debtor. For purposes of
14 determining whether the Plan satisfies this condition, the Plan calls for final liquidation of the
15 Debtors' remaining assets, and thereafter, the Debtors are not likely to require liquidation or further
16 financial reorganization as the Plan calls for a liquidation of the Estates. Further, the Debtors
17 believe that the Liquidating Trust will be able to meet its fixed obligations when and as they come
18 due and also make distributions to holders of beneficial interests therein.

19 ○ **Cramdown**

20 The Debtors will move for confirmation of the Plan notwithstanding any objecting classes.
21 To obtain such confirmation, it must be demonstrated to the Bankruptcy Court that the Plan "does
22 not discriminate unfairly" and is "fair and equitable" with respect to such classes and any other
23 classes of Claims that vote to reject the Plan.

24 ▪ **No Unfair Discrimination**

25 A chapter 11 plan "does not discriminate unfairly" if (a) the legal rights of a nonaccepting
26 class are treated in a manner that is consistent with the treatment of other classes whose legal rights
27 are similar to those of the nonaccepting class, and (b) no class receives payments in excess of those
28 which it is legally entitled to receive for its Claims or Equity Interests. The Debtors believe that

under the Plan all impaired classes of Claims and Equity Interests are treated in a manner that is consistent with the treatment of other classes of Claims and Equity Interests that are similarly situated, if any, and no class of Claims or Equity Interests will receive payments or property with an aggregate value greater than the aggregate value of the Allowed Claims and Allowed Equity Interests in such class. Accordingly, the Debtors believe the Plan does not discriminate unfairly as to any impaired class of Claims or Equity Interests.

▪ **Fair and Equitable Test**

The Bankruptcy Code establishes different “fair and equitable” tests for classes of secured claims, unsecured claims and equity interests as follows:

• ***Secured Claims.*** Either (i) each holder of a claim in an impaired class of secured claims retains its liens securing its secured claim and it receives on account of its secured claim deferred cash payments having a present value equal to the amount of its allowed secured claim, (ii) each holder of a claim in an impaired class of secured claims realizes the indubitable equivalent of its allowed secured claim or (iii) the property securing the claim is sold free and clear of liens, with such liens to attach to the proceeds and the treatment of such liens on proceeds as provided in clause (i) or (ii) of this subparagraph.

• ***Unsecured Claims.*** Either (i) each holder of a claim in an impaired class of unsecured claims receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the chapter 11 plan, subject to the applicability of the judicial doctrine of contributing new value.

• ***Equity Interests.*** Either (i) each holder of an equity interest in an impaired class of interests will receive or retain under the chapter 11 plan property of a value equal to the greater of (A) the fixed liquidation preference or redemption price, if any, of such stock or (B) the value of the stock or (ii) the holders of interests that are junior to the stock will not receive any property under the chapter 11 plan, subject to the applicability of the judicial doctrine of contributing new value.

IF AT LEAST ONE, BUT NOT ALL, CLASS OF CREDITORS FOR EACH DEBTOR

VOTES TO ACCEPT THE PLAN, THE DEBTORS WILL SEEK CONFIRMATION OF THE PLAN PURSUANT TO THE CRAMDOW PROVISIONS OF SECTION 1129(b) OF THE BANKRUPTCY CODE.

○ **Effect of Confirmation**

Under section 1141 of the Bankruptcy Code, the provisions of a confirmed plan bind the debtor, any entity issuing securities under the plan, any entity acquiring property under the plan, and any creditor or equity security holder, whether or not the claim or interest of such creditor or equity security holder is impaired under the plan and whether or not such creditor or equity security holder voted to accept the plan. Further, after confirmation of a plan, the property dealt with by the plan is free and clear of all claims and interests of creditors and equity security holders, except as otherwise provided in the plan or the confirmation order.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of certain U.S. federal income tax consequences of the consummation of the Plan to holders of Claims against, and Equity Interests in, the Debtors. This summary is based on the Internal Revenue Code of 1986, as amended (the “IRC”), the U.S. Treasury Regulations (the “Tax Regulations”) promulgated thereunder, judicial authorities, published administrative positions of the IRS and other applicable authorities, all as available and in effect on the date of this Disclosure Statement. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein. No rulings or determinations of the IRS or any other taxing authorities have been sought or obtained with respect to the tax consequences discussed herein, and the discussion below is not binding upon the IRS or any court. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein. Events occurring after the date of this Disclosure Statement, including changes in law and changes in administrative positions, could affect the U.S. federal income tax consequences of the Plan.

For purposes of the following discussion, a “United States Person” is any individual who is a citizen or resident of the United States, or any entity (i) that is a corporation (or entity treated as a corporation) created or organized in or under the laws of the United States or any state thereof,

1 including the District of Columbia (ii) that is an estate, the income of which is subject to U.S.
2 federal income taxation regardless of its source or (iii) that is a trust (a) the administration over
3 which a United States court can exercise primary supervision and all of the substantial decisions of
4 which one or more United States persons have the authority to control or (b) that has elected to
5 continue to be treated as a United States Person for U.S. federal income tax purposes. In the case
6 of a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes),
7 the U.S. federal income tax treatment of its partners will depend on the status of the partner and the
8 activities of the partnership. A "Non-United States Person" is any person or entity (other than a
9 partnership) that is not a United States Person. For purposes of the following discussion and unless
10 otherwise noted below, the term "U.S. Holder" means a beneficial owner of a Claim or Interest that
11 is a United States Person. A "Non-U.S. Holder" means a beneficial owner of a Claim or Interest
12 that is a Non-United States Person.

13 Generally, this discussion does not apply to holders of Claims and Equity Interests that are
14 not United States Persons. This discussion does not purport to address all aspects of U.S. federal
15 income taxation that may be relevant to the Debtor or to such Holders in light of their individual
16 circumstances. This discussion does not address tax issues with respect to such Holders subject to
17 special treatment under the U.S. federal income tax laws (including, for example, banks,
18 governmental authorities or agencies, pass-through entities, dealers and traders in securities or
19 currencies, including those that mark to market, insurance companies, financial institutions, grantor
20 trusts, tax-exempt organizations, small business investment companies, real estate investment
21 trusts, regulated investment companies, persons that have a functional currency other than the U.S.
22 dollar, certain former citizens and long term residents of the United States, and persons that will
23 hold an equity interest or a security in the Debtors as part of a position in a straddle or as part of a
24 hedging, conversion or integrated transaction for U.S. federal income tax purposes). In addition,
25 this summary does not address estate tax, gift tax, medicare tax on investment income, alternative
26 minimum tax, foreign, state, or local tax consequences of the Plan.

27 ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN UNITED STATES
28 FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY

1 AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED
2 UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF AN
3 ALLOWED CLAIM. ALL HOLDERS ARE URGED TO CONSULT THEIR OWN TAX
4 ADVISORS AS TO THE U.S. FEDERAL, STATE, LOCAL AND NON-UNITED STATES TAX
5 CONSEQUENCES OF THE PLAN.

6 ○ **Certain U.S. Federal Income Tax Consequences to Holders of Allowed Claims**

7 ■ **General**

8 The U.S. federal income tax consequences to a holder receiving, or entitled to receive, a
9 payment in partial or total satisfaction of a Claim will depend on a number of factors, including the
10 nature of the Claim, the holder's method of tax accounting, and its own particular tax situation.

11 Because holders' Claims and tax situations differ, holders should consult their own tax
12 advisors to determine how the Plan affects them for federal, state and local tax purposes, based on
13 their particular tax situations. Among other things, the U.S. federal income tax consequences of a
14 payment to a holder may depend initially on the nature of the original transaction pursuant to which
15 the Claim arose. For example, a payment in repayment of the principal amount of a loan is
16 generally not included in the gross income of an original lender.

17 The U.S. federal income tax consequences of a transfer to a holder may also depend on
18 whether the item to which the payment relates has previously been included in the holder's gross
19 income or has previously been subject to a loss or a worthless security or bad debt deduction. For
20 example, if a payment is made in satisfaction of a receivable acquired in the ordinary course of a
21 holder's trade or business, the holder had previously included the amount of such receivable
22 payment in its gross income under its method of tax accounting, and had not previously claimed a
23 loss or a worthless security or bad debt deduction for that amount, the receipt of the payment should
24 not result in additional income to the holder but may result in a loss. Conversely, if the holder had
25 previously claimed a loss or worthless security or bad debt deduction with respect to the item
26 previously included in income, the holder generally would be required to include the amount of the
27 payment in income.

28 A holder receiving a payment pursuant to the Plan in satisfaction of a Claim that is not

1 excluded from income under the principles set forth above generally may recognize taxable income
2 or loss measured by the difference between (i) the amount of cash and the fair market value (if any)
3 of any property received by the holder (other than any consideration attributable to a Claim for
4 accrued but unpaid interest previously included in the holder's taxable income), including, as
5 discussed below, any Beneficial Interests in the Liquidating Trust, and (ii) its adjusted tax basis in
6 the Claim (other than basis attributable to accrued but unpaid interest previously included in the
7 holder's taxable income). The character of any income or loss that is recognized will depend upon
8 a number of factors, including the status of the creditor, the nature of the Claim in its hands, whether
9 the Claim was purchased at a discount, whether and to what extent the creditor has previously
10 claimed a bad debt deduction with respect to the Claim, and the creditor's holding period of the
11 Claim. Generally, the income or loss will be capital gain or loss if the Claim is a capital asset in the
12 holder's hands.

13 When gain or loss is recognized, such gain or loss may be long-term capital gain or loss if
14 the Claim has been held for more than one year. Long-term capital gain of non-corporate holders
15 may be eligible for preferential rates of taxation. The deductibility of capital losses is subject to
16 certain limitations. Each holder of the Claim should consult its own tax advisor to determine
17 whether gain or loss recognized by such holder will be long-term capital gain or loss and the specific
18 tax effect thereof on such holder.

19 As discussed below, each holder of a Claim that receives a Liquidating Trust Beneficial
20 Interest will be treated for U.S. federal income tax purposes as directly receiving, and as a direct
21 owner of, its respective share of the Liquidating Trust property, consistent with its economic rights
22 in the Liquidating Trust. Pursuant to the Plan, the Liquidating Trustee will in good faith value the
23 Liquidating Trust property, and all parties to the Liquidating Trust (including holders of Claims
24 receiving Beneficial Interests in the Liquidating Trust) must consistently use such valuation for all
25 U.S. federal income tax purposes.

26 A holder's share of any proceeds received by the Liquidating Trust upon the sale or other
27 disposition of Liquidating Trust property or resulting from any investment earnings on the
28 Liquidating Trust property (other than any such amounts received as a result of the subsequent

1 disallowance of Disputed Claims or the reallocation among holders of the Claims of undeliverable
2 Plan distributions) should not be included, for U.S. federal income tax purposes, in the holder's
3 amount realized in respect of its Claim but should be separately treated as amounts realized in
4 respect of such holder's ownership interest in the underlying assets of the Liquidating Trust. The
5 character of such amounts realized as ordinary income, short or long-term capital gain will depend
6 on the nature of the transaction and the holder's holding period in the Liquidating Trust property

7 . Each holder of the Claim should consult its own tax advisor to determine the character
8 of such income and the specific tax effect thereof on such holder.

9 A holder's tax basis in its Liquidating Trust Beneficial Interest property will equal the fair
10 market value of each such interest on the date the Liquidating Trust is created, and the holder's
11 holding period generally will begin the day following the establishment of the Liquidating Trust.

12 If there is a subsequent disallowance of Disputed Claims or the reallocation among holders
13 of the Claims of undeliverable Plan distributions and as a result a holder receives an additional
14 amount of Liquidating Trust Beneficial Interest, then the holder will be required to include in
15 income the additional value of its increased respective share of the Liquidating Trust property. A
16 holder's tax basis in its respective share of Liquidating Trust property will likewise increase by the
17 fair market value of such additional Liquidating Trust Beneficial Interest received effective on that
18 date and the holder's holding period in the additional Liquidating Trust property generally will
19 begin the day following that date.

20 **▪ Information Reporting and Backup Withholding**

21 In general, information reporting requirements may apply to distributions or payments
22 under the Plan. Furthermore, all distributions to holders of Allowed Claims under the Plan are
23 subject to any applicable tax withholding, including employment tax withholding. Under U.S.
24 federal income tax law, interest, dividends, and other reportable payments may, under certain
25 circumstances, be subject to "backup withholding" at the applicable withholding rate.

26 Backup withholding generally applies if the holder (a) fails to furnish its social security
27 number or other taxpayer identification number, (b) furnishes an incorrect taxpayer identification
28 number, (c) fails properly to report interest or dividends, or (d) under certain circumstances, fails

1 to provide a certified statement, signed under penalty of perjury, that the tax identification number
 2 provided is its correct number and that it is not subject to backup withholding. Backup withholding
 3 is not an additional tax but merely an advance payment, which may be refunded to the extent it
 4 results in an overpayment of tax. Certain persons are exempt from backup withholding, including,
 5 in certain circumstances, corporations and financial institutions. These categories are very broad;
 6 however, there are numerous exceptions. Holders of Allowed Claims are urged to consult their tax
 7 advisors regarding the Treasury Regulations governing backup withholding and whether the
 8 transactions contemplated by the Plan would be subject to these Treasury Regulations.

9 In addition, Treasury Regulations generally require disclosure by a taxpayer on its U.S.
 10 federal income tax return of certain types of transactions in which the taxpayer participated,
 11 including, among other types of transactions, certain transactions that result in the taxpayer's
 12 claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors
 13 regarding these Treasury Regulations and whether the transactions contemplated by the Plan would
 14 be subject to these Treasury Regulations and require disclosure on the holder's tax returns.

15 ○ **Tax Treatment of the Liquidating Trust and Holders of Beneficial Interests**

16 ■ **Classification of the Liquidating Trust**

17 The Liquidating Trust, created pursuant to the Plan, is intended to qualify, and the following
 18 discussion assumes that the Liquidating Trust will qualify, as a "liquidating trust" for U.S. federal
 19 income tax purposes. In general, a liquidating trust is not a separate taxable entity, but rather is
 20 treated for U.S. federal income tax purposes as a "grantor trust" (i.e., all income and loss is taxed
 21 directly to the liquidating trust beneficiaries). However, merely establishing a trust as a liquidating
 22 trust does not ensure that it will be treated as a grantor trust for U.S. federal income tax purposes.
 23 The IRS, in Revenue Procedure 94-45, 1994-2 C.B. 684, sets forth the general criteria for obtaining
 24 an IRS ruling as to the grantor trust status of a liquidating trust under a chapter 11 plan. Pursuant
 25 to the Plan, and in conformity with Revenue Procedure 94-45, all parties (including, without
 26 limitation, the Debtors, the Liquidating Trustee, and holders) will be required to treat, for U.S.
 27 federal income tax purposes, the Liquidating Trust as a grantor trust. The holders of Liquidating
 28 Trust Beneficial Interests are the owners and grantors of the Liquidating Trust. The following

1 discussion assumes that the Liquidating Trust will be so respected for U.S. federal income tax
2 purposes. The Liquidating Trust intends to request a ruling from the IRS concerning the tax status
3 of the Liquidating Trust as a grantor trust. However, prior to obtaining a favorable ruling by the
4 IRS, there can be no assurance that the IRS would not take a contrary position. If the IRS were to
5 successfully challenge the classification of the Liquidating Trust, the U.S. federal income tax
6 consequences to the Liquidating Trust and the holders of Beneficial Interests in the Liquidating
7 Trust, respectively, could vary from those discussed herein (including the potential for an entity-
8 level tax on income of the Liquidating Trust). As a result, the U.S. federal income tax consequences
9 to the Liquidating Trust, the holders of Liquidating Trust Beneficial Interests could vary from those
10 discussed herein.

11 **▪ General Tax Reporting by the Liquidating Trust and Holders of**
12 **Beneficial Interests**

13 For all U.S. federal income tax purposes, all parties (including, without limitation, the
14 Debtors, the Liquidating Trustee, and holders) must treat the transfer of the Liquidating Trust
15 property to the Liquidating Trust in accordance with the terms of the Plan. Pursuant to the Plan, the
16 Liquidating Trust property (other than assets allocable to Disputed Claims) is treated, for U.S.
17 federal income tax purposes, as having been transferred, subject to any obligations relating to such
18 property, directly to the holders of the respective Claims receiving Liquidating Trust Beneficial
19 Interests (with each holder receiving an undivided interest in such assets in accordance with their
20 economic interests in such assets), followed by the transfer by the holders of such assets to the
21 Liquidating Trust in exchange for a Liquidating Trust Beneficial Interest. Accordingly, all parties
22 must treat the Liquidating Trust as a grantor trust of which the holders of Liquidating Trust
23 Beneficial Interests are the owners and grantors, and treat the holders of Liquidating Trust
24 Beneficial Interests as the direct owners of an undivided interest in the Liquidating Trust property
25 (other than any assets allocable to Disputed Claims), consistent with their economic interests
26 therein, for all U.S. federal income tax purposes.

27 Each holder of a Liquidating Trust Beneficial Interest must report on its U.S. federal income
28 tax return its pro rata allocable share of income, gain, loss, deduction and credit recognized or

1 incurred by the Liquidating Trust. Moreover, upon the sale or other disposition (or deemed
2 disposition) of any Liquidating Trust asset, each holder of a Liquidating Trust Beneficial Interest
3 must report on its U.S. federal income tax return its share of any gain or loss measured by the
4 difference between (1) its share of the amount of Cash and/or the fair market value of any property
5 received by the Liquidating Trust in exchange for the Liquidating Trust asset so sold or otherwise
6 disposed of and (2) such holder's adjusted tax basis in its pro rata share of such Liquidating Trust
7 asset. The character of any such gain or loss to the holder will be determined as if such holder itself
8 had directly sold or otherwise disposed of the Liquidating Trust asset. The character of items of
9 income, gain, loss, deduction and credit to any holder of a beneficial interest in the Liquidating
10 Trust, and the ability of the holder to benefit from any deductions or losses, depends on the
11 particular circumstances or status of the holder.

12 As soon as reasonably practicable after the transfer of the Liquidating Trust property to the
13 Liquidating Trust, the Liquidating Trustee shall make a good faith valuation of the Liquidating
14 Trust property. All parties to the Liquidating Trust (including, without limitation, the Debtors and
15 holders of Beneficial Interests) must consistently use such valuation for all U.S. federal income tax
16 purposes. The valuation will be made available, from time to time, as relevant for tax reporting
17 purposes.

18 If there is a subsequent disallowance of Disputed Claims or the reallocation among holders
19 of the Claims of undeliverable Plan distributions and as a result a holder receives an additional
20 amount of Liquidating Trust Beneficial Interest, then the holder will be required on that date to
21 include in its income the additional value of its increased respective share of the Liquidating Trust
22 property. A holder's tax basis in its respective share of Liquidating Trust property will likewise
23 increase by the fair market value of such additional Liquidating Trust Beneficial Interest received
24 effective on that date and the holder's holding period in the additional Liquidating Trust property
25 generally will begin the day following that date.

26 Taxable income or loss allocated to a holder of a Liquidating Trust Beneficial Interest will
27 be treated as income or loss with respect to holder's undivided interest in the Liquidating Trust
28 property, and not as income or loss with respect to its prior Allowed Claim. The character of any

1 income and the character and ability to use any loss will depend on the particular situation of the
2 holder of a Liquidating Trust Beneficial Interest.

3 The U.S. federal income tax obligations of a holder with respect to its Liquidating Trust
4 Beneficial Interest are not dependent on the Liquidating Trust distributing any cash or other
5 proceeds. Thus, a holder may incur a U.S. federal income tax liability with respect to its allocable
6 share of Liquidating Trust income even if the Liquidating Trust does not make a concurrent
7 distribution to the holder. In general, other than in respect of cash retained on account of Disputed
8 Claims and distributions resulting from undeliverable distributions (the subsequent distribution of
9 which still relates to a holder's Allowed Claim), a distribution of cash by the Liquidating Trust will
10 not be separately taxable to a holder of a Liquidating Trust Beneficial Interest since the beneficiary
11 is already regarded for U.S. federal income tax purposes as owning the underlying assets (and was
12 taxed at the time the cash was earned or received by the Liquidating Trust). Holders are urged to
13 consult their tax advisors regarding the appropriate U.S. federal income tax treatment of any
14 subsequent distributions of cash originally retained by the Liquidating Trust on account of Disputed
15 Claims.

16 The Liquidating Trustee will comply with all applicable governmental withholding
17 requirements. Thus, in the case of any holders of Liquidating Trust Beneficial Interests that are
18 Non-U.S. Holders, the Liquidating Trustee may be required to withhold up to 30% of the income
19 or proceeds allocable to such persons, depending on the circumstances (including whether the type
20 of income is subject to a lower treaty rate). In addition, under the Foreign Account Tax Compliance
21 Act ("FATCA"), a thirty percent (30%) withholding tax may be imposed on certain U.S. source
22 income unless the Non-U.S. Holder complies with its obligations under FATCA. Non-U.S. Holders
23 are encouraged to consult with their own tax advisors regarding the tax consequences to them of
24 holding Liquidating Trust Beneficial Interest in their particular circumstances.

25 The Liquidating Trustee will file with the IRS tax returns for the Liquidating Trust
26 consistent with its classification as a grantor Trust pursuant to Treasury Regulation Section 1.671-
27 4(a). Except as discussed below with respect to any reserve for Disputed Claims, the Liquidating
28 Trustee also will send annually to each holder of a Liquidating Trust Beneficial Interest a separate

statement regarding the receipts and expenditures of the Liquidating Trust as relevant for U.S. federal income tax purposes and will instruct all such holders to use such information in preparing their U.S. federal income tax returns or to forward the appropriate information to such holder's underlying beneficial holders with instructions to utilize such information in preparing their U.S. federal income tax returns.

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A CLAIM OR INTEREST HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, HOLDERS OF CLAIMS AND INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS ABOUT THE U.S. FEDERAL, STATE AND LOCAL AND APPLICABLE NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

RISK FACTORS

There are many risks and uncertainties in respect of the Debtors' Plan and its implementation. The holders of Claims against the Debtors should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement, before deciding whether to vote to accept or reject the Plan. The risk factors identified below should not be regarded as the only risks present in connection with the Debtors' businesses or the Plan and its implementation.

○ Certain Bankruptcy Considerations

▪ Parties in Interest May Object to the Plan's Classification of Claims and Equity 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 believe that the classification of Claims against and Equity

1 Interests in the Debtor under the Plan complies with the requirements set forth in the Bankruptcy
2 Code because the Debtors created classes of Claims and Equity Interests, each encompassing
3 Claims or Equity Interests, as applicable, that are substantially similar to the other Claims and
4 Equity Interests in each such class. Nevertheless, there can be no assurance that the Bankruptcy
5 Court will reach the same conclusion.

6 **▪ Failure to Satisfy Vote Requirements**

7 If votes are received in number and amount sufficient to enable the Bankruptcy Court to
8 confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, confirmation of
9 the Plan. In the event that sufficient votes are not received, the Debtors may seek to confirm an
10 alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter
11 11 plan would be similar or as favorable to the holders of Allowed Claims or Allowed Equity
12 Interests as those proposed in the Plan.

13 **▪ The Debtors May Not Be Able Secure Confirmation or Consummation
14 of the Plan**

15 The Plan requires the acceptance of a requisite number of holders of Claims that are entitled
16 to vote on the Plan, and the approval of the Bankruptcy Court, as described in the section of this
17 Disclosure Statement entitled “Confirmation and Consummation Procedures—Overview.” There
18 can be no assurance that such acceptances and approvals will be obtained and therefore, that the
19 Plan will be confirmed. In addition, confirmation of the Plan and the occurrence of the Effective
20 Date of the Plan are subject to the satisfaction of certain conditions precedent. Although the
21 Debtors believe that the conditions precedent to the confirmation of the Plan and to the occurrence
22 of the Effective Date of the Plan will be met, there can be no assurance that all such conditions
23 precedent will be satisfied. If any condition precedent is not satisfied or waived pursuant to the
24 Plan, the Plan may not be confirmed or the Effective Date may not occur.

25 Furthermore, although the Debtors believe that the Plan will be confirmed and the Effective
26 Date will occur reasonably soon after the Confirmation Date, there can be no assurance as to the
27 timing or as to whether the Effective Date will occur. If the Plan is not confirmed or the Effective
28 Date does not occur, there can be no assurance that any alternative chapter 11 plan would be on
terms as favorable to the holders of Claims and Equity Interests as the terms of the Plan. In addition,

1 if a protracted reorganization or liquidation were to occur, there is a substantial risk that holders of
2 Claims and Equity Interests would receive less than they would receive under the Plan. A
3 liquidation analysis prepared by the Debtors with the assistance of their advisors is attached hereto
4 as **Schedule 2**.

5 If the Plan is not confirmed and does not go effective for any reason and the Debtors or
6 some other party in interest decides to prosecute a different plan, recoveries to holders of Claims
7 against the Debtors may be negatively impacted. If the Plan is confirmed but the Effective Date
8 does not occur, it may become necessary to amend the Plan to provide for alternative treatment of
9 Claims. There can be no assurance that any such alternative treatment would be on terms as
10 favorable to the holders of Claims and Equity Interests as the treatment provided under the Plan. If
11 any modifications to the Plan are materially adverse to any holders of Claims, it would be necessary
12 to resolicit votes from holders of such Claims, which would, at the very least, further delay
13 confirmation and consummation of the Plan, and could jeopardize the consummation of the Plan.

14 **▪ Actual Plan Distributions May Be Less than Estimated for the**
15 **Purposes of This Disclosure Statement**

16 The Debtors project that the Claims and Equity Interests asserted against
17 the Debtors will be resolved in and reduced to an amount that approximates the
18 estimates set forth herein. However, there can be no assurance that these
19 estimates will prove accurate. In the event the allowed amounts of such Claims
20 are materially higher than the projected estimates, actual distributions to holders
21 of Allowed Claims could be materially less than estimated herein. Recoveries
22 to creditors will be influenced by the resolution of certain claim objections
23 related to creditors who filed claims in the Chapter 11 Cases. The outcome of
24 those claim objections will have an impact on the recoveries to unsecured
25 creditors.

26 Further, the value of the assets of the Liquidating Trust could vary significantly from the
27 projections set forth herein.]

28 **▪ Any Recovery from the Liquidating Trust Is Speculative**

The value to be realized from the Liquidating Trust's liquidation of assets is speculative.

1 There are no assurances regarding amounts that will be available to distribute to the beneficiaries
2 of the Liquidating Trust after satisfaction of the costs and expenses of the Liquidating Trust.
3 Moreover, the primary assets held by the Liquidating Trust are dependent on the outcome of
4 litigation. The result of the litigation is uncertain.

5 ▪ **Conditions to Confirmation and Effectiveness May Not Be Met**

6 Confirmation of the Plan and the effectiveness of the Plan are each conditioned upon the
7 occurrence or waiver of several conditions precedent.

8 ▪ **Certain Tax Considerations**

9 There are a number of material income tax considerations, risks and uncertainties associated
10 with consummation of the Plan. Holders of Claims and Equity Interests, and other interested
11 parties, should read carefully the discussion set forth in the article of this Disclosure Statement
12 entitled "Certain U.S. Federal Income Tax Consequences" for a discussion of certain U.S. federal
13 income tax consequences of the transactions contemplated under the Plan.

14 **ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN**

15 The Debtors have concluded that the Plan will maximize recoveries to holders of Claims
16 and Equity Interests. If no plan of reorganization can be confirmed, the Chapter 11 Cases may be
17 dismissed or converted to cases under chapter 7, in which event a trustee would be elected or
18 appointed to liquidate the properties and interests in property of the Debtors for distribution to their
19 creditors in accordance with the priorities established by the Bankruptcy Code. The Debtors
20 believe that liquidation under chapter 7 would result in smaller distributions being made to creditors
21 than those provided for under the Plan because (i) the chapter 7 trustee's unfamiliarity with the
22 Debtors and their Assets would lead to additional costs for the Estates, and (ii) a chapter 7 trustee's
23 unfamiliarity the Assets would result in the Assets losing value in a chapter 7 liquidation.
24 Accordingly, as is illustrated by the Liquidation Analysis, attached hereto as **Schedule 2**, the
25 Debtors have determined that confirmation of the Plan will likely provide each holder of a Claim
26 or Interest with a greater recovery than it would receive pursuant to liquidation of the Debtors under
27 chapter 7.
28

CONCLUSION

The Debtors believe that the Plan is in the best interest of all holders of Claims and Equity Interests, and urge all holders of impaired Claims and Equity Interests in the Debtors to vote to accept the Plan and to evidence such acceptance by returning their Ballots in accordance with the instructions accompanying the Disclosure Statement.

Dated: March 5, 2021.

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Gump's By Mail, Inc. <u>/s/ Tony Lopez</u> By: Tony Lopez Title: <u>Responsible Person</u> Date: <u>February 27, 2021</u>	

EXHIBIT A
(Debtors' Plan of Liquidation)

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UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

In re:

GUMP'S HOLDINGS, LLC

☐ Affects this Debtors.

☒ Affects all Debtors.

☐ Affects Gump's Corp.

☐ Affects Gump's By Mail, Inc.

Case No.: BK-S-18-14683-mkn
 Chapter 11

Jointly administered with:

No. BK-S-18-14684-mkn (In re Gump's Corp.)

No. BK-S-18-14685-mkn (In re Gump's By
 Mail, Inc.)

Date: N/A

Time: N/A

DEBTORS' JOINT PLAN OF LIQUIDATION (AS REVISED)

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Debtors and debtors-in-possession Gump's Holdings, LLC, a Nevada limited liability company ("Holdings"), Gump's Corp., a California corporation ("Retail"), and Gump's By Mail, Inc., a Delaware corporation ("Direct" and, collectively with Holdings and Retail, the "Debtors"), propose this *Debtors' Joint Plan of Liquidation* (the "Plan") for the resolution of Debtors' outstanding Claims and Equity Securities (as these terms are defined herein). All Holders of Claims and Equity Securities (as both terms are defined herein), and other parties-in-interest should refer to the Disclosure Statement (as this term is defined herein) for a discussion of Debtors' history, assets, historical financial data, and for a summary and analysis of this Plan and certain related matters. All Holders of Claims against and Equity Securities in any of the Debtors are encouraged to read this Plan, the Disclosure Statement, and the related solicitation materials in their entirety before voting to accept or reject this Plan.

Subject to the restrictions on modifications set forth in Section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, and those restrictions on modifications set forth in Article 11 to this Plan, Debtors expressly reserve the right to alter, amend, strike, withdraw, or modify this Plan one or more times before its substantial consummation.

1. DEFINITIONS, RULES OF INTERPRETATION, AND COMPUTATION OF TIME

1.1. Definitions. For purposes of this Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms not otherwise defined shall have the meanings ascribed to them in this Article 1. Any term used in this Plan that is not defined herein but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules, in that order of priority. Whenever the context requires, such terms shall include the plural as well as the singular, the masculine gender shall include the feminine, and the feminine gender shall include the masculine. Subject to the foregoing, as used in this Plan, the following terms shall have the following meanings.

1.1.1. Administrative Claim. A Claim for any cost or expense of administration of the Chapter 11 Case allowed under Sections 503(b) or 507(b) of the Bankruptcy Code and entitled to priority under Section 507(a)(1) of the Bankruptcy Code, including, but not limited to: (i) fees payable pursuant to 28 U.S.C. § 1930; (ii) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Estates, including wages, salaries, or commissions for services rendered after the commencement of the Chapter 11 Case; (iii) all Governmental Unit Claims arising between the Petition Date and the Effective Date, including those Governmental Unit Claims for which returns are not yet due; and (iv) all Professional Fees approved by the Bankruptcy Court pursuant to interim and final allowances. To the extent that a Claim is allowed pursuant to Sections 365(d)(3) and (d)(5) of the Bankruptcy Code, such Claim shall also be deemed an "Administrative Claim" under this paragraph.

1.1.2. Administrative Expense Claim Bar Date. The end of the first Business Day occurring on or after the thirtieth (30th) calendar day after the Effective Date.

1.1.3. Administrative Expense Claim Reserve. The Cash reserve to be created by the Debtors and distributed to the Liquidating Trust on the Effective Date in amounts sufficient for the Liquidating Trustee to make distributions under the Plan and the Liquidating Trust Agreement on account of all Allowed and Disputed Administrative Expense Claims incurred or accruing as of the Effective Date in accordance with the requirements of Section 1129(a)(9)(A) of the Bankruptcy Code. The Administrative Expense Claim Reserve shall not include the Professional Fees Escrow, which shall be separately maintained in accordance with this Plan. Funds in the Administrative Expense Claim Reserve may be applied only to payment of Allowed Administrative Expense

Claims until all Allowed Administrative Expense Claims are paid in full or the Administrative Expense Claim Reserve is exhausted.

1.1.4. Affiliate. This term has the meaning set forth in Section 101(2) of the Bankruptcy Code.

1.1.5. Allowed Administrative Claim. An Administrative Claim as to which no objection has been filed or, if an objection has been filed, has been resolved by the allowance of such Administrative Claim by a Final Order of the Bankruptcy Court; or which requires payment in the ordinary course and as to which there is no Final Order of the Bankruptcy Court in effect which prohibits any such payment.

1.1.6. Allowed Claim. A Claim or any portion thereof that is not a Disputed Claim: (i) that is allowed pursuant: (w) to this Plan or Final Order of the Bankruptcy Court, (x) to any stipulation executed prior to the Confirmation Date and approved by the Bankruptcy Court, (y) to any stipulation with Debtors or the Liquidating Trustee, as applicable, executed on or after the Confirmation Date and approved by the Bankruptcy Court, or (z) to any contract, instrument, or other agreement entered into or assumed in connection herewith; (ii) proof of which, requests for payment of which, or application for allowance of which, was filed or deemed to be filed on or before the Bar Date for filing proofs of Claim or requests for payment of Claims of such type against Debtors; or (iii) if no proof of Claim is filed, which has been or hereafter is listed by Debtors in the Schedules as liquidated in amount and not disputed or contingent; and in the case of (ii) or (iii), no objection to the allowance thereof has been interposed within the applicable period of limitation fixed by this Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court or the Bankruptcy Court has entered a Final Order Allowing all or a portion of such Claim.

1.1.7. Assets. All of the assets, property, interests, and effects, real and personal, tangible and intangible, wherever situated, including Causes of Action, of Debtors, as they exist on the Effective Date.

1.1.8. Avoidance Actions. All avoidance, preference, recovery, subordination, and other similar actions preserved for the Estates under the Bankruptcy Code, including but not limited to those set forth in Sections 510, 541, 542, 543, 544, 545, 547, 548, 549, 550, 551, 553(b), and 724(a) of the Bankruptcy Code, regardless of whether or not such action has been commenced prior to the Effective Date.

1.1.9. Ballot. The form of ballot or ballots that will be distributed with the Disclosure Statement to Holders of Claims entitled to vote under this Plan in connection with the solicitation of acceptances of this Plan.

1.1.10. Bankruptcy Code. The Bankruptcy Reform Act of 1978, Title 11, United States Code, as applicable to the Chapter 11 Case, as now in effect or hereafter amended, 11 U.S.C. §§ 101, et seq.

1.1.11. Bankruptcy Court. The United States Bankruptcy Court for the District of Nevada having jurisdiction over the Chapter 11 Cases and, to the extent of the withdrawal of any reference under Section 157 of Title 28 of the United States Code and/or the General Order of the United States District Court for the District of Nevada, pursuant to Section 151 of Title 28 of the United States Code and /or United States District Court for the District of Nevada

1.1.12. Bankruptcy Rules. Collectively, the Federal Rules of Bankruptcy Procedure, as applicable to the Chapter 11 Cases, promulgated under 28 U.S.C. § 2075 and

the general, local, and chamber rules of the Bankruptcy Court as applicable to the Chapter 11 Cases, as now in effect or hereinafter amended.

1.1.13. Bar Date. The date or dates established by the Bankruptcy Court, the Bankruptcy Code, and/or the Bankruptcy Rules for the filing of proofs of Claim for all Creditors, exclusive of, Administrative Claims.

1.1.14. Business Day. Any day, other than a Saturday, Sunday, or “legal holiday” (as defined in Bankruptcy Rule 9006(a)).

1.1.15. Cash. The legal tender of the United States of America or the equivalent thereof, including bank deposits, checks, negotiable instruments, wire transfers of immediately available funds, or other cash equivalents.

1.1.16. Causes of Action. All actions, causes of action, claims, liabilities, Avoidance Actions, torts, liens, derivative actions, proceedings, obligations, rights, suits, debts, contracts, damages, judgments, remedies, demands, setoffs, defenses, recoupments, crossclaims, counterclaims, third-party claims, indemnity claims, contribution claims and any other claims disputed or undisputed, suspected or unsuspected, foreseen or unforeseen, known or unknown, direct or indirect, choate or inchoate, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Cases that Debtors or the Estates may have against any Person, including but not limited to, those listed on Schedule 1.1.15 hereto. Failure to list Causes of Action on Schedule 1.1.15 shall not constitute a waiver or release by Debtors or the Liquidating Trustee of such Causes of Action.

1.1.17. Chachas. Chachas means both jointly or severally John G. Chachas, the John G. Chachas Trust aka the J.G. Chachas Trust and the George G. Chachas Trust.

1.1.18. Chapter 11 Cases. The cases under Chapter 11 of the Bankruptcy Code of each of the Debtors, having case numbers BK-S-18-14683-mkn, BK-S-18-14684-mkn, and BK-S-18-14685-mkn, including all adversary proceedings pending in connection therewith.

1.1.19. Claim. Any right to payment from any of the Debtors, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured arising at any time before the Effective Date or relating to any event that occurred before the Effective Date, or any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment from any of the Debtors, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

1.1.20. Class. A category of Holders of Claims or Equity Securities as classified in this Plan.

1.1.21. Confirmation. The entry by the Bankruptcy Court of the Confirmation Order on the dockets of the Chapter 11 Cases.

1.1.22. Confirmation Date. The date upon which the Bankruptcy Court enters the Confirmation Order on the dockets of the Chapter 11 Cases.

1.1.23. Confirmation Hearing. The duly-noticed initial hearing held by the Bankruptcy Court to confirm this Plan pursuant to Section 1128 of the Bankruptcy Code,

and any subsequent hearing held by the Bankruptcy Court from time to time to which the initial hearing is adjourned without further notice other than the announcement of the adjourned dates at the Confirmation Hearing or by a subsequent order of the Bankruptcy Court.

1.1.24. Confirmation Order. The order or orders entered by the Bankruptcy Court confirming this Plan pursuant to Section 1129 of the Bankruptcy Code.

1.1.25. Creditor. Any Holder of a Claim, whether such Claim is an Allowed Claim.

1.1.26. Creditor Committee. The Official Committee of Unsecured Creditors appointed pursuant to Section 1102(a)(1) of the Bankruptcy Code on August 20, 2018 [ECF No. 81] in the Chapter 11 cases of Retail and Direct.

1.1.27. Cure. The distribution on the Effective Date or as soon thereafter as practicable of Cash, or such other property as may be agreed upon by the parties or ordered by the Bankruptcy Court, with respect to the assumption of an Executory Contract or Unexpired Lease pursuant to Section 365(b) of the Bankruptcy Code, or with respect to any other debt instrument, in an amount equal to: (i) all unpaid monetary obligations due under such executory contract or unexpired lease or required to pay to bring current the debt instrument and thereby reinstate the debt and return to the pre-default conditions to the extent such obligations are enforceable under the Bankruptcy Code or applicable non-bankruptcy law; and (ii) with respect to any debt instrument, if a claim arises from a Debtors' failure to perform any non-monetary obligation as set forth in Sections 1124(2)(C) and 1124(2)(D) of the Bankruptcy Code, payment of the dollar amount which compensates the Holder of such a claim for any actual pecuniary loss incurred by such Holder as a result of any such failure and the dollar amount of the Claim that is established by the Holder's sworn declaration and accompanying admissible evidence filed with the Bankruptcy Court and served upon Debtors' counsel on or before such date ordered by the Bankruptcy Court for the filing of objections to the disclosure statement, subject to any of Debtors' defenses.

1.1.28. Debtors. Gump's Holdings, LLC, a Nevada limited liability company, Gump's Corp., a California corporation, and Gump's By Mail, Inc., a Delaware corporation, the debtors and debtors-in-possession in the Chapter 11 Cases pursuant to Section 1108 of the Bankruptcy Code.

1.1.29. Debtor Professionals. This term means persons retained pursuant to Sections 326, 327, 328, 363, and 1103 of the Bankruptcy Code, or otherwise retained during the Chapter 11 Cases to perform professional services on behalf of the Debtors, their Estates, or the Committee.

1.1.30. Disbursing Agent. The Debtors prior to the Effective Date, and the Liquidating Trustee upon the occurrence of the Effective Date.

1.1.31. Disclosure Statement. The disclosure statement that relates to this Plan, as amended, supplemented, or modified from time to time, describing this Plan that is prepared and distributed in accordance with, without limitation, Sections 1125, 1126(b), and 1145 of the Bankruptcy Code, Bankruptcy Rule 3017, and other applicable law.

1.1.32. Disputed Claim or Disputed Equity Security. A Claim or Equity Security or any portion thereof that is: (i) subject to timely objection interposed by a Debtor, the Liquidating Trust or any party-in-interest entitled to file and prosecute such objection in a Debtor's Chapter 11 Case, if at such time such objection has not been withdrawn or determined by Final Order; (ii) a Claim that is listed by a Debtor as disputed, unliquidated

or contingent in the Schedules, with respect to which no proof of claim has been timely filed; or (iii) a Claim which is contingent, unmatured, or unliquidated on or immediately before the Confirmation Date; provided, however, that the Bankruptcy Court may estimate a Disputed Claim for purposes of allowance pursuant to Section 502(c) of the Bankruptcy Code. The term "Disputed," when used to modify a reference in this Plan to any Claim or Equity Security (or Class of Claims or Equity Securities), shall mean a Claim or Equity Security (or any Claim or Equity Security in such Class) that is a Disputed Claim or Disputed Equity Security. In the event there is a dispute as to classification or priority of a Claim or Equity Security, it shall be considered a Disputed Claim or Disputed Equity Security in its entirety. Until such time as a contingent, unmatured, or unliquidated Claim becomes fixed and absolute, such Claim shall be treated as a Disputed Claim and not an Allowed Claim for purposes related to allocations and distributions under this Plan.

1.1.33. Disputed Claim Reserve. A reserve established by the Liquidating Trust to hold in one or more accounts Cash or other Assets equal to the aggregate amount thereof that would have been distributed in accordance with the terms of this Plan on account of a Disputed Claim is such claim were allowed.

1.1.34. Dissolution Date. The first Business Day after all Holders of Allowed Administrative Claims have received full payment as provided for herein, upon which the Debtors shall dissolve as provided for in their organizational documents and applicable law.

1.1.35. Distribution. Any distribution of Assets by the Debtors or the Liquidating Trustee as the Disbursing Agent.

1.1.36. Distribution Record Date. This term means the date on which an order conditionally or finally approving the Disclosure Statement under Section 1125 of the Bankruptcy Code is entered.

1.1.37. D&O Insurance Policies. All primary and excess insurance policies of the Debtors that provide for, among other things, coverage for liability related to the actions or omissions of the Debtors' directors and officers

1.1.38. Effective Date. The latest to occur of: (i) the first (1st) Business Day that is at least fourteen (14) days after the Confirmation Date and on which no stay of the Confirmation Order is in effect; and (ii) the first (1st) Business Day on which all of the conditions set forth in Article 8 to this Plan have been satisfied or waived.

1.1.39. Equity Security. This term has the meaning set forth in Section 101(16) of the Bankruptcy Code and includes the shares of stock in each of Retail and Direct and the membership interests in Holdings, and any warrants, options, redemption rights, dividend rights, liquidating preferences, rights to purchase any such Equity Security, or any other rights related thereto.

1.1.40. Estates. The Estates created for Debtors in each of the Chapter 11 Cases pursuant to Section 541 of the Bankruptcy Code.

1.1.41. Executory Contract. A contract to which any of the Debtors is a party that is subject to assumption or rejection under Section 365 of the Bankruptcy Code.

1.1.42. Final Order. An order, judgment, or other decree of the Bankruptcy Court, or other court of competent jurisdiction, entered on the docket of such court, that has not been reversed, reconsidered, stayed, modified, or amended, that is in full force and effect, and as to which order or judgment: (i) the time to appeal, seek review or rehearing, or

petition for certiorari has expired and no timely-filed appeal or petition for review, rehearing, remand, or certiorari is pending; (ii) any appeal taken or petition for certiorari or request for reconsideration or further review or rehearing filed: (a) has been resolved by the highest court to which the order or judgment was appealed or from which review, rehearing, or certiorari was sought; or (b) has not yet been resolved by such highest court, but such order has not been stayed pending appeal. Notwithstanding the foregoing, the Confirmation Order shall specifically become a Final Order on the first Business Day that is fourteen (14) days after the entry of such Confirmation Order unless any appeal of such Confirmation Order was accompanied by a stay pending appeal.

1.1.43. General Unsecured Claim. A Claim, including a Claim for indemnification, that is not secured by a Lien or other charge against or interest in property in which the Estate has an interest and is not a Section 507(a)(2) or 507(a)(3) Claim, an Administrative Claim, or a Priority Unsecured Claim. General Unsecured Claims shall also include all Claims arising under Section 502(g) of the Bankruptcy Code.

1.1.44. Governmental Unit. The term shall have the meaning set forth in Section 101(27) of the Bankruptcy Code.

1.1.45. Governmental Unit Claims. Every Claim of a Governmental Unit which is set forth in Section 507(a)(8) of the Bankruptcy Code.

1.1.46. Holder. An entity holding an Equity Security or Claim.

1.1.47. Impaired. This term shall have the meaning ascribed within Section 1124 of the Bankruptcy Code.

1.1.48. Initial Distribution Date. The first Business Day following the date that is thirty (30) days after the Effective Date.

1.1.49. Intercompany Claim. A Claim held by one of the Debtors against another of the Debtors.

1.1.50. Joint Administration Order. The *Order Directing Joint Administration of the Debtors' Chapter 11 Cases Under Fed. R Bank. P. 1015(b)* entered by the Bankruptcy Court on August 10, 2018, providing for the joint administration of the Chapter 11 Cases, with Holdings being the lead case.

1.1.51. Lien. This term shall have the meaning set forth in Section 101(37) of the Bankruptcy Code.

1.1.52. Liquidating Trust. The liquidating trust created pursuant to the Liquidating Trust Agreement.

1.1.53. Liquidating Trustee. The Person selected to serve as the trustee under the Liquidating Trust Agreement.

1.1.54. Liquidating Trust Beneficial Interests. The interests issued in the Liquidating Trust to be distributed pursuant to this Plan, the Confirmation Order, and the Liquidating Trust Agreement.

1.1.55. Liquidating Trust Agreement. The Liquidating Trust Agreement to be entered into by the Debtors and the Liquidating Trustee as of the Effective Date. The Liquidating Trust Agreement shall be in substantially the form filed with the Bankruptcy Court in the Plan Supplement and as approved by the Creditor Committee.

1.1.56. Liquidating Trust Property. All Assets and Causes of Action held at any time by Debtors or their Estates as of the Effective Date, and proceeds of the foregoing.

1.1.57. Lopez. Tony Lopez, the Responsible Person designated by the Debtors pursuant to Red. R. Bankr. P. 9001(5).

1.1.58. Person. An individual, corporation, limited liability company, partnership, association, joint stock company, joint venture, estate, trust, unincorporated organization or government, governmental unit, or any subdivision thereof or any other entity.

1.1.59. Petition Date. August 3, 2018, the date on which voluntary Chapter 11 petitions were filed by each of the Debtors, thereby commencing the Chapter 11 Cases.

1.1.60. Plan. This Joint Plan of Liquidation, either in its present form or as it may be amended, supplemented, or modified from time to time, including all exhibits and schedules annexed hereto or referenced herein.

1.1.61. Plan Supplement. The supplement to this Plan, which shall include any post-Effective Date operative documents for the Liquidating Trust, to be filed no later than 10 days prior to the commencement of the Confirmation Hearing.

1.1.62. Priority Claim Reserve. The Cash reserve to be created by the Debtors and distributed to the Liquidating Trustee on the Effective Date in amounts sufficient for the Liquidating Trustee to make distributions under the Plan and the Liquidating Trust Agreement on account of all Allowed Priority Claims as of the Effective Date in accordance with Section 1129(a)(9) of the Bankruptcy Code. Funds in the Priority Claim Reserve may be applied only to payment of Allowed Priority Claims until all Allowed Priority Claims are paid in full or the Priority Claim Reserve is exhausted.

1.1.63. Priority Tax Claims. Any and all Governmental Unit Claims accorded priority in right of payment under Section 507(a)(8) of the Bankruptcy Code.

1.1.64. Priority Unsecured Claims. Any and all Claims accorded priority in right of payment under Section 507(a) of the Bankruptcy Code.

1.1.65. Professional Fees. The Administrative Claims for compensation and reimbursement submitted pursuant to Sections 327, 328, 330, or 331 of the Bankruptcy Code of Persons: (i) employed pursuant to an order of the Bankruptcy Court under Sections 327, 328 or 1102 of the Bankruptcy Code; and (ii) for whom compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to Section 503(b) of the Bankruptcy Code or by other Final Order.

1.1.66. Professional Fee Reserve. An account to be opened by the Liquidating Trustee and funded by the Debtors on or before the Effective Date in the amounts necessary to fund the projected Professional Fee Claims. Funds in the Professional Fee Reserve may be applied only to payment of Allowed Professional Fees until all Allowed Professional Fees are paid in full or the Professional Fee Reserve is exhausted.

1.1.67. Proof of Claim. A proof of Claim filed by a Creditor in accordance with Section 501 of the Bankruptcy Code and Bankruptcy Rule 3001.

1.1.68. Pro Rata. The ratio of an Allowed Claim in a particular class to the aggregate amount of all Allowed Claims in such Class.

1.1.69. Schedules. The schedules of assets and liabilities and any amendments thereto filed by each of the Debtors with the Bankruptcy Court in accordance with Section 521(1) of the Bankruptcy Code.

1.1.70. Secured Claim. A Claim that is secured by a Lien against property of the Estates to the extent of the value of such Creditor's interest in the Estate's interest in such property, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Final Order of the Bankruptcy Court, or to the extent of the amount of such Claim subject to setoff in accordance with Section 553 of the Bankruptcy Code, in either case as determined pursuant to Section 506(a) of the Bankruptcy Code.

1.1.71. Unexpired Lease. A lease of real property or personal property to which a Debtor is a party that is subject to assumption or rejection under Section 365 of the Bankruptcy Code.

1.1.72. Unimpaired. This term has the meaning set forth in Section 1124 of the Bankruptcy Code.

1.2. Computation of Time. In computing any period of time prescribed or allowed by this Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006(a) shall apply.

1.3. Rules of Interpretation. For purposes of this Plan only: (i) any reference in this Plan to a contract, instrument, release, or other agreement or documents being in particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (ii) any reference in this Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified, or supplemented; (iii) unless otherwise specified, all references in this Plan to Sections, Articles, Schedules, and Exhibits are references to Sections, Articles, Schedules, and Exhibits of or to this Plan; (iv) the words "herein," "hereof," "hereto," and "hereunder" refer to this Plan in its entirety rather than to a particular portion of this Plan; (v) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Plan; and (vi) the rules of construction and definitions set forth in Sections 101 and 102 of the Bankruptcy Code and in the Bankruptcy Rules shall apply unless otherwise expressly provided.

1.4. Exhibits, Plan Schedules, and Plan Supplement. All exhibits and schedules attached to this Plan and all documents contained in the Plan Supplement are incorporated into and are a part of this Plan as if set forth in full herein.

2. TREATMENT OF UNCLASSIFIED CLAIMS

2.1. General. Pursuant to Section 1123(a)(1) of the Bankruptcy Code, the Claims against Debtors set forth in this Article 2 are not classified within any Class. The Holders of such Unclassified Claims are not entitled to vote on this Plan. The treatment of the Claims set forth below is consistent with the requirements of Section 1129(a)(9)(A) of the Bankruptcy Code.

2.2. Treatment of Administrative Claims.

Each Allowed Administrative Claim shall be paid by the Disbursing Agent upon the latest of: (i) the Effective Date or as soon thereafter as is practicable; (ii) such date as may be fixed by the Bankruptcy Court, or as soon thereafter as practicable, (iii) the fourteenth (14) Business Day after such Claim is Allowed, or as soon thereafter as practicable; and (iv) such date as the Holder of such Claim and Debtors or the Liquidating Trustee, as applicable, shall agree upon.

The Confirmation Order will establish the Administrative Expense Claim Bar Date for Administrative Expense Claims, other than Professional Fee Claims, which shall be thirty (30) days after the Effective Date. Holders of such Administrative Expense Claims who fail to file a motion, pursuant to Section 503 of the Bankruptcy Code, with the Bankruptcy Court on or before the Administrative Expense Claim Bar Date shall be forever barred from doing so. The notice of confirmation delivered pursuant to Bankruptcy Rules 2002(f) and 3020(c) will set forth such date and constitute notice of the Administrative Claim Bar Date.

2.3. Treatment of Professional Fee Claims.

On the Effective Date, the Liquidating Trustee shall establish and fund the Professional Fee Reserve from Cash and other Assets not held in the Administrative Expense Claim Reserve or Priority Claim Reserve. All Professionals seeking an award by the Bankruptcy Court of compensation for services rendered and reimbursement of expenses incurred through and including the Effective Date under Sections 330 or 331 of the Bankruptcy Code or otherwise under a separate standard ordered by the Bankruptcy Court or entitled to the priorities established under Sections 503(b)(2), 503(b)(3), 503(b)(4) or 503(b)(5) of the Bankruptcy Code, shall (a) file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred through the Effective Date by not later than the date which is thirty (30) days after the Effective Date or such other date as is fixed by the Bankruptcy Court and (b) if granted such an award by the Bankruptcy Court, be paid in full in Cash in such amounts as are Allowed by the Bankruptcy Court (i) on the date upon which such Administrative Expense Claim becomes an Allowed Administrative Expense Claim or as soon thereafter as is practicable, (ii) upon such other terms as may be mutually agreed upon between such holder of an Administrative Expense Claim and the Liquidating Trustee, or (iii) in accordance with the terms of any applicable order entered by the Bankruptcy Court.

With respect to payment of the Allowed Professional Fees of the Creditor Committee, (i) the Debtors shall pay the fees approved by the Court prior to the Effective Date, and (ii) the Liquidating Trustee shall pay the fees approved by the Court after the Effective Date.

2.4. Treatment of Priority Tax Claims. Each Allowed Priority Tax Claim shall be paid in full in Cash in an amount equal to such Allowed Priority Tax Claim on the later of: (i) the Effective Date or as soon thereafter as is practicable; (ii) such date as may be fixed by the Bankruptcy Court, or as soon thereafter as practicable, (iii) the fourteenth (14th) Business Day after such Claim is Allowed, or as soon thereafter as practicable; (iv) not later than 5 years following the Petition Date (and in such case such claim shall be treated by paying a total value, as of the Effective Date of the Plan, equal to the allowed amount of such claim on such date; and (5) on such date as the Holder of such Claim and the Debtors or the Liquidating Trustee, as applicable, shall agree upon. Until an Allowed Priority Tax Claim is paid in full, the unpaid balance shall accrue statutory interest from the Effective Date fixed at the federal statutory rate in effect with respect to such Priority Tax Claim on the Petition Date.

3. DESIGNATION OF CLASSES OF CLAIMS AND EQUITY SECURITIES

Pursuant to this Plan and in accordance with Section 1123(a)(1) of the Bankruptcy Code, all Claims and Equity Securities (except unclassified Claims) are placed in the Classes described below.

A Claim or Equity Security is classified in a particular Class only to the extent that the Claim or Equity Security qualifies within the description of that Class and is classified in other Classes only to the extent that any remainder of the Claim or Equity Security qualifies within the description of such other Classes. A Claim or Equity Security is also classified in a particular Class only to the extent that such Claim or Equity Security is an Allowed Claim or Allowed Equity Security in that Class and has not been paid, released, or otherwise satisfied prior to the Effective

Date, except as otherwise provided under this Plan.

With respect to Claims within classes described as Unimpaired under this Plan, nothing shall affect the rights and legal and equitable defenses of Debtors and the Liquidating Trust regarding such Claims including but not limited to, all rights in respect of legal and equitable defenses to setoff or recoupment against such Claims.

Class	Type	Description	Treatment
Class 1(a)	Secured Claims (Holdings)	Class 1 consists of the Secured Claims of Holdings. Each Holder of a Secured Claim of Holdings shall be its own separate subclass within Class 1, and each subclass shall be deemed to be a separate class for purposes of this Plan.	Unimpaired. No Solicitation required.
Class 1(b)	Secured Claims (Retail)	Class 1(b) consists of the Secured Claims of Retail. Each Holder of a Secured Claim of Retail shall be its own separate subclass within Class 1(b), and each subclass shall be deemed to be a separate class for purposes of this Plan	Unimpaired. No Solicitation required.
Class 1(c)	Secured Claims (Direct)	Class 1(c) consists of the Secured Claims of Direct. Each Holder of a Secured Claim of Direct shall be its own separate subclass within Class 1(c), and each subclass shall be deemed to be a separate class for purposes of this Plan.	Unimpaired. No Solicitation required.
Class 2(a)	Priority Unsecured Claims (Holdings)	Class 2(a) consists of the Holders of Priority Unsecured Claims of Holdings.	Unimpaired. No solicitation required.
Class 2(b)	Priority Unsecured Claims (Retail)	Class 2(b) consists of the Holders of Priority Unsecured Claims of Retail.	Unimpaired. No solicitation required.
Class 2(c)	Priority Unsecured Claims (Direct)	Class 2(c) consists of the Holders of Priority Unsecured Claims of Direct.	Unimpaired. No solicitation required.
Class 3(a)	General Unsecured Claims (Holdings)	Class 3(a) consists of the Holders of General Unsecured Claims of Holdings.	Impaired. Solicitation required.
Class 3(b)	General Unsecured Claims (Retail)	Class 3(b) consists of the Holders of General Unsecured Claims of Retail.	Impaired. Solicitation required.

Class	Type	Description	Treatment
Class 3(c)	General Unsecured Claims (Direct)	Class 3(c) consists of the Holders of General Unsecured Claims of Direct.	Impaired. Solicitation required.
Class 4(a)	Intercompany Claim (Holdings)	Class 4(a) consists of the Intercompany Claims of Retail and Direct held by Holdings.	Impaired. No solicitation required.
Class 4(b)	Intercompany Claim (Retail)	Class 4(b) consists of the Intercompany Claims in Holdings and Direct held by Retail.	Impaired. No solicitation required.
Class 4(c)	Intercompany Claim (Direct)	Class 4(c) consists of the Intercompany Claims in Retail and Holdings held by Direct.	Impaired. No solicitation required.
Class 5(a)	Equity Security (Holdings)	Class 5(a) consists of the Holders of an Equity Security in Holdings other than those held by Chachas.	Impaired. No solicitation required.
Class 5(b)	Equity Security (Chachas – Holdings)	Class 5(b) consists of the Holders of an Equity Security in Holdings held only by Chachas.	Impaired. No solicitation required.
Class 5(c)	Equity Security (Retail)	Class 5(c) consists of the Holders of an Equity Security in Retail	Impaired. No solicitation required.
Class 5(d)	Equity Security (Direct)	Class 5(d) consists of the Holders of an Equity Security in Direct.	Impaired. No solicitation required.

4. DESIGNATION OF AND PROVISIONS FOR TREATMENT OF CLASSES OF CLAIMS UNDER THIS PLAN

4.1. Class 1 – Secured Claims

4.1.1. Class 1(a) –Secured Claims (Holdings). Each Allowed Secured Claim in Holdings, if any, shall, in full and final satisfaction of such Claim, receive on the Effective Date turnover of any collateral securing the Allowed Secured Claim. If the Allowed Secured Claim is fully secured by the collateral securing the Allowed Secured Claim, the Allowed Claim shall be deemed satisfied in full. To the extent the Allowed Secured Claim is not satisfied in full by the return of the collateral securing the Allowed Secured Claim, then the balance of the Allowed Claim shall be treated as an Allowed General Unsecured Claim in Class 3(a).

Creditors in Class 1(a) are Unimpaired under this Plan, deemed to have accepted this Plan pursuant to Section 1126(f) of the Bankruptcy Code, and are not entitled to vote on this Plan.

4.1.2. Class 1(b) – Secured Claims (Retail). Each Allowed Secured Claim of Retail, if any, shall, in full and final satisfaction of such Claim, receive on the Effective Date turnover of any collateral securing the Allowed Secured Claim. If the Allowed Secured Claim is fully secured by the collateral securing the Allowed Secured Claim, the

Allowed Claim shall be deemed satisfied in full. To the extent the Allowed Secured Claim is not satisfied in full by the return of the collateral securing the Allowed Secured Claim, then the balance of the Allowed Claim shall be treated as an Allowed General Unsecured Claim in Class 3(b).

Creditors in Class 1(b) are Unimpaired under this Plan, deemed to have accepted this Plan pursuant to Section 1126(f) of the Bankruptcy Code, and are not entitled to vote on this Plan.

4.1.3. Class 1(c) – Secured Claims (Direct). Each Allowed Secured Claim of Direct, if any, shall, in full and final satisfaction of such Claim, receive on the Effective Date turnover of any collateral securing the Allowed Secured Claim. If the Allowed Secured Claim is fully secured by the collateral securing the Allowed Secured Claim, the Allowed Claim shall be deemed satisfied in full. To the extent the Allowed Secured Claim is not satisfied in full by the return of the collateral securing the Allowed Secured Claim, then the balance of the Allowed Claim shall be treated as an Allowed General Unsecured Claim in Class 3(c).

Creditors in Class 1(c) are Unimpaired under this Plan, deemed to have accepted this Plan pursuant to Section 1126(f) of the Bankruptcy Code and are not entitled to vote on this Plan.

4.2. Class 2 – Priority Unsecured Claims

4.2.1. Class 2(a) – Priority Unsecured Claims (Holdings). Each Allowed Priority Unsecured Claim of Holdings, if any, shall, in full and final satisfaction of such Claim, be paid by the Disbursing Agent in full in Cash on the latest of: (i) the Initial Distribution Date, or as soon thereafter as is practical; (ii) such date as may be fixed by the Bankruptcy Court, or as soon thereafter as is practicable; (iii) the fourteenth (14th) Business Day after such Claim is Allowed, or as soon thereafter as is practicable; or (iv) such date as the Holder of such Claim and Holdings or the Liquidating Trustee, as applicable, have agreed or shall agree, plus pre-Petition Date interest due under applicable bankruptcy or non-bankruptcy law and claimed in a Proof of Claim by such Holder to the extent approved by the Bankruptcy Court or as included in the Schedules by Holdings.

Creditors in Class 2(a) are Unimpaired under this Plan, deemed to have accepted this Plan pursuant to Section 1126(f) of the Bankruptcy Code and are not entitled to vote on this Plan.

4.2.2. Class 2(b) – Priority Unsecured Claims (Retail). Each Allowed Priority Unsecured Claim of Retail, if any, shall, in full and final satisfaction of such Claim, be paid by the Disbursing Agent in full in Cash on the latest of: (i) the Initial Distribution Date, or as soon thereafter as is practical; (ii) such date as may be fixed by the Bankruptcy Court, or as soon thereafter as is practicable; (iii) the fourteenth (14th) Business Day after such Claim is Allowed, or as soon thereafter as is practicable; or (iv) such date as the Holder of such Claim and Retail or the Liquidating Trustee, as applicable, have agreed or shall agree, plus pre-Petition Date interest due under applicable bankruptcy or non-bankruptcy law and claimed in a Proof of Claim by such Holder to the extent approved by the Bankruptcy Court or as included in the Schedules by Retail.

Creditors in Class 5 are Unimpaired under this Plan, deemed to have accepted this Plan pursuant to Section 1126(f) of the Bankruptcy Code, and are not entitled to vote on this Plan.

4.2.3. Class 2(c) – Priority Unsecured Claims (Direct). Each Allowed Priority Unsecured Claim of Direct, if any, shall, in full and final satisfaction of such Claim, be paid by the Disbursing Agent in full in Cash on the latest of: (i) the Initial Distribution Date, or as soon thereafter as is practical; (ii) such date as may be fixed by the Bankruptcy Court, or as soon thereafter as is practicable; (iii) the fourteenth (14th) Business Day after such Claim is Allowed, or as soon thereafter as is practicable; or (iv) such date as the Holder of such Claim and Direct or the Liquidating Trustee, as applicable, have agreed or shall agree, plus pre-Petition Date interest due under applicable bankruptcy or non-bankruptcy law and claimed in a Proof of Claim by such Holder to the extent approved by the Bankruptcy Court or as included in the Schedules by Direct.

Creditors in Class 2(c) are Unimpaired under this Plan, deemed to have accepted this Plan pursuant to Section 1126(f) of the Bankruptcy Code, and are not entitled to vote on this Plan.

4.3. Class 3 – General Unsecured Claims

4.3.1. Class 3(a) – General Unsecured Claims (Holdings). Each Holder of an Allowed Unsecured Claim of Holdings shall participate Pro Rata with each other Holder of an Allowed Unsecured Claim of Holdings and shall receive, on the applicable Plan Distribution Date (or as soon as reasonably practicable thereafter), its Pro Rata Share of the Liquidating Trust Beneficial Interests as to which all Holders of Allowed Unsecured Claims of the Debtors in Classes 3(a), 3(b), and 3(c) would be entitled as if all such Classes were a single Class; provided, however, that a holder of an Allowed Unsecured Claim against more than one Debtor shall be treated as holding a single Allowed General Claim and limited to a single recovery on account of all such Allowed General Unsecured Claims.

Class 3(a) is impaired under this Plan, and the Holders of Allowed General Unsecured Claims in Class 3(a) are entitled to vote on this Plan.

4.3.2. Class 3(b) – General Unsecured Claims (Retail). Each Holder of an Allowed Unsecured Claim of Retail shall participate Pro Rata with each other Holder of an Allowed Unsecured Claim of Retail and shall receive, on the applicable Plan Distribution Date (or as soon as reasonably practicable thereafter), its Pro Rata Share of the Liquidating Trust Beneficial Interests as to which all Holders of Allowed Unsecured Claims of the Debtors in Classes 3(a), 3(b), and 3(c) would be entitled as if all such Classes were a single Class; provided, however, that a holder of an Allowed Unsecured Claim against more than one Debtor shall be treated as holding a single Allowed General Claim and limited to a single recovery on account of all such Allowed General Unsecured Claims.

Class 3(b) is impaired under this Plan, and the Holders of Allowed General Unsecured Claims in Class 3(b) are entitled to vote on this Plan.

4.3.3. Class 3(c) – General Unsecured Claims (Direct). Each Holder of an Allowed Unsecured Claim of Direct shall participate Pro Rata with each other Holder of an Allowed Unsecured Claim of Direct and shall receive, on the applicable Plan Distribution Date (or as soon as reasonably practicable thereafter), its Pro Rata Share of the Liquidating Trust Beneficial Interests as to which all Holders of Allowed Unsecured Claims of the Debtors in Classes 3(a), 3(b), and 3(c) would be entitled as if all such Classes were a single Class; provided, however, that a holder of an Allowed Unsecured Claim against more than one Debtor shall be treated as holding a single Allowed General Claim and limited to a single recovery on account of all such Allowed General Unsecured Claims.

Class 3(c) is impaired under this Plan, and the Holders of Allowed General Unsecured Claims in Class 3(c) are entitled to vote on this Plan.

4.4. Class 4 – Intercompany Claims

4.4.1. Class 4(a) – Intercompany Claims (Holdings). On the Effective Date the Intercompany Claims of Holdings shall be extinguished and the Holders thereof shall not receive and Distribution for such Intercompany Claims.

Class 4(a) is Impaired under this Plan. The Holders of Class 4(a) Intercompany Claims of Holdings are not entitled to vote on this Plan and are deemed to have voted no on this Plan.

4.4.2. Class 4(b) – Intercompany Claims (Retail). On the Effective Date the Intercompany Claims of Retail shall be extinguished and the Holders thereof shall not receive and Distribution for such Intercompany Claims.

Class 4(b) is Impaired under this Plan. The Holders of Class 4(b) Intercompany Claims of Retail are not entitled to vote on this Plan and are deemed to have voted no on this Plan.

4.4.3. Class 4(c) – Intercompany Claims (Direct). On the Effective Date the Intercompany Claims of Direct shall be extinguished and the Holders thereof shall not receive and Distribution for such Intercompany Claims.

Class 4(c) is Impaired under this Plan. The Holders of Class 4(c) Intercompany Claims of Direct are not entitled to vote on this Plan and are deemed to have voted no on this Plan.

4.5. Class 5 – Equity Securities

4.5.1. Class 5(a) – Equity Securities – Holdings. On the Dissolution Date, the Equity Securities of Holdings shall be extinguished and cancelled, and Holders of Class 5(a) Equity Securities shall not receive any Distribution on account of such Equity Securities.

Class 5(a) is Impaired under this Plan. The Holders of Class 5(a) Equity Securities in Holdings are not entitled to vote on this Plan and are deemed to have voted no on this Plan.

4.5.2. Class 5(b) – Equity Securities – Holdings (Chachas). On the Dissolution Date, the Equity Securities of Holdings held by Chachas shall be extinguished and cancelled, and Holders of Class 5(b) Equity Securities shall not receive any Distribution on account of such Equity Securities.

Class 5(b) is Impaired under this Plan. The Holders of Class 5(b) Equity Securities in Holdings are not entitled to vote on this Plan and are deemed to have voted no on this Plan.

4.5.3. Class 5(c) – Equity Security (Retail). On the Dissolution Date the Equity Securities of Retail shall be extinguished and cancelled, and Holders of Class 5(c) Equity Securities shall not receive any Distribution on account of such Equity Securities.

Class 5(c) is Impaired under this Plan. The Holders of Class 5(c) Equity Securities in Retail are not entitled to vote on this Plan and are deemed to have voted no on this Plan.

1 **4.5.4. Class 5(d) – Equity Securities (Direct).** On the Dissolution Date the
 2 Equity Securities of Direct shall be extinguished and cancelled, and Holders of Class 5(d)
 3 Equity Securities shall not receive any Distribution on account of such Equity Securities.

4 Class 5(d) is Impaired under this Plan. The Holders of Class 5(d) Equity Securities
 5 in Direct are not entitled to vote on this Plan and are deemed to have voted no on this Plan.

6 **5. MEANS FOR IMPLEMENTATION OF PLAN**

7 **5.1. Operations Between Confirmation Date and the Effective Date.** Between the
 8 Confirmation Date and the Effective Date. The Debtors shall continue to operate as debtors in
 9 possession pursuant to Section 1107 of the Bankruptcy Code, and as a Liquidating Trust on and
 10 after the Effective Date. The retention and employment of the Debtor Professionals shall terminate
 11 as of the Effective Date, *provided, however*, that (i) the Debtors shall be deemed to exist, and their
 12 Debtor Professionals shall be retained, after such date only with respect to (a) applications filed
 13 pursuant to Sections 330 and 331 of the Bankruptcy Code, and to the extent necessary (b) motions
 14 seeking the enforcement of the provisions of the Plan or the Confirmation Order, and (ii) nothing
 15 herein shall limit or preclude the Liquidating Trustee from retaining a Debtor Professional to
 16 provide services subsequent to the Effective Date on the same terms and conditions in effect prior
 17 to the Effective Date without the need to obtain Bankruptcy Court approval. Upon the Effective
 18 Date, the Debtors' boards of directors shall be deemed to have resigned, and, subject to Section
 19 5.13 of the Plan, the Debtors shall be dissolved.

20 **5.2. Plan Implementation Occurring on the Effective Date.** On the Effective Date,
 21 except as otherwise provided in the Plan or any agreement, instrument or other document
 22 incorporated in the Plan, all transactions that are required to occur on the Effective Date under the
 23 terms of this Plan shall be deemed to have occurred simultaneously.

24 **5.3. Establishment of the Liquidating Trust.**

25 **5.3.1. Liquidating Trust Agreement.** Without any further action of any of the
 26 Debtors, the Liquidating Trust Agreement shall become effective on the Effective Date in
 27 accordance with the Liquidating Trust Agreement for the benefit of holders of a
 28 Liquidating Trust Beneficial Interests. The Liquidating Trust Agreement shall govern the
 29 Liquidating Trust. The Liquidating Trust Agreement shall (i) be in form and substance
 30 consistent in all respects with this Plan and (ii) contain customary provisions for trust
 31 agreements utilized in comparable circumstances, including any and all provisions
 32 necessary to ensure continued treatment of the Liquidating Trust as a grantor trust and the
 33 holders of Liquidating Trust Beneficial Interests as the grantors and owners thereof for
 34 U.S. federal income tax purposes. All relevant parties (including, the Debtors, the
 35 Liquidating Trustee, and the holders of Liquidating Trust Beneficial Interests) will take
 36 all actions necessary to cause title to the Liquidating Trust Property to be transferred to
 37 the Liquidating Trust. The powers, authority, responsibilities, and duties of the
 38 Liquidating Trust and the Liquidating Trustee are set forth and will be governed by the
 39 Liquidating Trust Agreement, the Plan and Confirmation Order.

40 **5.3.2. Liquidating Trust Administration.** The Liquidating Trust shall be
 41 established on the Effective Date and shall be administered pursuant to the Liquidating
 42 Trust Agreement and the Plan. In the event of any inconsistency between the Plan and
 43 the Liquidating Trust Agreement as such conflict relates to the administration of the
 44 Liquidating Trust, other than the establishment of the Liquidating Trust, the Liquidating
 45 Trust Agreement shall control.

46 **5.3.3. Purpose of the Liquidating Trust.** The Liquidating Trust shall be
 47 established for the sole purpose of liquidating its assets and making distributions in

accordance with the Plan, Confirmation Order, and the Liquidating Trust Agreement, and in accordance with Treasury Regulations Section 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Liquidating Trust.

5.3.4. Liquidating Trustee. As of the Effective Date, the Liquidating Trustee shall be appointed as trustee of the Liquidating Trust pursuant to the Liquidating Trust Agreement, the Plan, the Confirmation Order, and Section 1123(b)(3) of the Bankruptcy Code and 26 U.S.C. § 6012(b)(3), and shall have all of the rights, powers, authority, and obligations set forth in the Liquidating Trust Agreement, the Plan, the Confirmation Order, and the Bankruptcy Code. The Liquidating Trustee shall be the exclusive trustee of the Estates under Title 11 for purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 601(b)(3).

5.3.5. Responsibilities of the Liquidating Trustee. The responsibilities of the Liquidating Trustee under the Liquidating Trust Agreement and this Plan shall include those set forth in the Liquidating Trust Agreement, including, without limitation, the following (a) the receipt of the Liquidating Trust Property; (b) the establishment and maintenance of such operating, reserve and trust account(s) as are necessary and appropriate to carry out the terms of the Liquidating Trust and the Plan; (c) the investment of Cash that is a permissible Liquidating Trust Asset; (d) the prosecution, settlement or abandonment of any Avoidance Actions; and (e) such other responsibilities as may be vested in the Liquidating Trustee pursuant to this Plan, the Liquidating Trust Agreement, the Confirmation Order, other Bankruptcy Court Orders, or as otherwise may be necessary and proper to carry out the provisions of this Plan.

5.3.6. Powers of Liquidating Trustee. The Liquidating Trustee shall have the power to administer the Liquidating Trust Property in a manner consistent with the Liquidating Trust Agreement, which shall incorporate the powers of a trustee appointed pursuant to Section 1104 of the Bankruptcy Code. Without limiting the generality of the foregoing, the Liquidating Trustee shall have the power and authority to and without further Bankruptcy Court approval (i) hold, administer, and sell, the Liquidating Trust Property; (ii) pay all out of pocket expenses incurred in connection with the holding, administration and sale of the Liquidating Trust Property from such property or the proceeds thereof; (iii) retain, as an expense of the Liquidating Trust, such attorneys, advisors, other professionals and employees as may be appropriate to perform the duties required of the Liquidating Trustee hereunder or in the Liquidating Trust Agreement; (iv) prosecute, in its sole discretion, all of the Causes of Actions; (v) make distributions as provided in the Liquidating Trust Agreement and this Plan; and (vi) provide periodic reports and updates regarding the status of the administration of the Liquidating Trust. The Liquidating Trustee shall be deemed a Disbursing Agent under the Plan when making distributions to holders of Liquidating Trust Beneficial Interests pursuant to the Liquidating Trust Agreement.

5.3.7. Compensation of the Liquidating Trustee Professionals. The Liquidating Trustee shall be compensated pursuant to the terms of the Liquidating Trust Agreement. Any professionals retained by the Liquidating Trustee shall be entitled to reasonable compensation for services rendered and reimbursement of expenses incurred, subject to approval by the Liquidating Trustee. The payment of fees and expenses of the Liquidating Trustee and his professionals shall be made in the ordinary course of business from the Liquidating Trust Property and shall not be subject to Bankruptcy Court approval.

5.3.8. Tax Treatment of the Liquidating Trust. The Liquidating Trust shall be structured to qualify as a "liquidating trust" within the meaning of Treasury Regulations

1 Section 301.7701-4(d) and in compliance with Revenue Procedure 94-45, and thus, as a
 2 “grantor trust” within the meaning of Sections 671 through 679 of the Tax Code.
 3 Accordingly, the holders of Liquidating Trust Beneficial Interests shall be treated for U.S.
 4 federal income tax purposes (i) as direct recipients of undivided interests in the
 5 Liquidating Trust Property (other than to the extent the Liquidating Trust Property are
 6 allocable to Disputed Claims) and as having immediately contributed such assets to the
 7 Liquidating Trust, and (ii) thereafter, as the grantors and deemed owners of the
 8 Liquidating Trust and thus, the direct owners of an undivided interest in the Liquidating
 9 Trust Property (other than such Liquidating Trust Property that are allocable to Disputed
 10 Claims).

11 **5.3.9. Tax Reporting.**

12 (a) The Liquidating Trustee shall file tax returns for the Liquidating Trust as a
 13 grantor trust pursuant to Treasury Regulation Section 1.671-4(a) and in accordance with
 14 this Plan. The Liquidating Trust also shall annually (for tax years in which Distributions
 15 from the Liquidating Trust are made) send to each beneficiary a separate statement setting
 16 forth the beneficiary’s share of items of income, gain, loss, deduction or credit and all
 17 holders shall report such items on their federal income tax returns; *provided, however*, that
 18 no such statement need be sent to any Class that is not expected to receive any Distribution
 19 from the Liquidating Trust. The Liquidating Trust’s taxable income, gain, loss, deduction
 20 or credit will be allocated to the Liquidating Trust’s beneficiaries in accordance with their
 21 relative beneficial interests in the Liquidating Trust. As soon as practicable after the
 22 Effective Date, the Liquidating Trust shall make a good faith valuation of assets of the
 23 Liquidating Trust, and such valuation shall be used consistently by all parties for all
 24 federal income tax purposes. The Liquidating Trustee also shall file (or cause to be filed)
 25 any other statements, returns, or disclosures relating to the Liquidating Trust that are
 26 required by any governmental unit for taxing purposes. The Liquidating Trustee may
 27 request an expedited determination of taxes of the Debtors or of the Liquidating Trust
 28 under Bankruptcy Code Section 505(b) for all tax returns filed for, or on behalf of, the
 Debtors and the Liquidating Trust for all taxable periods through the dissolution of the
 Liquidating Trust. The Liquidating Trustee shall be responsible for filing all federal, state,
 and local tax returns for the Debtors and the Liquidating Trust. The Liquidating Trust
 shall comply with all withholding and reporting requirements imposed by any federal,
 state, or local taxing authority, and all Distributions made by the Liquidating Trustee shall
 be subject to any such withholding and reporting requirements.

(b) As soon as possible after the Effective Date, the Liquidating Trustee shall
 make a good faith valuation of the Liquidating Trust Property, and such valuation shall be
 used consistently by all parties for all U.S. federal income tax purposes. The Liquidating
 Trust shall also file (or cause to be filed) any other statements, returns or disclosures
 relating to the Liquidating Trust that are required by any Government Unit for taxing
 purposes.

(c) The Liquidating Trust shall be responsible for payment, out of the
 Liquidating Trust Property, of any taxes imposed on the Liquidating Trust (including any
 “disputed ownership fund” within the meaning of Treasury Regulations Section 1.468B-
 9) or the Liquidating Trust Property. In accordance therewith, any taxes imposed on any
 disputed ownership fund or its assets will be paid out of the assets of the disputed
 ownership fund and netted against any subsequent distribution in respect of the allowance
 or disallowance of such Claims.

(d) The Liquidating Trustee (i) may timely elect to treat any Liquidating Trust
 Property allocable to Disputed Claims as a “disputed ownership fund” governed by
 Treasury Regulations Section 1.468B-9, and (2) to the extent permitted by applicable law,

shall report consistently for state and local income tax purposes. If a “disputed ownership fund” election is made, all parties (including the Liquidating Trustee and the holders of Liquidating Trust Beneficial Interests) shall report for U.S. federal, state and local income tax purposes consistently with the foregoing. The Liquidating Trustee shall file all income tax returns with respect to any income attributable to a “disputed ownership fund” and shall pay the U.S. federal, state and local income taxes attributable to such disputed ownership fund based on the items of income, deduction, credit, or loss allocable thereto.

5.3.10. Costs and Expenses of the Liquidating Trust. The Liquidating Trustee’s compensation shall be determined by the Committee, set forth in the Liquidating Trust Agreement, and subject to the approval of the Bankruptcy Court on the Confirmation Date. Additionally, the Committee shall establish a budget for the Liquidating Trustee to carry out its duties with respect to the Liquidating Trust. The costs and expenses of the Liquidating Trust, including the fees and expenses of the Liquidating Trustee and other professionals retained on behalf of the Liquidating Trust, shall be paid out of the Liquidating Trust Property, subject to the terms of the Liquidating Trust Agreement. Other than the transfer of the Liquidating Trust Property, the Debtors shall have no obligation to finance or fund the Liquidating Trust, the Liquidating Trustee, or professionals retained on behalf of the Liquidating Trust.

5.3.11. Financial Accounts. The Liquidating Trust shall maintain its financial accounts in Nevada, or such other approved institutions set forth on the schedule to the Liquidating Trust Agreement.

5.3.12. Distributions. Distributions to Holders of Allowed Administrative Claims and Cure payments shall be the responsibility of the Debtors prior to the Effective Date. On and after the Effective Date, all distributions shall be the responsibility of the Liquidating Trust. The Liquidating Trust Agreement shall require that all Liquidating Trust Property, exclusive of the Administrative Expense Claim Reserve, the Professional Fee Reserve, and the Priority Claim Reserve, be distributed subject to the following waterfall: first, to satisfy in full any outstanding expenses arising from the administration of the Liquidating Trust; and second, pro rata, to the holders of Liquidating Trust Beneficial Interests until such holders have received, in the aggregate, an amount equal to the Allowed amount of all Unsecured Claims.

5.3.13. Allowed Tax Obligations. The Liquidating Trust shall be responsible for payments of all Allowed tax obligations of the Debtors, and any taxes imposed on the Liquidating Trust.

5.3.14. Treatment of Avoidance Actions and Commercial Tort Claims. Unless any Avoidance Actions or Commercial Tort Claims against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan, or a Bankruptcy Court order, the Debtors reserve and assign to the Liquidating Trust, any and all Avoidance Actions and Commercial Tort Claims, whether arising before or after the Petition Date, and preserve the right to commence, prosecute, or settle such Avoidance Actions, and Commercial Tort Claims notwithstanding the occurrence of the Effective Date. The Liquidating Trustee, on behalf of the Liquidating Trust, may pursue such Avoidance Actions and Commercial Tort Claims, in their sole discretion. No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Avoidance Action or Commercial Tort Claim against them as any indication that the Liquidating Trust will not pursue any and all available Avoidance Actions or Commercial Tort Claims against them. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, shall apply to such

Avoidance Actions and Commercial Tort Claims as a consequence of Confirmation or Consummation.

5.3.15. Ability to Seek and Obtain Discovery. From and after the Effective Date, the Liquidating Trustee shall have the ability to seek and obtain examination (including document discovery and depositions) under Bankruptcy Rule 2004 against any Person or Entity, and the Bankruptcy Court shall retain jurisdiction to order examinations (including examinations under Bankruptcy Rule 2004) against any person or Entity, and to hear all matters with respect to the same.

5.3.16. Dissolution of Liquidating Trust. The Liquidating Trust will terminate as soon as practicable, but not later than the fifth (5th) anniversary of the Effective Date; provided, that, within six months prior to the fifth (5th) anniversary of the Effective Date (or such later date as may be permitted by order of the Bankruptcy Court), the Bankruptcy Court, upon motion by a party in interest, may extend the term of the Liquidating Trust for a finite period, if such an extension is necessary to liquidate the Liquidating Trust Property or for other good cause. Multiple extensions of the termination of the Liquidating Trust may be obtained so long as Bankruptcy Court approval is obtained prior to the expiration of each extended term and the Liquidating Trustee receives an opinion of counsel or a favorable ruling from the Internal Revenue Service that any further extension will not adversely affect the status of the Liquidating Trust as a grantor trust for federal income tax purposes.

5.3.17. Liquidating Trust Security Matters. To the extent that the Liquidating Trust Beneficial Interests are deemed to be "securities," the issuance of such interests under this Plan are exempt pursuant to Section 1145 of the Bankruptcy Code, and from registration under the Securities Act of 1933, as amended, and any applicable U.S. federal, state and local laws requiring registration of securities. The Liquidating Trust Beneficial Interests will be uncertificated and non-transferable except to the extent expressly provided otherwise in the Liquidating Trust Agreement.

5.4. Notice of Effectiveness. When all of the steps contemplated by Section 8.2 of this Plan have been completed or waived, the Liquidating Trustee shall file with the Bankruptcy Court and serve upon all known Creditors and potential Holders of Administrative Claims (whether or not disputed), a notice of Effective Date of Plan. The notice of Effective Date of Plan shall include notice of the Administrative Claim Bar Date and the Rejection Damages Bar Date.

5.5. Possession of Books and Records. As part of the appointment of the Liquidating Trustee, to the extent not already transferred on the Effective Date, the Debtors shall transfer dominion and control over all of their books and records to the Liquidating Trustee in whatever form, manner or media those books and records existed immediately prior to the transfer thereof to the Liquidating Trustee. The Liquidating Trustee may abandon all such books and records on or after ninety (90) days from the Effective Date; *provided, however*, that the Liquidating Trustee shall not dispose of or abandon any books and records that are reasonably likely to pertain to pending or contemplated litigation in which the Debtors or their current or former officers or directors are or likely will become a party. Pursuant to section 554 of the Bankruptcy Code, this Plan shall constitute a motion and notice, so that no further notice or Bankruptcy Court filings are required to effectuate the aforementioned abandonment of the books and records of the Debtors.

5.6. No Governance Action Required. As of the Effective Date: (i) the adoption, execution, delivery, and implementation or assignment of all agreements related to or contemplated by this Plan; and (ii) the other matters provided for under or in furtherance of this Plan involving corporate action to be taken by or required of Debtors shall be deemed to have occurred and be effective as provided herein, and shall be authorized and approved in all respects

without further order of the Bankruptcy Court or any requirement of further action by the directors, officers, members or managers of Debtors.

5.7. Effectuating Documents and Further Transactions. The Liquidating Trustee is authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents and to take such actions as may be necessary or appropriate to effectuate and further evidence the transactions set forth in, and the terms and conditions of, the Plan and the Liquidating Trust Agreement, without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, rule, or any requirements of further action, vote, or other approval or authorization by any Person.

5.8. Filing with State Authorities. To the extent required by the applicable laws of California, Delaware, and Nevada, on or as soon as reasonably practical after the Effective Date, a certified copy of this Plan and the Confirmation Order shall be filed with the applicable state agency or department. To the extent applicable, Debtors, from the Confirmation Date until the Effective Date, are authorized and directed to take any action or carry out any proceeding necessary to effectuate this Plan pursuant to applicable state law.

5.9. Conflicts. Conflicts between Liquidating Trust Agreement and the Plan. In the event of any direct conflicts between the express terms of the Liquidating Trust Agreement and this Plan, the terms and provisions of the Plan shall control.

5.10. Dissolution of Creditor Committee. On the Effective Date, the Creditor Committee shall be disbanded and all authorities granted the Creditor Committee pursuant to Sections 1102 and 1103 of the Bankruptcy Code shall be terminated without further order of the Bankruptcy Court except to prepare, file, and seek approval from the Court of a final fee application pursuant to Section 330 of the Bankruptcy Code.

5.11. Debtor Professionals. Upon the appointment of the Liquidating Trustee under the Liquidating Trust Agreement, each Debtor Professional shall no longer be obligated or required to continue to represent the Debtors after the Effective Date (unless such Debtor Professional has agreed in writing to continue such representation) and, if such Debtor Professional elects to withdraw from such representation, such Debtor Professional shall be released and discharged from all further authority, duties, responsibilities and obligations relating to and arising from the Chapter 11 Cases and the confirmation of this Plan. The confirmation of the Plan shall constitute any necessary consent and court approval to withdraw from such representation.

5.12. Cancellation of Existing Equity Securities. Except for purposes of evidencing a right to Distributions under the Plan or as otherwise provided hereunder, on the Dissolution Date, all agreements and other documents evidencing Claims or Equity Interests or rights of any holder of a Claim or Equity Interest against any of the Debtors, including, but not limited to, all indentures, notes, bonds and share certificates evidencing such Claims and Equity Interests and any agreements or guarantees related thereto shall be cancelled, terminated, deemed null and void and satisfied as against the Debtors, but not as against any other Person or Entity.

5.13. Debtors' Corporate Existence. After the Dissolution Date, the Liquidating Trustee may decide to (i) maintain each Debtor as a corporation in good standing until such time as all aspects of the Plan pertaining to such Debtor have been completed, or (ii) at such time as the Liquidating Trustee considers appropriate and consistent with the implementation of the Plan pertaining to such Debtor (such as, for example, after all Distributions have been made by the Liquidating Trustee pursuant to the Plan), dissolve such Debtor and complete the winding down of such Debtor without the necessity for any other or further actions to be taken by or on behalf of such dissolving Debtor or any payments to be made in connection therewith. The filing by each Debtor of its certificate of dissolution shall be authorized and approved in all respects without further action under applicable law, regulation, order or rule, including, without limitation, any

1 action by the stockholders or the board of directors of each such Debtor and expressly without the
 2 need to pay any filing fees or franchise or similar taxes in order to effectuate such dissolution;
 3 *provided* that the foregoing does not limit the Liquidating Trustee's ability to otherwise abandon
 4 an interest in any Debtor if determined by the Liquidating Trustee to further the wind down of
 such Debtor's Estate. From and after the Effective Date, the Debtors shall not be required to file
 any document, or take any other action, to withdraw their business operation from any states in
 which the Debtors previously conducted their business.

5 **5.14. Closing of Chapter 11 Cases.** When each Disputed Claim filed against the
 6 Debtors has become an Allowed Claim or a Disallowed Claim, and all Cash has been distributed
 7 in accordance with the terms of this Plan and the Liquidating Trust, the Liquidating Trustee shall
 seek authority from the Bankruptcy Court to close the Chapter 11 Cases in accordance with the
 Bankruptcy Code and the Bankruptcy Rules.

8 **5.15. Further Authorization.** Debtors and the Liquidating Trustee shall be entitled to
 9 seek such orders, judgments, injunctions, and rulings as it deems necessary to carry out the
 intentions and purposes, and to give full effect to the provisions of this Plan.

10 **6. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

11 **6.1. Executory Contracts.** Except for Executory Contracts and Unexpired Leases
 12 specifically addressed in this Plan, assumed pursuant to prior order of the Bankruptcy Court, or set
 13 forth on the schedule of Assumed Executed Contracts and Unexpired Leases attached as Schedule
6.1 hereto (which may be supplemented and amended up to the Confirmation Date), all Executory
 14 Contracts and Unexpired Leases that exist on the Confirmation Date shall be deemed rejected by
 Debtors on the Effective Date.

15 **6.2. Approval of Assumption or Rejection.** Entry of the Confirmation Order shall
 16 constitute as of the Effective Date: (i) approval, pursuant to Bankruptcy Code Section 365, of the
 17 rejection by the Debtors of each Executory Contract and Unexpired Lease to which a Debtor is a
 18 party that is not listed on Schedule 6.1, not otherwise provided for in this Plan, and neither
 19 assigned, assumed and assigned, nor rejected by separate order of the Bankruptcy Court entered
 20 prior to the Effective Date; and (ii) rejection by Debtors of each Executory Contract and Unexpired
 21 Lease to which Debtors is a party that is not listed on Schedule 6.1. Upon the Effective Date, each
 22 counter party to an assumed Executory Contract or Unexpired Lease listed in Schedule 6.1 shall
 be deemed to have consented to an assumption by the Liquidating Trustee contemplated by Section
 365(c)(1)(B) of the Bankruptcy Code, to the extent such consent is necessary for such assumption.
 To the extent applicable, all Executory Contracts or Unexpired Leases of the Debtors assumed
 pursuant to this Article 6 shall be deemed modified such that the transactions contemplated by this
 Plan shall not be a "change of control," regardless of how such term may be defined in the relevant
 Executory Contract or Unexpired Lease and any required consent under any such Executory
 Contract or Unexpired Lease shall be deemed satisfied by confirmation of this Plan.

23 **6.3. Cure of Defaults.** The Liquidating Trustee shall Cure any defaults respecting each
 24 Executory Contract or Unexpired Lease assumed pursuant to Section 6.1 of this Plan upon the
 25 latest of: (i) the Effective Date or as soon thereafter as practicable; (ii) such dates as may be fixed
 26 by the Bankruptcy Court or agreed upon by Debtors, and after the Effective Date, the Liquidating
 27 Trustee; or (iii) the fourteenth (14th) Business Day after the entry of a Final Order resolving any
 dispute regarding: (a) a Cure amount; (b) the ability of Debtors or the Liquidating Trust to provide
 "adequate assurance of future performance" under the Executory Contract or Unexpired Lease
 assumed pursuant to this Plan in accordance with Section 365(b)(1) of the Bankruptcy Code; or
 (c) any matter pertaining to assumption, assignment, or the Cure of a particular Executory Contract
 or an Unexpired Lease.

6.4. Objection to Cure Amounts. Any party to an Executory Contract or Unexpired Lease who objects to the Cure amount determined by Debtors to be due and owing must file and serve an objection on counsel no later than thirty (30) days after the Effective Date. Failure to file and serve a timely objection shall be deemed consent to the Cure amounts paid in accordance with Section 6.3 of this Plan. If there is a dispute regarding: (i) the amount of any Cure payment; (ii) the ability of the Liquidating Trust to provide “adequate assurance of future performance” under the Executory Contract or Unexpired Lease to be assumed or assigned; or (iii) any other matter pertaining to assumption, the Cure payments required by Section 365(b)(1) of the Bankruptcy Code will be made following the entry of a Final Order resolving the dispute and approving the assumption.

6.5. Confirmation Order. The Confirmation Order will constitute an order of the Bankruptcy Court approving the assumptions described in this Article 6 pursuant to Section 365 of the Bankruptcy Code as of the Effective Date. Notwithstanding the forgoing, if, as of the date the Bankruptcy Court enters the Confirmation Order, there is pending before the Bankruptcy Court a dispute concerning the Cure amount or adequate assurance for any particular Executory Contract or Unexpired Lease, the assumption of such Executory Contract or Unexpired Lease shall be effective as of the date the Bankruptcy Court enters an order resolving any such dispute and authorizing assumption by the Liquidating Trust.

6.6. Bar Date. All proofs of Claims with respect to Claims arising from the rejection of any Executory Contract or Unexpired Lease shall be filed no later than thirty (30) calendar days after the Effective Date. Any Claim not filed within such time shall be forever barred.

6.7. D&O Policies. No prepaid D&O Insurance Policy shall be cancelled, and notwithstanding anything in the Plan to the contrary, pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code, the D&O Insurance Policies, to the extent the contract providing for such is determined to be an executory contract, shall be deemed assumed by the Debtors.

7. MANNER OF DISTRIBUTION OF PROPERTY UNDER THIS PLAN

7.1. Distributions Made by the Liquidating Trustee. All Distributions under the Plan shall be made by the Liquidating Trustee pursuant to the Plan and the Liquidating Trust Agreement.

7.2. Method of Distributions Under the Plan.

7.2.1. Distributions. All Distributions under the Plan shall be made in accordance with the priorities established by the Plan. At the option of the Liquidating Trustee, any Cash payment to be made pursuant to the Plan may be made by check or wire transfer.

7.2.2. Delivery of Distributions. Distributions will be made as follows: (i) at the respective addresses set forth in the Schedules unless superseded by the address set forth on the proofs of Claim filed by holders of Claims, or (ii) at the address set forth in any written notice of address change filed with the Bankruptcy Court and notice to the Liquidating Trustee after the date of filing of any proof of Claim.

7.2.3. Undeliverable and Unclaimed Distributions. If any Holder’s Distribution is returned as undeliverable, no further Distributions to such Holder shall be made unless the Disbursing Agent is notified of such Holder’s then-current address within 90 days. If the Holder’s then-current address is provided to the Disbursing Agent within 90 days of the date of attempted Distribution, the Disbursing Agent will deliver all missed Distributions shall be made to such Holder without interest. Undeliverable Distributions for any Holder of an Allowed Claim who does not advise the Disbursing Agent that it has not received its Distribution and provide a current address within ninety (90) days after

the date of attempted Distribution shall be paid to the Clerk of the Bankruptcy Court pursuant to Bankruptcy Rule 3011, as in the case of a Chapter 7 liquidation. Nothing contained in **this Plan shall require the Debtors, the Liquidating Trustee, or the Disbursing Agent** to attempt to locate any Holder of an Allowed Claim.

7.2.4. Compliance with Tax Requirements. The Liquidating Trustee may withhold and pay to the appropriate taxing authority all amounts required to be withheld pursuant to the Tax Code or any provision of any foreign, state or local tax law with respect to any payment or Distribution. All such amounts withheld and paid to the appropriate taxing authority shall be treated as amounts distributed to such holders of the Claims or Equity Interests. The Liquidating Trustee shall be authorized to collect such tax information from the holders of Claims or Equity Interests (including social security numbers or other tax identification numbers) as it in its sole discretion deems necessary to effectuate the Plan. In order to receive Distributions under the Plan, all holders of Claims and Equity Interests will need to identify themselves to the Liquidating Trustee and provide all tax information the Liquidating Trustee deems appropriate (including completing the appropriate Form W-8 or Form W-9, as applicable to each holder). The Liquidating Trustee may refuse to make a Distribution to any holder of a Claim or Equity Interest that fails to furnish such information within the time period specified by the Liquidating Trustee and such Distribution shall be deemed an unclaimed Distribution under the Plan, and, provided further that, if the Liquidating Trustee fails to withhold in respect of amounts received or distributable with respect to any such holder and the Liquidating Trustee is later held liable for the amount of such withholding, such holder shall reimburse the Liquidating Trustee for such liability. Notwithstanding any other provision of the Plan, (a) each holder of an Allowed Claim or Equity Interest that is to receive a Distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, and (b) no Distributions shall be required to be made to or on behalf of such holder pursuant to the Plan unless and until such holder has made arrangements satisfactory to the Liquidating Trustee for the payment and satisfaction of such tax obligations or has, to the Liquidating Trustee's satisfaction, established an exemption therefrom; *provided, however*, that the Liquidating Trustee shall not withhold any amount from the Nespresso Estate Distribution.

7.2.5. Timing of Distributions. In the event any payment, Distribution, or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or Distribution or the performance of such act may be completed on or as soon as reasonably practicable after the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

7.2.6. Distribution Record Date. As of the Distribution Record Date, any applicable books and records and/or transfer registers for each of the Classes of Claims as maintained by Debtors shall be deemed closed, and there shall be no further changes made to reflect any new record holders of any Claims or Equity Interests. The Liquidating Trustee will not have any obligation to recognize any transfer or sale of Claims or Equity Interests occurring on or after the Distribution Record Date and will be entitled for all purposes herein, and subject to all of the provisions of the Plan relating to the timing of the allowance of Claims and Equity Interests, to recognize and make Distributions on account of Allowed Claims and Equity Interests only to those holders who are identified as holders of Claims and Equity Interests as of the Distribution Record Date. Except as otherwise provided in a Final Order, the transferees of Claims or Equity Interests that are transferred pursuant to Bankruptcy Rule 3001 prior to the Distribution Record Date will be treated as the holders of such Claims for all purposes, notwithstanding that any period provided by Bankruptcy Rule 3001 for objecting to such transfer may not have expired by the Distribution Record Date.

1 **7.2.7. Setoffs.** Debtors or the Liquidating Trustee, as applicable, may, but shall
 2 not be required to, set off or recoup against any Claim and the payments or other
 3 Distributions to be made pursuant to this Plan in respect of such Claim (before any
 4 Distribution is made on account of such Claim or Equity Security), claims of any nature
 5 whatsoever that the applicable Debtor may have against the Holder of such Claim to the
 extent such Claims may be set off or recouped under applicable law, *provided, that*,
 neither the failure to do so nor the allowance of any Claim hereunder shall constitute a
 waiver or release by the Debtors or the Liquidating Trustee of any such Claim that it may
 have against such Holder.

6 **7.2.8. Interest on Claims.** Except as specifically provided for in this Plan or the
 7 Confirmation Order or required by the Bankruptcy Code, interest shall not accrue on
 8 Claims and no holder of a Claim shall be entitled to interest on any Claim accruing on or
 9 after the applicable Petition Date. Interest shall not accrue on any General Unsecured
 10 Claim that is a Disputed Claim in respect of the period from the Effective Date to the date
 a final Distribution is made thereon if and after that Disputed Claim becomes an Allowed
 Claim. Except as expressly provided herein or in a Final Order of the Bankruptcy Court,
 no prepetition Claim shall be Allowed to the extent that it is for postpetition interest or
 similar charges.

11 **7.2.9. No Distribution in Excess of Allowed Amount of Claim.**
 12 Notwithstanding anything to the contrary contained in the Plan, no holder of an Allowed
 13 Claim shall receive in respect of that Claim any Distribution in excess of the Allowed
 amount of such Claim.

14 **7.2.10. De Minimis Distributions; Charitable Donation.**
 15 Notwithstanding anything to the contrary therein, the Liquidating Trustee shall not be
 16 required to make a Distribution to any holder of an Allowed Claim if the dollar amount of
 17 the Distribution is less than \$100 or otherwise so small that the cost of making that
 18 Distribution exceeds the dollar amount of such Distribution. On or about the time that the
 final Distribution is made, the Liquidating Trustee may make a charitable donation with
 undistributed funds if, in the reasonable judgment of the Liquidating Trustee, the cost of
 calculating and making the final Distribution of the remaining funds is excessive in
 relation to the benefits to the or holders of Claims who would otherwise be entitled to such
 Distributions, and such charitable donation is provided to an Entity not otherwise related
 to the Debtors, the Oversight Committee or its members, or the Liquidating Trustee.

19 **7.2.11. Withholding from Distributions.** Any federal, state or local
 20 withholding taxes or other amounts required to be withheld under applicable law shall be
 21 deducted from Distributions pursuant to the Plan. The Liquidating Trustee may withhold
 22 from amounts distributable pursuant to the Plan to any Person or Entity any and all
 23 amounts, determined in the sole and reasonable discretion of the Liquidating Trustee,
 required to be withheld by any law, regulation, rule, ruling, directive, or other
 governmental requirement; *provided, however*, that the Liquidating Trustee shall not
 withhold any amount from the Nespresso Estate Distribution.

24 **7.2.12. No Distribution on Late-Filed Claims.** Except as otherwise
 25 provided in a Final Order of the Bankruptcy Court, any Claim as to which a proof of Claim
 26 was required to be filed and was first filed after the applicable bar date in the Chapter 11
 Cases, including, without limitation, the applicable Proof of Claim Deadline and any other
 27 bar dates established in the Plan or in the Confirmation Order, shall automatically be
 deemed a late-filed Claim that is disallowed in the Chapter 11 Cases, without the need for
 (a) any further action by the Liquidating Trustee or (b) an order of the Bankruptcy Court.
 28 Nothing in this paragraph is intended to expand or modify the applicable Proof of Claim
 Deadline or any other bar dates or any orders of the Bankruptcy Court relating thereto.

1 **7.3. Release and Indemnification.** Pursuant to Section 1123(b) of the Bankruptcy
 2 Code, for good and valuable consideration, including the implementation of the Distributions and
 3 actions required to be performed by the Liquidating Trustee, the Liquidating Trustee are deemed
 4 released and indemnified by the Liquidating Trust from any and all claims, obligations, rights,
 suits, damages, remedies and liabilities whatsoever, whether known or unknown, foreseen or
 unforeseen, existing or hereinafter arising, in law, equity or otherwise, arising out of or related to
 disbursements except for gross negligence or willful misconduct.

5 **8. CONDITIONS PRECEDENT TO CONFIRMATION AND THE EFFECTIVE**
 6 **DATE**

7 **8.1. Conditions to Confirmation.** The Confirmation Order shall have been entered
 and be in form and substance reasonable acceptable to Debtors and the Creditor Committee.

8 **8.2. Conditions to Effectiveness.** The following are conditions precedent to the
 9 occurrence of the Effective Date:

10 **8.2.1.** The Confirmation Order shall be a Final Order, except that Debtors reserve
 the right to cause the Effective Date to occur notwithstanding the pendency of an appeal
 of the Confirmation Order, subject to agreement of the Creditor Committee.

11 **8.2.2.** All documents necessary to implement the transactions contemplated by
 12 this Plan shall be in form and substance reasonable acceptable to Debtors and the Creditor
 Committee.

13 **9. TITLE TO PROPERTY; EFFECT OF CONFIRMATION**

14 **9.1. Title to Property.** As of the Effective Date, all Liquidating Trust Property shall
 15 vest in the Liquidating Trust free and clear of all Liens, Claims, and Equity Securities except as
 otherwise provided herein.

16 **9.2. Compromise and Settlement.** The allowance, classification, and treatment of all
 17 Allowed Claims and their respective Distributions under this Plan takes into account and/or
 conform to the relative priority and rights of the Claims in each Class in connection with any
 18 contractual, legal, and equitable subordination rights relating thereto whether arising under general
 principles of equitable subordination, Section 510(c) of the Bankruptcy Code, or otherwise.

19 **9.3. Term of Bankruptcy Injunction or Stays.** Unless otherwise provided in the
 20 Confirmation Order, all injunctions or stays provided for in the Chapter 11 Cases under sections

21 **9.4. Injunction.** Except as otherwise expressly provided in or to enforce the Plan
 22 or the Bankruptcy Code, the Confirmation Order or a separate order of the Bankruptcy
 Court, all Persons or Entities who have held, hold or may hold Claims against the Debtors
 or their Estates are permanently enjoined, from and after the Effective Date, from (a)
 23 commencing or continuing in any manner any action or other proceeding of any kind against
 any Debtor or the Liquidating Trust with respect to any such Claim in any forum other than
 24 the Bankruptcy Court, (b) the enforcement, attachment, collection or recovery by any
 manner or means of any judgment, award, decree or order against any Debtor or the
 25 Liquidating Trust on account of any interest from such Claim, (c) creating, perfecting or
 enforcing any Lien or encumbrance of any kind against any Debtor, the Liquidating Trust,
 26 or against the Assets, (d) commencing or continuing in any manner any action or other
 proceeding of any kind with respect to any claims which are extinguished, dismissed or
 27 released pursuant to the Plan, and (e) asserting any right of setoff or subrogation of any kind
 against any obligation due from any Debtor, or their successors and assigns, or against any
 28 of their Assets, except to the extent a right to setoff or subrogation is asserted with respect to

1 a timely filed proof of Claim that results in an Allowed Claim. For the avoidance of doubt,
 2 nothing in the Plan or the Confirmation Order is intended to enjoin or otherwise prevent
 3 any creditor or other party in interest from enforcing the terms of the Plan and the
 4 Confirmation Order in the Bankruptcy Court. Notwithstanding the foregoing, the injunction
 as provided in this Section 9.3 shall not enjoin any action brought by the Causes of Action
 assigned to the Liquidating Trust pursuant to this Plan.

5 **9.5. Exculpation.** Except as provided for in this Plan and the Causes of Action
 6 transferred to the Liquidating Trust pursuant to this Plan, from and after the Effective Date,
 7 neither the Debtors, Creditor Committee, the professionals employed on behalf of the Estates
 8 or the Creditor Committee, nor any of their respective present or former members,
 9 directors, officers, managers, employees, advisors, attorneys, or agents, shall have or incur
 10 any liability, including derivative claims, but excluding direct claims, to any Holder of a
 11 Claim or Equity Security or any other party-in-interest, or any of their respective agents,
 12 employees, representatives, financial advisors, attorneys, or Affiliates, or any of their
 successors or assigns, for any act or omission in connection with, relating to, or arising out
 of (from the Petition Date through the Effective Date), the Chapter 11 Case, the pursuit of
 confirmation of this Plan, or the consummation of this Plan, except for gross negligence,
 willful misconduct and actions taken or asserted on such Parties' individual interests as a
 Holder of a Claim or an Equity Security, and in all respects shall be entitled to reasonably
 rely upon the advice of counsel with respect to their duties and responsibilities under this
 Plan or in the context of the Chapter 11 Case.

13 The Liquidating Trustee, together with its agents and representatives, are exculpated
 14 pursuant to the Plan by all Persons, holders of Claims, Equity Securities, and other parties
 15 in interest, from any and all Causes of Action, arising out of the discharge of the powers and
 16 duties conferred upon the Liquidating Trustee by the Liquidating Trust Agreement, the
 Confirmation Order, the Plan, any Final Order of the Bankruptcy Court entered pursuant
 to or in the furtherance of the Plan, or applicable law, except solely for actions or omissions
 arising out of the Liquidating Trustee's gross negligence or willful misconduct.

17 **9.6. Binding Effect.** Subject to the Confirmation Order becoming a Final Order, on
 18 and after the Effective Date, the Plan shall be binding upon and inure to the benefit of the Debtors
 19 and their Estates preserved and assigned to the Liquidating Trust and the holders of Claims and
 Equity Interests and their respective successors and assigns, whether or not the Claim or Equity
 Interest of such holder is impaired under the Plan, whether or not such holder has accepted the
 Plan and whether or not such holder is entitled to a distribution under the Plan.

20 **10. RETENTION OF JURISDICTION**

21 **10.1. Jurisdiction.** Notwithstanding the entry of the Confirmation Order and the
 22 occurrence of the Effective Date, the Bankruptcy Court shall retain such jurisdiction over the
 23 Chapter 11 Case, the Debtors, and the Liquidating Trust after the Effective Date as is legally
 permissible, including jurisdiction to:

24 (1) Allow, disallow, determine, liquidate, classify, estimate, or establish the priority or
 25 secured or unsecured status of any Claim, Contingent Claim, or Disputed Claim, including
 the resolution of any request for payment of any Administrative Claim and the resolution
 of any and all objections to the allowance or priority of Claims;

26 (2) Grant or deny any applications for allowance of compensation or reimbursement of
 27 expenses authorized pursuant to the Bankruptcy Code or this Plan for periods ending on or
 before the Effective Date;

28 (3) Resolve any matters related to the assumption, assignment, or rejection of any

1 Executory Contract or Unexpired Lease to which any Debtor or the Liquidating Trust is
2 party and to hear, determine, and, if necessary, liquidate any Claims arising there from or
Cure amounts related thereto;

3 (4) Ensure that Distributions to Holders of Allowed Claims are accomplished pursuant
4 to the provisions of this Plan;

5 (5) Decide or resolve any motions, adversary proceedings, contested or litigated
6 matters, and any other matters, and grant or deny any applications or motions involving the
Debtors or Liquidating Trust that may be pending on the Effective Date or commenced
thereafter as provided for by this Plan;

7 (6) Enter such orders as may be necessary or appropriate to implement or consummate
8 the provisions of this Plan and all contracts, instruments, releases, and other agreements or
documents, including the Liquidating Trust Agreement, created in connection with this
Plan (including those contained in the Plan Supplement) and the Confirmation Order,
9 except as otherwise provided herein;

10 (7) Decide or resolve any cases, controversies, suits, or disputes that may arise in
11 connection with the consummation, interpretation, or enforcement of any Final Order, this
Plan, the Plan Supplement, the Confirmation Order, Liquidating Trust Agreement, or any
Person's obligations incurred in connection with this Plan or the Confirmation Order;

12 (8) Modify this Plan before or after the Effective Date pursuant to Section 1127 of the
13 Bankruptcy Code and Section 11.1 of this Plan or modify any contract, instrument, release
or other agreement or document created in connection with or pursuant to this Plan, the
14 Confirmation Order; or remedy any defect or omission or reconcile any inconsistency in
any Final Order, this Plan, the Confirmation Order, or any contract, instrument, release or
15 other agreement or document created in connection with or pursuant to this Plan, , or the
Confirmation Order, in such manner as may be necessary or appropriate to consummate
16 this Plan, to the extent authorized by the Bankruptcy Code;

17 (9) Issue injunctions, enter and implement other orders, or take such other actions as
18 may be necessary or appropriate to restrain interference by any person with consummation,
implementation, or enforcement of any Final Order, this Plan, the Confirmation Order, the
Liquidating Trust Agreement or any other contract, instrument, release, or other document
19 created in connection with or pursuant to this Plan, the Confirmation Order, or the
Liquidating Trust Agreement, except as otherwise provided herein;

20 (10) Enter and implement such orders as are necessary or appropriate if a Final
21 Order or the Confirmation Order is for any reason modified, stayed, reversed, revoked, or
vacated;

22 (11) Determine any other matters that may arise in connection with or relate to
23 this Plan, any Final Order, the Disclosure Statement, the Confirmation Order, or any
contract, instrument, release, or other agreement or document, including then Liquidating
24 Trust Agreement, created in connection with or pursuant to this Plan, any Final Order, or
Confirmation Order, except as otherwise provided herein;

25 (12) Enter an order closing the Chapter 11 Cases;

26 (13) Hear and decide Causes of Actions and continue to hear and decide pending
27 Causes of Actions and any other claim or cause of action of the Debtors or the Liquidating
Trust; and
28

(14) Decide or resolve any matter over which the Bankruptcy Court has jurisdiction pursuant to Section 505 of the Bankruptcy Code.

Nothing contained in this Article 10 shall constitute a waiver by any Person of the right to assert that the Bankruptcy Court lacks jurisdiction over any matter set forth in this Article 10.

11. MODIFICATION AND AMENDMENT OF PLAN

11.1. Modification and Amendment. Prior to Confirmation, Debtors may alter, amend, or modify this Plan under Section 1127(a) of the Bankruptcy Code at any time. After the Confirmation Date and prior to substantial consummation, as defined in Section 1101(2) of the Bankruptcy Code, of this Plan, Debtors or the Liquidating Trustee may, under Section 1127(b), (c), and (d) of the Bankruptcy Code, alter, amend, or modify this Plan or institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in this Plan, the Plan Supplement, the Disclosure Statement, or the Confirmation Order, to make appropriate adjustments and modifications to this Plan, the Plan Supplement, or the Confirmation Order as may be necessary to carry out the purposes and effects of this Plan so long as such proceedings do not materially adversely affect the treatment of Holders of Allowed Claims under this Plan.

12. MISCELLANEOUS

12.1. Filing of Objections to Claims. After the Effective Date, objections to Claims may be made and objections previously asserted to Priority Unsecured Claims and General Unsecured Claims may be pursued the Liquidating Trust or any other party properly entitled to do so under the Bankruptcy Code. Any objections to Priority Unsecured Claims and General Unsecured Claims made after the Effective Date shall be filed and served not later than the first Business Day that is ninety (90) calendar days after the Effective Date; provided, however, that such period may be extended from time to time by order of the Bankruptcy Court which extensions may be extended on the *ex parte* request of the Liquidating Trustee.

12.1.1. Resolution of Objections After Effective Date. From and after the Effective Date, the Liquidating Trustee may litigate to judgment, propose settlements of, or withdraw objections to, all pending or filed Disputed Claims and may settle or compromise any Disputed Claim without notice and a hearing and without approval of the Bankruptcy Court.

12.1.2. Distributions and Disputed Claims Reserve. Notwithstanding any other provision of the Plan, no Distribution shall be made on account of any Disputed Claim unless and until such Claim is Allowed in accordance with the provisions of the Plan. If a Disputed Claim has not been Allowed as of the date for any Distribution on account of such Claim under the Plan, the amount otherwise distributable to the holder of such Claim under the Plan shall be deposited into the applicable Disputed Claims Reserve, and held pending determination of such Claim as an Allowed Claim for purposes of the Plan. Upon a determination that such Disputed Claim is an Allowed Claim for purposes of the Plan, the Claim as Allowed shall be paid from the Disputed Claims Reserve in accordance with the terms and conditions of the Plan, but the amount paid shall not exceed the amount in the Disputed Claims Reserve reserved on account of such Claim.

12.1.3. Late-Filed Claims. No Proof of Claim filed after the Bar Date or, as applicable, the Administrative Claim Bar Date, shall be allowed, and all such Proofs of Claims are hereby disallowed in full. After the Bar Date or the Administrative Bar Date, as applicable, no Creditor shall be permitted to amend any Claim or Proof of Claim to increase the claimed amount and any such amendment shall be disallowed to the extent of the late-filed increase in the claimed amount.

12.2. Exemption from Transfer Taxes. Pursuant to Section 1146 of the Bankruptcy Code: (i) the issuance, distribution, transfer, or exchange of property pursuant to this Plan (including the Assets); (ii) the creation, modification, consolidation, or recording of any deed of trust or other security interest, the securing of additional indebtedness by such means or by other means in furtherance of, or connection with this Plan or the Confirmation Order; (iii) the making, assignment, modification, or recording of any lease or sublease; or (iv) the making, delivery, or recording of a deed or other instrument of transfer under, in furtherance of, or in connection with, this Plan, Confirmation Order, or any transaction contemplated above, or any transactions arising out of, contemplated by, or in any way related to the foregoing, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act or real estate transfer tax, mortgage recording tax, or other similar tax or governmental assessment and the appropriate state of local government officials or agents shall be, and hereby are, directed to forego the collection of any such tax or assessment and to accept for filing or recordation any of the foregoing instruments or other documents without the payment of any such tax or assessment.

12.3. Revocation or Withdrawal of this Plan. Debtors reserve the right to revoke or withdraw this Plan at any time prior to its substantial consummation. If this Plan is withdrawn or revoked, then this Plan shall be deemed null and void and nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against Debtors or any other Person, nor shall the withdrawal or revocation of this Plan prejudice in any manner the rights of Debtors or any Person in any further proceedings involving Debtors. In the event this Plan is withdrawn or revoked, nothing set forth herein shall be deemed an admission of any sort and this Plan and any transaction contemplated thereby shall be inadmissible into evidence in any proceeding

12.4. Binding Effect. This Plan shall be binding upon, and shall inure to the benefit of, Debtors, the Holders of all Claims and Equity Securities, and their respective successors and assigns.

12.5. Governing Law. Except to the extent that the Bankruptcy Code or other federal law is applicable or as provided in any contract, instrument, release, or other agreement entered into in connection with this Plan or in any document which remains unaltered by this Plan, the rights, duties, and obligations of Debtors and any other Person arising under this Plan shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Nevada without giving effect to Nevada's choice of law provisions.

12.6. Modification of Payment Terms. The Liquidating Trustee reserves the right to modify the treatment of any Allowed Claim in any manner adverse only to the Holder of such Allowed Claim at any time after the Effective Date upon the prior written consent of the Holder whose Allowed Claim treatment is being adversely affected.

12.7. Providing for Claims Payments. Distributions to Holders of Allowed Claims shall be made by Notice. Any notice required or permitted to be provided under this Plan shall be in writing and served by either: (i) certified mail, return receipt requested, postage prepaid; (ii) hand delivery; or (iii) reputable overnight courier service, freight prepaid, to be addressed as follows:

If to Debtors:

Mr. Tony Lopez
3132 La Suvida Dr.
Los Angeles, CA 90068

With a copy to:

Garman Turner Gordon
Attn: William M. Noall, Esq.
7251 Amigo Street, Suite 210
Las Vegas, NV 89119
Tel: (725) 777-3000
Email: wnoall@gtg.legal

With a copy to:

Schwartz Law, PLLC
Samuel A. Schwartz, Esq.
601 East Bridger Avenue
Las Vegas, NV 89101

12.8. Severability. If any provision of this Plan is determined by the Bankruptcy Court to be invalid, illegal, or unenforceable or this Plan is determined to be not confirmable pursuant to Section 1129 of the Bankruptcy Code, the Bankruptcy Court, at the request of Debtors, shall have the power to alter and interpret such term to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of this Plan shall remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

12.9. Withholding and Reporting Requirements. In connection with this Plan and all instruments and interests issued in connection therewith and Distributions pursuant to the plan, the Disbursing Agent shall comply with all withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority and all Distributions hereunder shall be subject to any such withholding and reporting requirements. The Disbursing Agent shall be authorized to take any and all action that may be necessary to comply with such withholding and recording requirements. Notwithstanding any other provision of this Plan, each Holder of an Allowed Claim that has received a Distribution pursuant to this Plan shall have sole and exclusive responsibility for the satisfaction or payment of any tax obligation imposed by any governmental unit, including income, withholding, and other tax obligation on account of such Distribution.

12.10. Post-Confirmation Reporting. Until the earlier of their dissolution or the entry of the final decree closing the Chapter 11 Cases, the Liquidating Trustee shall comply with the post-confirmation reporting requirements set forth in Bankruptcy Code and Bankruptcy Rules. Additionally, the Liquidating Trustee shall file post-confirmation quarterly operating reports detailing receipts and disbursements (along with ending cash balance) for each calendar quarter from the date of confirmation until dismissal, conversion, or entry of a final decree closing the case, which reports shall be filed no later than 20 days after the last day of the reported quarter.

12.11. Cramdown. In the event that any Impaired Class is determined to have rejected this Plan in accordance with Section 1126 of the Bankruptcy Code, Debtors may invoke the provisions of Section 1129(b) of the Bankruptcy Code to satisfy the requirements for confirmation of this Plan. Debtors reserve the right to modify this Plan to the extent, if any, that Confirmation pursuant to Section 1129(b) of the Bankruptcy Code requires modification.

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1 **12.12. Quarterly Fees.** Prior to the Effective Date, the Debtors, and after the Effective
2 Date, the Liquidating Trustee, shall be responsible to pay all quarterly fees payable to the Office
3 of the United States Trustee pursuant to the sliding scale set forth in 28 U.S.C. § 1930(a)(6), and
4 the applicable provisions of the Bankruptcy Code and Bankruptcy Rules.

5 DATED this 5th day of March, 2021

6 GUMP'S HOLDINGS, LLC
7 GUMP'S CORP.
8 GUMP'S BY MAIL, INC.

9 /s/ Tony Lopez
10 By: Tony Lopez
11 Its: Responsible Person

12 Prepared and Submitted:

13 GARMAN TURNER GORDON

14 By: /s/ William M. Noall
15 WILLIAM M. NOALL, ESQ.
16 Nevada Bar No. 3549
17 GABRIELLE A. HAMM
18 Nevada Bar No. 11588
19 7251 Amigo Street, Suite 210
20 Las Vegas, NV 89119

SCHEDULE 1.1.15
TO PLAN OF LIQUIDATION
CERTAIN PRESERVED POTENTIAL CAUSES OF ACTION

All defined terms used herein shall have the meanings set forth in the Plan. The following is a non-exhaustive list of potential parties against whom Debtors may hold a claim or cause of action. Debtors reserve their right to modify this list to amend or add parties or causes of action but disclaim any obligation to do so. In addition to the possible causes of action and claims listed below, Debtors have or may have, in the ordinary course of their business, numerous causes of action and Claims or rights against contractors, subcontractors, vendors, suppliers, and others with whom they deal in the ordinary course of their business (the “Ordinary Course Claims”). Debtors reserve their right to enforce, sue on, settle, or compromise (or decline to do any of the foregoing) the Ordinary Course Claims, as well as the claims and causes of action listed below and all other claims and causes of action. Debtors also have, or may have, and are retaining, various claims or causes of action arising under or pursuant to its insurance policies, and all rights arising under, relating to, or in connection with such policies are expressly reserved and retained.

1. Causes of Actions arising out of or in connection with Debtors’ business, property, or operations.
2. Causes of Actions arising out of transactions involving, concerning, or related to Debtors; and
3. All other rights, privileges, claims, actions, or remedies of Debtors and/or the Liquidating Trust existing on the Effective Date, whether arising at law or in equity.
4. All Avoidance Actions.

There may also be other Causes of Actions which currently exist or may subsequently arise that are not set forth herein because the facts underlying such Causes of Actions are not currently known or sufficiently known by Debtors. The failure to list any such unknown Causes of Action herein is not intended to limit the rights the Debtors or the Liquidating Trustee, as applicable, to pursue any unknown Causes of Action to the extent the facts underlying such unknown Causes of Action become more fully known in the future.

Unless Causes of Actions against any individual or entity are expressly waived, relinquished, released, compromised, or settled by the Plan or any Final Order, each Debtor expressly reserves for its benefit, and the benefit of the Liquidating Trust, all Causes of Actions, including, without limitation, all unknown Causes of Actions for later adjudication and therefore no preclusion doctrine (including, without limitation, the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches) shall apply to such Causes of Actions after the confirmation or consummation of the Plan. In addition, each Debtor expressly reserves for its benefit, and the benefit of the Liquidating Trust, the right to pursue or adopt any claims alleged in any lawsuit in which Debtors is a defendant or an interested party, against any individual or entity, including plaintiffs and co-defendants in such lawsuits.

SCHEDULE 6.1
TO PLAN OF LIQUIDATION
ASSUMED EXECUTORY CONTRACTS AND UNEXPIRED LEASES

None

4828-9141-4690, v. 8

EXHIBIT B
(DISCLOSURE STATEMENT ORDER)

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SCHEDULE 1
(Schedule Of Assets)

• Proceeds of FedEx Corporate Services, Inc.; 20-01081-MKN: The Committee filed this adversary complaint on July 13, 2020 for preferential transfers made during the 90 days prior to the Petition Date. The parties have exchanged documents and begun settlement discussions based on the merits of the Committee's claims and the Defendant's affirmative defenses. The parties have discussed mediation. Potential recovery is a range from \$00.00 to \$1,058,922.71.

• Proceeds of American Express Company and American Express Travel Related Services Company, Inc.; 20-01080-MKN: The Committee filed this adversary complaint on July 14, 2020 for preferential transfers made during the 90 days prior to the Petition Date. The Defendants have also advised the Committee that they are holding \$325,887.67 as a merchant reserve. The parties have agreed to settle this matter, and in exchange for turnover of the merchant reserve, The Committee agreed to dismiss the adversary complaint with prejudice. The Bankruptcy Court approved the settlement agreement pursuant to Rule 9019. The settlement infused \$325,887.67 into the Debtors' bankruptcy estates.

• The managers, directors, and officers of the Debtors; 20-01085-MKN: The Debtors filed this adversary complaint on August 1, 2020 for certain breaches of fiduciary duties. Ten of the eleven Defendants have filed answers, while the final Defendant has moved to compel arbitration. While the parties await a ruling from the Bankruptcy Court, the parties have begun settlement discussions with the insurance carrier that responsible for the defense. Potential recovery is a range from \$00.00 to \$3,000,000.00.

SCHEDULE 2
(Liquidation Analysis)

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Exhibit 2

Liquidation Analysis

THE DEBTORS MAKE NO REPRESENTATIONS OR WARRANTIES REGARDING THE ACCURACY OF THE ESTIMATES AND ASSUMPTIONS CONTAINED HEREIN. THERE CAN BE NO ASSURANCE THAT THE VALUES REFLECTED IN THIS LIQUIDATION ANALYSIS WOULD BE REALIZED IF THE DEBTORS WERE, IN FACT, TO UNDERGO SUCH A LIQUIDATION UNDER CHAPTER 7, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE ESTIMATED HEREIN.

1. Introduction

The Debtors with the assistance of their legal counsel, have prepared this hypothetical liquidation analysis (the “**Liquidation Analysis**”) in connection with the *Debtors’ Plan of Liquidation* (as Revised) (as amended, supplemented, or modified from time to time, the “**Plan**”)¹ and *Disclosure Statement Concerning Debtors’ Plan of Liquidation* (as Revised) (as amended, supplemented, or modified from time to time, the “**Disclosure Statement**”). This Liquidation Analysis indicates an estimated recovery that may be obtained by holders of Claims and Equity Interests in a hypothetical liquidation pursuant to chapter 7 of the Bankruptcy Code as an alternative to the Plan.

Often called the “best interests” test, section 1129(a)(7) of the Bankruptcy Code requires that the Bankruptcy Court find, as a condition to confirmation of the Plan, that each holder of a Claim in each Impaired Class: (a) has accepted the Plan; or (b) will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount that such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. To demonstrate compliance with section 1129(a)(7), this Liquidation Analysis: (1) estimates the cash proceeds (the “**Liquidation Proceeds**”) that a chapter 7 trustee (the “**Trustee**”) would generate if each of the Chapter 11 Cases were converted to a chapter 7 case on March 31, 2021 (the “**Conversion Date**”) and the assets of the Debtors were liquidated; (2) determines the distribution (the “**Liquidation Distribution**”) that each holder of a Claim or Interest would receive from the Liquidation Proceeds under the priority scheme dictated in chapter 7; and (3) compares each holder’s Liquidation Distribution to the distribution under the Plan that such holder would receive if the Plan were confirmed and consummated. Accordingly, asset values discussed herein may be different than amounts referred to in the Plan. This Liquidation Analysis is based upon certain assumptions discussed herein.

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to such terms in the Plan or Disclosure Statement, as applicable.

2. Basis of Presentation

The Liquidation Analysis has been prepared assuming that the Debtors would convert their cases from a chapter 11 case to a chapter 7 case on the Conversion Date and would be liquidated thereafter pursuant to chapter 7 of the Bankruptcy Code. The Debtors believe that the Conversion Date is a reasonable proxy for the Effective Date of the Plan. The Liquidation Analysis is summarized in the tables contained herein.

The Liquidation Analysis represents an estimate of recovery values and percentages based upon a hypothetical liquidation of the Debtors. It is assumed that, on the Conversion Date, the Bankruptcy Court would appoint the Trustee who would wind-up the Debtors during the course of a 1 year and 3 month period following the Conversion Date (the “Wind-Up Period”) and distribute the cash proceeds, net of liquidation-related costs, to holders of Claims and Interests in accordance with the priority scheme set forth in chapter 7. It is assumed that the Trustee will retain lawyers and other necessary advisors and professionals to assist in the liquidation and wind-up.

The determination of the hypothetical proceeds from the liquidation of assets is a highly uncertain process involving the extensive use of estimates and assumptions which, although considered reasonable by the Debtors’ managing officer (“Management”) and the Debtors’ counsel, are inherently subject to significant legal, economic, and other uncertainties and contingencies beyond the control of the Debtors and Management. However, in these Cases, it is anticipated that on the Conversion Date the Assets will be comprised primarily of cash and pending lawsuits.

In preparing the Liquidation Analysis, the Debtor have estimated an amount of Allowed Claims for each Class of Holders based upon an initial review of the Debtors’ schedules and filed claims. The estimate of all Allowed Claims in the Liquidation Analysis is generally based on the par value of those Claims. The estimate of the amount of Allowed Claims set forth in the Liquidation Analysis should not be relied upon for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of Allowed Claims under the Plan. The actual amount of Allowed Claims could be materially different from the amount of Claims estimated in this Liquidation Analysis. NOTHING CONTAINED IN THIS LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION OR ADMISSION OF THE DEBTORS.

Professional fees for professionals retained by the Trustee, Trustee fees, Administrative Claims, Priority Claims, Secured Claims, and other such Claims that may arise in a liquidation scenario would have to be paid in full from the Liquidation Proceeds before any proceeds are made available to Holders of Allowed General Unsecured Claims. Under the priority scheme dictated in chapter 7, no junior creditor would receive any distributions until all senior creditors are paid in full. The assumed distributions to creditors as reflected in this Liquidation Analysis are estimated in accordance with the priority scheme dictated in chapter 7.

The Liquidation Analysis generally takes into consideration the quarterly United States Trustee Fees for the 4th quarter of 2020, the 1st through 4th quarter of 2021, and the 1st and 2nd quarter of 2022. It is assumed that in the 2nd quarter of 2022 distributions to Creditors will be

made by the Chapter 7 Trustee (though there is no assurance that such distributions will be made at this time).

3. Liquidation Process

For purposes of this analysis, the Debtors' hypothetical liquidation would be conducted in a Chapter 7 environment with the Trustee managing the bankruptcy estates of the Debtors to maximize recoveries in an expedited process. One of the Trustee's initial steps would be to develop a liquidation plan from the proceeds of assets for distribution to creditors. The three major components of the liquidation are as follows:

- generation of cash proceeds from remaining assets (lawsuits);
- costs related to the liquidation process, such as wind-up costs of the Debtors' estates and Chapter 7 Trustee, professional and other administrative fees; and
- distribution of net proceeds generated from asset sales to the Holders of Allowed Claims in accordance with the priority scheme under chapter 7 of the Bankruptcy Code.

The Debtors' remaining assets on the Conversion Date are expected to primarily consist of:

- Cash; and
- Estimated recoveries from pending lawsuits filed by Debtors.

4. Distribution of Net Proceeds to Claimants

Any available net proceeds would be allocated to the applicable Holders of Claims and Interests in strict priority in accordance with section 726 of the Bankruptcy Code:

- United States Trustee Fees
- Chapter 7 Liquidation Adjustments – includes post-conversion wind-up costs, estimated fees paid to the chapter 7 Trustee and the Trustee’s professionals.
- Chapter 11 Administrative Fees
- Distribution to Holders of Allowed Claims according to their respective priority including:
 - Secured Claims
 - Priority Unsecured Claims
 - General Unsecured Claims

Pursuant to the distribution scheme of chapter 7, no junior creditor would receive any distribution until all senior creditors are paid in full. The assumed distributions to creditors as reflected in this Liquidation Analysis are estimated in accordance with the applicable provisions of Chapter 7.

5. Conclusion

The Debtor has determined, as summarized in the following analysis, that upon the Effective Date, the Plan will provide all Holders of Claims a recovery (if any) that is not less than what they would otherwise receive pursuant to a liquidation of the Debtors under chapter 7 of the Bankruptcy Code. Accordingly, the Debtors believe that the Plan satisfies the requirement of section 1129(a)(7) of the Bankruptcy Code.

(dollar amounts in 000s)

<i>Type of Claim</i>	<i>Estimated Claims in Liquidation Analysis</i>	<i>Estimated Plan Recovery</i>	<i>Estimated Liquidation Analysis Recovery</i>
United States Trustee Fees	\$ 18	100.0%	100.0%
Chapter 7 Administrative Claims	\$ 327	N/A [1]	100.0%
Chapter 11 Administrative Claims	\$ 377	100.0%	100.0%
Class 1(a)-(c) – Secured Claims	\$ 0	100.0%	100.0%
Class 2(a)-(c) – Priority Unsecured Claims	\$ 72	100%	100.0%
Class 3 – General Unsecured Claims	\$ 33,000	4.04%	3.05%

[1] There are no Chapter 7 Administrative Claims under the Plan.

The following table summarizes this Liquidation Analysis for the Debtors. The Liquidation Analysis should be reviewed with the accompanying notes.

(dollar amounts in 000s)

	<u>Notes</u>	<u>Pro-Forma 4/30/2021</u>	<u>Estimated Liquidation Value</u>
Gross Liquidation Proceeds			
<i>Liquidation Balance Sheet</i>			
Cash	[1]	\$100	\$100
Estimated Recoveries from lawsuits	[2]	\$1,700	\$1,700
<i>Total Liquidated Assets</i>		<hr/>	<hr/>
		\$1,800	\$1,800
Estimated United States Trustee Fees	[3]	<hr/>	(18)
Net Proceeds after United States Trustee Fees			<hr/>
			\$1,782
<i>Chapter 7 Liquidation Adjustments</i>			
Chapter 7 Wind Up Costs	[4]		\$(50)
Chapter 7 Trustee Fees	[5]		(77)
Chapter 7 Professional Fees	[6]		(200)
			<hr/>
			\$(327)
<i>Estimated Net Proceeds from Liquidation Available for Distribution</i>			<hr/>
			\$1,455
<hr/>			
		<u>Estimated Claim Amount 3/31/2021</u>	<u>Estimated Recovery %</u>
Claim Classes			
Class 1(a)-(c) Secured Claims	[7]	<hr/>	100%
Class 2(a)-(c) Priority Unsecured Claims	[8]	<hr/>	100%
<i>Net Remaining Distributable Proceeds</i>			
Unpaid Chapter 11 Administrative Claims	[9]	\$377	100%
<i>Net Remaining Distributable Proceeds for General Unsecured Claims</i>			
Class 3(a)-(c) General Unsecured Claims	[10]	\$33.00	3.05%
Remaining Net Liquidation Proceeds	\$	\$00.0	

Notes to the Liquidation Analysis

Total Liquidated Assets

1. Cash

- a. Estimated cash and cash equivalents consisting of cash held in the Debtors' DIP bank account(s).

2. Estimated Recoveries From Lawsuits

- a. Estimated gross recoveries from lawsuits (estimated)

United States Trustee Fees

3. Estimated United States Trustee Fees

- a. Calculated at the statutory rate.

Chapter 7 Liquidation Adjustments

4. Estimated Wind-Up Costs

- a. General and administrative expenses during the Liquidation Period consist primarily of support functions that would be required to wind-up the Debtors' Estates in Chapter 7, including likely consulting fees for the current management team to assist the Chapter 7 Trustee, estimated storage fees for document storage, insurance for the Chapter 7 Trustee and certain other miscellaneous costs (bank fees, data storage, etc.).

5. Estimated Chapter 7 Trustee Fees

- a. Chapter 7 Trustee Fees are limited by the fee guidelines of section 326(a) of the Bankruptcy Code.

6. Chapter 7 Professional Fees

- a. Estimated Professional Fees are based on a monthly estimate of legal, financial advisory, and other costs to support the Trustee in the wind-up of the Debtor's Estate over the Liquidation Period.

Claims and Recoveries

7. Class 1(a)-(c) – Other Secured Claims

- a. Consistent with the Plan, the Debtor estimates that Class 1(a)-(c) –Secured Claims will be Fifty-One Thousand (\$0.00) as of the Conversion Date.

8. Class 2(a)-(c) – Priority Unsecured Claims

- a. Consistent with the Plan, the Debtor estimates that Class 2(a)-(c)– Priority Unsecured Claims will be Forty-One Thousand (\$72,000) as of the Conversion Date.

Administrative Claims

9. Chapter 11 Administrative Claims

- a. The Debtors estimate that Chapter 11 Administrative Claims will total approximately \$377,000 as of the Conversion Date.

Unsecured Claims

10. Class 3(a)-(c) – General Unsecured Claims

- a. The Debtors estimate that there will be approximately \$33.0 million of General Unsecured Claims as of the Conversion Date.