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

In re:

MATHON FUND, L.L.C., a Delaware limited liability company,

MATHON FUND I, L.L.C., a Delaware limited liability company,

W.S.F. – World Sports Fans, L.L.C., an Arizona limited liability company,

Debtors.

Case No. 05-27993-PHX-GBN

Case No. 05-27994-PHX-GBN

Case No. 05-27995-PHX-GBN

Chapter 11
(Jointly Administered)

**DEBTORS' JOINT PLAN OF REORGANIZATION
DATED JULY 7, 2006**

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EXHIBITS

- A Principals Stipulation**
- B Other Conservatorship Entities**

1 **UNITED STATES BANKRUPTCY COURT**
2 **FOR THE DISTRICT OF ARIZONA**

3 In re:

4 **MATHON FUND, L.L.C.**, a Delaware
5 limited liability company,

Case No. 05-27993-PHX-GBN

6 **MATHON FUND I, L.L.C.**, a Delaware
7 limited liability company,

Case No. 05-27994-PHX-GBN

8 **W.S.F. – World Sports Fans, L.L.C.**,
9 an Arizona limited liability company,

Case No. 05-27995-PHX-GBN

10 Debtors.

Chapter 11
(Jointly Administered)

11 **DEBTORS' JOINT PLAN OF REORGANIZATION**
12 **DATED JULY XX, 2006**

13 **MATHON FUND, L.L.C., MATHON FUND I, L.L.C., and W.S.F. – WORLD SPORTS FANS,**
14 **L.L.C.**, Debtors and Debtors in Possession in the above-captioned and numbered Chapter 11 cases,
15 joined by **JAMES SELL, as CONSERVATOR**, and the **OFFICIAL COMMITTEE OF UNSECURED**
16 **CREDITORS**, propose the following Joint Plan of Reorganization.

17 **1.0 INTRODUCTION.**

18 This Section 1.0 provides only a summary of the Plan and is not intended to modify or affect
19 the interpretation of the remaining sections of the Plan. Accordingly, interested parties are
20 encouraged to read the entire Plan and disclosure statement.

21 **1.1 PRINCIPALS STIPULATION.**

22 Debtors have entered into a comprehensive settlement stipulation with the principals of
23 Debtors and the Arizona Corporation Commission providing for the release of claims, as called for in
24 the Principals Stipulation, against the principals in exchange for a substantial cash payment and the
25 transfer of substantially all non-exempt assets of the principals and the limitation of the claims
26 asserted against Debtors by the Arizona Corporation Commission. The stipulation is subject to the
consummation of a plan of reorganization consistent with its terms. In anticipation of approval of the

1 stipulation by the Bankruptcy Court, Debtors, the Conservator, and the Committee submit this plan to
2 effectuate the settlement.

3 **1.2 ADVANTAGES OF PLAN.**

4 Plan Proponents believe this Plan provides Mathon investors with a practical, efficient and
5 equitable alternative to years of litigation over the ownership, management and disposition of
6 disputed assets, and the numerous conflicting claims by and against Debtors, their principals, and
7 investors:

8 **Practical.** The Plan resolves -- without further litigation expense and uncertainty -- many
9 pending and potential disputes among Debtors, the principals, the ACC and the Investors. The Plan
10 provides that Debtors' assets (after required payments to priority and ordinary course creditors) will
11 be transferred to liquidating trusts to collect, sell or otherwise liquidate. The Plan also provides for the
12 creation of a separate trust (referred to as the "Participating Trust"), to be funded from the settlement
13 with the principals and other potentially liable parties. The proceeds of this separate trust will be
14 distributed to those investors who elect to release and/or assign their claims against these potentially
15 liable parties. The trusts will be administered jointly by the Conservator, as Trustee, and a Trust
16 Management Board representing investors.

17 **Efficient.** The Plan provides a unified structure to settle (or pursue) claims that Debtors or
18 individual investors may have against various parties, including professionals and advisers, brokers
19 and salesmen, and other investors who received payments from, or for the benefit of, Debtors. Prior
20 to the Effective Date of the Plan, Debtors will seek settlements of these claims with as many of the
21 potentially liable parties as possible, subject to Bankruptcy Court approval. After the Effective Date,
22 the Plan provides that any claims remaining unsettled will be pursued, any settlements will be subject
23 to approval by the Trust Management Board and/or the Bankruptcy Court, and the proceeds of such
24 settlements will be distributed to those investors who have elected to release and/or assign their
25 claims.

26 **Equitable.** The Plan provides that investors electing to release and/or assign their claims will
receive distributions based upon their "Net Investment Amount." Investors not electing to transfer and

1 release their claims will not be released from claims against them and will not participate in the
2 settlement proceeds.

3 **1.3 CLASSIFICATION OF CLAIMS AND INTERESTS.**

4 Article 3.0 of this Plan provides for the separate classification of all claims against and
5 Interests in the Debtors, based upon the legal priority of the claims, their nature, and the identities of
6 their holders. Article 4.0 describes the treatment afforded each such class.

7 **Priority Claims** (claims entitled to priority treatment under §§ 507, 503(b), and 1129(a)(9) of
8 the Bankruptcy Code) will be paid in full on the Effective Date of the Plan or (for Tax Priority Claims)
9 paid in full in installments. The various classes of priority claims are defined in section 3.1 hereof,
10 and their treatment is detailed in section 4.1 hereof.

11 **Secured Claims** (claims secured by liens on property of a Debtor as determined under § 506
12 of the Bankruptcy Code) will be paid in the full amount allowed as secured, with any allowable
13 interest, either from the proceeds of the sale of collateral or through installment payments over a
14 period of time, during which time the holder of the claim will retain a lien on the collateral. The
15 various classes of secured claims are defined in section 3.2 hereof, and their treatment is detailed in
16 section 4.2 hereof.

17 **Unsecured, non-priority claims** are classified in the Plan as Investor Claims, Affiliate
18 Claims, the ACC Claim, Convenience Class Claims, or Ordinary Course Claims. The ACC Claim will
19 be treated in accordance with the settlement stipulation, and, subject to consummation of the
20 Principals' Stipulation, the ACC will not be entitled to receive any distributions from Debtors or the
21 Other Conservatorship Entities. Holders of Convenience Class Claims (non-Investor Claims under
22 \$5,000) will receive payment in full of their claims on the Effective Date. Each holder of an Ordinary
23 Course Claims (non-Investor Claims in excess of \$5,000) will be entitled to elect between payment of
24 ninety percent (90%) of its claim on the Effective Date, or full payment in installments.

25 Investors will be entitled to elect to be Participating Investors or Non-participating Investors.
26 Participating Investors will receive distributions from the Liquidating Trusts and the Participating Trust
and will, on the Effective Date, release their claims against the Principals, other parties with whom
Debtor has reached settlements, and other Participating Investors. Participating Investors will also

1 assign their claims against other potentially liable parties, including non-participating investors, to the
2 Participating Trust. Participating Investors will also receive a release of claims that could be asserted
3 by Debtors.

4 Non-participating Investors will have their claims objected to and will be subject to claims
5 asserted by the Debtor, including Avoidance Actions. To the extent claims of Non-Participating
6 Investors are allowed, the holders of these claims will be entitled to distributions from the Liquidating
7 Trust but not the Participating Trust. Non-participating Investors will not be required to release or
8 assign their claims, and will not be released from the claims of Debtors or Participating Investors.

9 **Interests** in Mathon and Mathon I (believed to be currently held by the Principals) will be
10 cancelled and the holders of such Interests will receive nothing on account of these Interests.
11 Interests in W.S.F. (also believed to be held by the Principals) will be transferred to the Participating
12 Trust pursuant to the Principals Stipulation.

13 **1.4 PLAN FUNDING SOURCES AND DISTRIBUTIONS.**

14 Debtors' assets are currently being liquidated under the supervision of James Sell, as
15 Conservator, subject to the approval of the Bankruptcy Court and the Conservatorship Court.
16 Debtors anticipate that, by the Effective Date of the Plan, substantially all assets of Mathon I and
17 Mathon Fund will be liquidated, excluding only various claims subject to litigation.

18 On the Effective Date, Debtors' assets (including the proceeds of liquidation) will be
19 transferred to the Liquidating Trusts (one for each Debtor) or the single Participating Trust. Each
20 Liquidating Trust will receive assets of its respective Debtor, which will be used to pay Priority Claims,
21 Secured Claims, the Convenience Class Claims and the Ordinary Course Claims, to the extent
22 payments are due on the Effective Date. Thereafter, each Liquidating Trust will continue to liquidate
23 its assets and make distributions to remaining creditors to the extent required under the Plan.

24 On the Effective Date, the proceeds of the Principals Stipulation and any other settlements
25 with potentially liable parties will be transferred to the Participating Trust. Thereafter, the Participating
26 Trust will continue to liquidate its assets and make distributions to Participating Investors.

1 **1.5 POST-EFFECTIVE DATE MANAGEMENT.**

2 On and after the Effective Date, the Participating Trust and the Liquidating Trusts will be
3 administered by the Conservator, as Trustee. The Trustee will be responsible for managing the day-
4 to-day affairs of the trusts. The Trustee will consult with a Trust Management Board on certain major
5 decisions, including the settlement of claims and the sale of property held by the Trust. If the Trustee
6 and the Trust Management Board are not able to agree with respect to a major decision, either the
Trustee or the Board may submit the issue to the Bankruptcy Court for resolution.

7 The initial Trust Management Board will consist of three persons to be selected by the
8 Committee on or prior to the Effective Date. A member of the Board may be removed upon the vote
9 of fifty percent (50%) of Participating Investors and any vacancy on the Board may be filled by vote of
10 the Participating Investors.

11 **1.6 CONDITIONS TO PLAN.**

12 The Plan will become effective only upon the satisfaction or waiver of certain conditions set
13 forth in Article 13.0 hereof. These conditions include the following: (a) confirmation of the Plan; (b)
14 approval of the Principals Stipulation by the Bankruptcy Court and the Conservatorship Court; (c)
15 performance of the Principals Stipulation by the other parties thereto; (d) satisfaction or waiver of the
16 conditions to the Principals Stipulation; and (e) certification by the Conservator that sufficient funds
17 are available to pay Priority Claims, Secured Claims, Convenience Class Claims, and Ordinary
Course Claims any amounts due on the Effective Date.

18 **2.0 DEFINITIONS.**

19 Certain terms used in the Plan have specific meanings, as set forth in this section 2.0.

20 **2.1 CLASS CODE.**

21 Claims against each Debtor are separately classified and such classes are identified by a
22 two-digit number code unique to each Debtor. For example, claims against Mathon Fund are
23 designated by the number code “.1,” so that Administrative Claims (generally categorized as Class
24 1.A Claims) are classified in Class 1.A.1 to the extent such claims are against this Debtor. The
25 number codes are as follows:

Debtor	Number Code
Mathon Fund	.1
Mathon I	.2
W.S.F.	.3

2.2 DEFINED TERMS.

2.2.1 ACC.

“ACC” means the Arizona Corporation Commission,, the holder of the ACC Claim.

2.2.2 ACC Claim.

“ACC Claim” means the Claim held by the ACC against Debtors, as asserted in the Conservatorship Action. The ACC Claim has been classified in this Plan as the Class 3.C.1 through 3.C.3 Claim and will be treated in accordance with the terms of the Principals Stipulation.

2.2.3 Administrative Claim.

“Administrative Claim” means a Claim or expense, or a portion of a Claim or expense, that is a cost or expense of the administration of a Debtor’s Estate, allowed under § 503(b) or under § 543(c)(2) of the Bankruptcy Code, that is entitled to priority under § 507(a)(1) of the Bankruptcy Code, including but not limited to any actual and necessary cost and expense of preserving the Estate, or operating the business of Debtor, and all fees and expenses of professionals entitled to compensation pursuant to §§ 328, 330, 363 and 503(b) of the Code. Administrative Claims shall include (i) any Cure Payments, and (ii) any and all pre- and post-confirmation fees due to the U.S. Trustee’s Office. Administrative Claims are classified in the Plan in Classes 1.A.1 through 1.A.3.

2.2.4 Affiliate.

“Affiliate” means (i) an “Affiliate” or “Insider” of a Debtor, as those terms are defined in the Bankruptcy Code, or (ii) a Person who would be an “Affiliate” or “Insider” of a Principal, were such Principal a debtor in a bankruptcy proceeding.

2.2.5 Affiliate Claim.

“Affiliate Claim” means a Claim of, or originally held by, an Affiliate. Affiliate Claims are classified in the Plan in Classes 3.B.1 through 3.B.3.

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2.2.6 Assumed Lease or Contract.

“Assumed Lease or Contract” means an executory contract or lease entered into by a Debtor that has been assumed by the Reorganized Debtor pursuant to Article 14.0 hereof.

2.2.7 Avoidance Claim.

“Avoidance Claim” means a claim of an Estate to avoid a transfer made by the Debtor to the extent such claim arises under §§ 544-551 of the Bankruptcy Code.

2.2.8 Bankruptcy Code.

The “Bankruptcy Code” means the Bankruptcy Code, as set forth in Title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*, as applicable to Chapter 11 cases filed on the Petition Date.

2.2.9 Bankruptcy Court.

The “Bankruptcy Court” means the United States Bankruptcy Court for the District of Arizona or such other court as may have jurisdiction over this Chapter 11 case, and, with respect to any particular proceeding arising under Title 11 of the United States Code, or arising in or related to a Chapter 11 Case, any other court which has jurisdiction over such proceeding.

2.2.10 Bankruptcy Rules.

The “Bankruptcy Rules” mean the Rules of Bankruptcy Procedure and the Local Rules of Bankruptcy Procedure for the District of Arizona.

2.2.11 Chapter 11 Case.

“Chapter 11 Case” means the Mathon Fund Case, the Mathon I Case or the WSF Case.

2.2.12 Claim.

“Claim” means a claim against Debtor as defined in § 101(5) of the Bankruptcy Code, to the extent such claim arises prior to the Confirmation Date.

2.2.13 Class.

“Class” means a category or group of holders of Claims or Interests, as designated in Article 3.0.

2.2.14 Committee.

The “Committee” means the Official Committee of Unsecured Creditors, as it may be constituted from time to time by the U.S. Trustee and/or the Bankruptcy Court.

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2.2.15 Confirmation.

“**Confirmation**” means the entry of the Confirmation Order.

2.2.16 Confirmation Date.

The “**Confirmation Date**” means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket.

2.2.17 Confirmation Hearing.

The “**Confirmation Hearing**” means the hearing conducted by the Bankruptcy Court to consider confirmation of the Plan, as such hearing may be continued from time to time.

2.2.18 Confirmation Order.

The “**Confirmation Order**” means the order of the Bankruptcy Court confirming the Plan pursuant to § 1129 of the Bankruptcy Code.

2.2.19 Conservator.

The “**Conservator**” means James Sell, or such other person or entity designated to replace James Sell in such capacity pursuant to a Final Order of the Conservatorship Court.

2.2.20 Conservatorship Action.

The “**Conservatorship Action**” means *Arizona Corporation Commission v. Mathon Management Company, L.L.C., et al.*, Case No. 2005-005484, in the Arizona Superior Court for Maricopa County.

2.2.21 Conservatorship Court.

The “**Conservatorship Court**” means the Arizona Superior Court for Maricopa County presiding over the Conservatorship Action, or such other court to which the Conservatorship Action is transferred or removed.

2.2.22 Convenience Class Claim.

“**Convenience Class Claim**” means a Claim that is not a Priority Claim, a Secured Claim, an Investor Claim, an Affiliate Claim, or the ACC Claim, and that is Allowed in the amount of \$5,000 or less. Convenience Class Claims are classified in the Plan in Classes 3.D.1 through 3.D.3.

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2.2.23 Cure Payment.

“Cure Payment” means a payment required under § 365 of the Bankruptcy Code to cure defaults under an Assumed Lease or Contract. Claims for Cure Payments are classified in the Plan as Administrative Claims, in Classes 1.A.1 through 1.A.3.

2.2.24 Debtor.

“Debtor” means Mathon Fund, Mathon Fund I, or WSF, the debtors in the Chapter 11 Cases.

2.2.25 Deposit Secured Claim.

“Deposit Secured Claim” means a Claim that is secured by a deposit of a Debtor’s funds held by, or for the benefit of, the holder of such Claim to the extent such claim is a secured claim under § 506 of the Bankruptcy Code. Deposit Secured Claims are classified in the Plan in Classes 2.B.1 through 2.B.3.

2.2.26 Disclosure Statement.

The “Disclosure Statement” means the written disclosure statement concerning the Plan as approved from time to time by the Bankruptcy Court pursuant to § 1125(b) of the Bankruptcy Code, including any amendments authorized by the provisions of this Plan or by the Bankruptcy Court.

2.2.27 Effective Date.

The “Effective Date” means the date upon which the Plan is substantially consummated, within the meaning of § 1101(2) of the Bankruptcy Code.

2.2.28 Estate.

“Estate” means the estate created in a Chapter 11 Case pursuant to § 541(a) of the Bankruptcy Code.

2.2.29 Final Order.

“Final Order” means an order, judgment or other decree of a court, including, without limitation, a stipulation or other agreement entered into that is "so ordered" by such court, the operation or effect of which has not been reversed or stayed and as to which order, judgment or other decree (or any revision, modification or amendment thereof) the time to appeal or seek review has expired, and as to which no appeal or petition for review or certiorari has been taken or is pending (or if such appeal or petition has been taken or granted, it has been finally decided).

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2.2.30 Ineligible Participating Investor.

“**Ineligible Participating Investor**” means a Participating Investor that is an Affiliate, a Potentially Liable Party, or other Person designated by the Conservator in accordance with section 6.1.5 hereof.

2.2.31 Interest.

“**Interest**” means the rights, privileges and interests of a holder of an equity interest in Debtor. Interests are classified in the Plan in Classes 4.A.1 through 4.A.3.

2.2.32 Investor.

“**Investor**” means a Person that either invested in, or received distributions from, or on behalf of, a Mathon Investment Entity in connection with, or on account of, a Security issued by such entity, whether such Security was denominated a note, “points,” or other designation.

2.2.33 Investor Claim.

“**Investor Claim**” means a Claim of an Investor against Debtor. Investor Claims are classified in the Plan in Classes 3.A.1 through 3.A.3.

2.2.34 Investor Election Form.

The “**Investor Election Form**” means a form, to be approved by the Bankruptcy Court, by which an Investor may designate its election provided for in section 5.1 hereof.

2.2.35 Investor Related Cause of Action.

“**Investor-Related Cause of Action**” means a cause of action of a Debtor or its Estate, against an Investor, a Settling Party, or a Potentially Liable Party arising out of or relating to (i) the issuance, sale or offer of a Security by a Mathon Investment Entity or (ii) a transfer or distribution of funds or other property made on account of a Security issued by a Mathon Investment Entity.

2.2.36 Lessor Secured Claim.

“**Lessor Secured Claim**” means a Secured Claim arising out of an instrument entitled “Equipment Lease,” or similar label, to the extent such instrument is re-characterized (by agreement between Debtor and the holder of such Claim, or by a Final Order of the Bankruptcy Court), as a purchase money obligation of Debtor secured by the personal property identified, or referred to, in the

1 “Equipment Lease.” Lessor Secured Claims are classified in the Plan in Classes 2.A.1. through
2 2.A.3.

3 **2.2.37 Liquidating Trust.**

4 “**Liquidating Trust**” means each of the trusts established for each Debtor on or prior to the
5 Effective Date in accordance with Article 7.0 hereof.

6 **2.2.38 Mathon I.**

7 “**Mathon I**” means Mathon Fund I, L.L.C., the Debtor in the Mathon I Case.

8 **2.2.39 Mathon I Case.**

9 The “**Mathon I Case**” means the bankruptcy proceedings *In re Mathon Fund I, L.L.C.*, Case
10 No. 05-27994-PHX-GBN pending in the Bankruptcy Court.

11 **2.2.40 Mathon Fund.**

12 “**Mathon Fund**” means Mathon Fund, L.L.C., the Debtor in the Mathon Fund Case.

13 **2.2.41 Mathon Fund Case.**

14 The “**Mathon Fund Case**” means the bankruptcy proceedings *In re Mathon Fund, L.L.C.*,
15 Case No. 05-27993-PHX-GBN pending in the Bankruptcy Court.

16 **2.2.42 Mathon Group Entity.**

17 “**Mathon Group Entity**” means a Debtor, a Mathon Investment Entity, an Other
18 Conservatorship Entity, or an Affiliate.

19 **2.2.43 Mathon Investment Entity.**

20 “**Mathon Investment Entity**” means a Debtor, Mathon Management, or other entity so
21 designated by Debtors prior to the entry of an order approving the Disclosure Statement.

22 **2.2.44 Mathon Management.**

23 “**Mathon Management**” means Mathon Management, L.L.C., an Arizona limited liability
24 company, the sole member of Mathon Fund and Mathon Fund I.

25 **2.2.45 Net Investment Amount.**

26 “**Net Investment Amount**” means an amount used to determine the *pro rata* rights of
Participating Investors, calculated in accordance with section 6.1.2 hereof.

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2.2.46 Non-Participating Investor.

“Non-Participating Investor” means an Investor who is not a Participating Investor.

2.2.47 Ordinary Course Claim.

“Ordinary Course Claim” means a Claim that is not a Priority Claim, a Secured Claim, an Investor Claim, an Affiliate Claim, the ACC Claim or a Convenience Class Claim. Ordinary Course Claims are classified in the Plan in Classes 3.E.1 through 3.E.3.

2.2.48 Other Conservatorship Entity.

“Other Conservatorship Entity” means an entity that is designated as a "Conservatorship Defendant" by an order entered by the Conservatorship Court on or prior to the Effective Date. Entities that are currently included as Other Conservatorship Entities are listed on Exhibit B, attached hereto.

2.2.49 Participating Investor.

“Participating Investor” means an Investor who has elected, or is deemed to have elected, to provide the assignments and releases described in section 6.1 hereof.

2.2.50 Participating Share.

“Participating Share” has the meaning set forth in section 8.4 hereof.

2.2.51 Participating Trust.

The “Participating Trust” means the trust to be established in accordance with section 8.0 hereof, on or before the Effective Date, to receive, administer and distribute the proceeds of the Principals Stipulation, settlements with other Settling Parties, and recoveries from Avoidance Actions and claims of Participating Investors assigned to the Participating Trust pursuant to § 6.1.4 hereof.

2.2.52 Petition Date.

The “Petition Date” means November 13, 2005, the date upon which the Chapter 11 Cases commenced.

2.2.53 Plan.

The “Plan” means this plan of reorganization, including any amendment or modification made in accordance with the terms of the Plan or the applicable provisions of the Bankruptcy Code.

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2.2.54 Plan Proponent.

“Plan Proponent” means each Debtor, the Conservator, the Committee, and such other Person who, with the consent of all existing Plan Proponents, joins in executing and proposing the Plan.

2.2.55 Potentially Liable Party.

“Potentially Liable Party” means a Person who may be liable to a Debtor, an Other Conservatorship Entity, or an Investor, in connection with or arising out of the sale of a Security of a Mathon Investment Entity, including, without limitation, accountants, attorneys, financial advisers, investment advisers, salesmen, brokers, or others who received compensation (from a Debtor or Affiliate) on account of such Security.

2.2.56 Principal.

“Principal” means Slade or Williams.

2.2.57 Principals Stipulation.

“Principals Stipulation” means the Stipulation, dated July 7, 2006, among Debtors, the ACC, and the Principals, as such stipulation is approved by the Bankruptcy Court and the Conservatorship Court. A copy of the Principals Stipulation and the order of the Bankruptcy Court approving it are attached to this Plan as Exhibit A.

2.2.58 Priority Claim.

“Priority Claim” means a Claim entitled to priority treatment pursuant to § 507(a) of the Bankruptcy Code. Priority Claims are classified under the Plan as Administrative Claims (Class 1.A.), Wage Claims (Class 1.B.), or Tax Claims (Class 1.C.).

2.2.59 Pro rata or prorated.

“Pro rata” or “prorated” means the ratio of an Allowed Claim or Interest in a particular Class, or identified portion of such Class, to the aggregate amount of all Allowed Claims or Interests in that Class, or identified portion.

2.2.60 Quarterly Distribution Date.

“Quarterly Distribution Date” means the date upon which quarterly distributions provided for in this Plan shall occur. The initial Quarterly Distribution Date shall occur on the first day of the

1 calendar month that is at least thirty (30) days after the Confirmation Date, on a date determined by
2 Debtors.

3 **2.2.61 Reorganized Debtor.**

4 "Reorganized Debtor" means a Debtor on and after the Effective Date.

5 **2.2.62 Secured Claim.**

6 "Secured Claim" means a Claim defined as a secured claim under § 506(a) of the
7 Bankruptcy Code. Secured Claims are classified under the Plan as Lessor Secured Claims (Class
8 2.A.), Deposit Secured Claims (Class 2.B.), or Secured Tax Claims (Class 2.C.).

9 **2.2.63 Secured Claim Rate.**

10 "Secured Claim Rate" means a rate of interest, to be determined by the Bankruptcy Court at
11 the Confirmation Hearing, that, when applied to the amount of a Secured Claim paid in installments
12 as provided herein, will result in such installments being of an aggregate value, as of the Effective
13 Date, equal to the Allowed Secured Claim, consistent with the requirements of § 1129(b)(2)(B)(i). At
14 the Confirmation Hearing, the Trustee will request the Bankruptcy Court to determine that the
15 Secured Claim Rate is six and one-half percent (6 1/2%) per annum.

16 **2.2.64 Secured Tax Claim.**

17 "Secured Tax Claim" means a claim now held, or previously held, by a taxing authority that
18 is secured by a lien on property of a Debtor. Secured Tax Claims are classified in the Plan in Classes
19 2.C.1 through 2.C.3.

20 **2.2.65 Security.**

21 "Security" has the meaning set forth in section 101(49) of the Bankruptcy Code.

22 **2.2.66 Settling Party.**

23 "Settling Party" means each Principal or Potentially Liable Party who enters into a settlement
24 agreement with Debtors or the Participating Trust in accordance with Article 10.0 hereof.

25 **2.2.67 Slade.**

26 "Slade" means Duane Slade.

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2.2.68 Tax Claim.

“Tax Claim” means a claim for taxes of the kind specified in § 507(a)(7) of the Bankruptcy Code, to the extent entitled to priority thereunder. Tax Claims are classified in the Plan in Classes 1.C.1 through 1.C.3.

2.2.69 Tax Claim Rate.

“Tax Claim Rate” means a rate of interest, to be determined by the Bankruptcy Court at the Confirmation Hearing, that, when applied to the amount of a Tax Claim paid in installments as provided herein, will result in such installments being of an aggregate value, as of the Effective Date, equal to the Allowed Tax Claim, consistent with the requirements of § 1129(a)(9)(C). At the Confirmation Hearing, the Trustee will request the Bankruptcy Court to determine that the Tax Claim Rate is six percent (6%) per annum.

2.2.70 Trust Management Board.

The “Trust Management Board” means the board established to participate in the management of the Liquidating Trust and the Participating Trust pursuant to Article 9.0 hereof.

2.2.71 WSF.

“WSF” means W.S.F. -- World Sports Fans, L.L.C., the Debtor in the WSF Case.

2.2.72 WSF Case.

The “WSF Case ” means the bankruptcy proceedings *In re W.S.F. – World Sports Fans, L.L.C.*, Case No. 05-27995-PHX-GBN pending in the Bankruptcy Court.

2.2.73 Wage Claim.

“Wage Claim” means a claim for wages, salaries, commissions, including vacation pay, severance and sick leave pay, of the kind and in the amount specified in § 507(a)(3) of the Bankruptcy Code. Wage Claims are classified in the Plan in Classes 1.B.1 through 1.B.3.

2.2.74 Williams.

“Williams” means Guy Williams.

2.3 TERMS DEFINED IN BANKRUPTCY CODE.

A term not defined in the Plan but defined in the Bankruptcy Code shall have the meaning given in the Bankruptcy Code.

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3.0 CLASSIFICATION OF CLAIMS AND INTERESTS.

For the purposes of the Plan, Claims against, and Interests in, Debtor, of whatever nature, whether or not scheduled, liquidated or unliquidated, absolute or contingent, direct or indirect, including all Claims arising from the rejection of executory contracts, and all Claims or Interests arising from the ownership of equity securities of Debtor, shall be bound by the provisions of this Plan and are classified as follows:

3.1 PRIORITY CLAIMS.

Priority Claims are classified in the Plan based upon the priorities established in § 507(a) of the Bankruptcy Code and are further separately classified as follows:

3.1.1 Class 1.A. Administrative Claims.

Classes 1.A. through 1.A.3 consist of Administrative Claims against the Estates of Mathon, Mathon I and WSF, respectively.

3.1.2 Class 1.B. Wage Claims.

Classes 1.B.1 through 1.B.3 consist of Wage Claims.

3.1.3 Class 1.C. Priority Tax Claims.

Classes 1.C.1 through 1.C.3 consist of Priority Tax Claims.

3.2 SECURED CLAIMS.

Secured Claims, to the extent such Claims are Secured Claims under §§ 506 and 1111(b) of the Bankruptcy Code, are separately classified as follows:

3.2.1 Class 2.A. – Lessor Secured Claims.

Classes 2.A.1 through 2.A.3 consist of Lessor Secured Claims.

3.2.2 Class 2.B. – Deposit Secured Claims.

Classes 2.B.1 through 2.B.3 consist of Deposit Secured Claims.

3.2.3 Class 2.C. – Secured Tax Claims.

Classes 2.C.1 through 2.C.3 consist of Secured Tax Claims.

3.3 UNSECURED CLAIMS.

Claims that are not Priority Claims or Secured Claims are classified in the Plan depending upon the nature of the claim and the identity of the holder of such claim, as follows:

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3.3.1 Class 3.A. – Investor Claims.

Classes 3A.1 through 3A.3 consist of Investor Claims.

3.3.2 Class 3.B. – Affiliate Claims.

Classes 3B.1 through 3B.3 consist of Affiliate Claims.

3.3.3 Class 3.C. – ACC Claim.

Classes 3C.1 through 3C.3 consist of the ACC Claim.

3.3.4 Class 3.D. – Convenience Class Claims.

Classes 3D.1 through 3D.3 consist of Convenience Class Claims.

3.3.5 Class 3.E. – Ordinary Course Claims.

Classes 3E.1 through 3E.3 consist of Ordinary Course Claims.

3.4 INTERESTS.

All Interests or equity rights in the Debtor are classified in Class 4A as follows:

Class 4.A. Equity Interests.

Classes 4.A.1 through 4.A.3 Interests consist of Interests of the owner(s) of equity interests in Debtor.

4.0 TREATMENT OF CLAIMS AND CLASSES

The treatment of each class of Claims or Interests is specified in this Article 4.0.

4.1 PRIORITY CLAIMS

In accordance with the requirements for plan confirmation set forth in §1129(a)(9), the Plan provides for the payment in full of all Priority Claims, as follows:

4.1.1 Class 1.A. Administrative Claims.

Each holder of an Allowed Class 1.A. Claim shall receive, on account of such Claim, payment of the Allowed amount of such Claim, in cash, on the later of (i) the Effective Date, (ii) the date on which the Claim becomes Allowed, or (iii) the date upon which such obligation becomes due in accordance with its terms.

Professionals and entities who may be entitled to allowance of fees and expenses from the Estate pursuant to §§ 543(c)(2) or 503(b)(2) through (6) of the Bankruptcy Code will receive cash in the amount awarded to such professionals or entities in accordance with, and at such times as may

1 be provided in, Final Orders entered pursuant to §§ 330, 543(c)(2) or 503(b)(2) through (6) of the
2 Bankruptcy Code.

3 Any holder of a Class 1.A. Claim may agree to deferred payment or a different treatment,
4 provided such treatment is no more favorable than that provided for herein.

5 Class 1.A. Claims are not impaired.

6 **4.1.2 Class 1.B. – Wage Claims.**

7 Each holder of an Allowed Class 1.B. Claim shall receive, on account of such Claim, payment
8 of the Allowed amount of such Claim, in cash, on the later of (i) the Effective Date, (ii) the date on
9 which the Claim becomes an Allowed Claim, or (iii) the date upon which such obligation becomes due
10 in accordance with its terms.

11 Any holder of a Class 1.B. Claim may agree to deferred payment or a different treatment,
12 provided such treatment is no more favorable than that provided for herein.

13 Class 1.B. Claims are not impaired.

14 **4.1.3 Class 1.C. Tax Claims.**

15 Each holder of an Allowed Class 1.C. Claim shall receive, on account of such Claim, deferred
16 cash payments on account of such Claim over a period of four (4) years, of an aggregate value, as of
17 the Effective Date, equal to the Allowed amount of such Claim. The deferred cash payments shall be
18 sixteen (16) equal quarterly installments of principal and interest at the Tax Claim Rate, with the first
19 such payment being payable within ninety (90) days of the Effective Date. At the discretion of the
20 Debtor (prior to the Effective Date) or the Trustee of the Liquidating Trust of the applicable Estate
(after the Effective Date), any such Claim may be paid in fewer installments and/or more promptly
than provided herein on or after the Effective Date.

21 Class 1.C. Claims are treated in accordance with § 1129(a)(9)(C) of the Bankruptcy Code
22 and are, accordingly, not impaired, for purposes of determining voting rights, in accordance with §
23 1123(a)(1) of the Bankruptcy Code.

24 **4.2 SECURED CLAIMS.**

25 The Plan provides for the payment of all Secured Claims, in the full amount Allowed as
26 Secured Claims, as follows:

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4.2.1 Class 2.A. – Lessor Secured Claims.

Each holder of an Allowed Class 2.A. Claim shall receive, on account of such Claim, deferred cash payments of an aggregate value, as of the Effective Date, equal to the Allowed amount of such Claim. Payments shall be made monthly or quarterly as provided in the applicable "Lease Agreement," commencing on the first day of the calendar month that is at least thirty (30) days after the Effective Date. Each payment shall be in the amount necessary to pay the Allowed Secured Claim in full with interest at the Secured Claim Rate, over the term of the Lease Agreement, including any extensions or renewals provided for therein. At the discretion of the Debtor, prior to the Effective Date, or the Trustee of the Liquidating Trust of the applicable Estate thereafter, any such Claim may be paid in fewer installments and/or more promptly than provided herein on or after the Effective Date.

If the holder of an Allowed Class 2.A. Claim is entitled to, and timely does, elect treatment of its Claim under § 1111(b)(2) of the Bankruptcy Code, the Debtor (prior to the Effective Date) or the Trustee of the Liquidating Trust of the applicable Estate (after the Effective Date), may extend the term of the installment payments provided for herein, provided that such extended payments shall not exceed ten (10) years.

The holder of a Class 2.A. claim shall retain a lien on the collateral to secure payment of the amounts provided herein. Upon the sale by the Liquidating Trust of the collateral for such Claim, the principal balance remaining due shall be payable in full.

Class 2.A. Claims are impaired.

4.2.2 Class 2.B. – Deposit Secured Claims.

Each holder of an Allowed Class 2.B. Claim shall be entitled, on the Effective Date, to apply the deposit held in full satisfaction of its Allowed Secured Claim.

Class 2.B. Claims are impaired.

4.2.3 Class 2.C. – Secured Tax Claims.

Each holder of an Allowed Class 2.C. Claim, shall be entitled to the same treatment afforded the holder of a Class 1.C. Claim, provided that, upon the sale of the collateral for such claim by Debtor, the remaining principal balance of the Claim shall be payable in full.

1 Class 2.C. Claims are impaired.

2 **4.3 UNSECURED CLAIMS WITHOUT PRIORITY.**

3 The Plan provides for the following treatment of unsecured, non-priority Claims.

4 **4.3.1 Class 3.A. – Investor Claims.**

5 Each holder of an Allowed Class 3.A. Claim, shall be entitled to elect, in the manner specified
6 in Section 5.1 hereof, to be treated as a Participating Investor or a Non-Participating Investor. Except
7 as provided in § 6.1.5 hereof, each Participating Investor shall be entitled to receive distributions from
8 the Participating Trust and the Liquidating Trust, prorated in accordance with the provisions of § 8.4
9 hereof. Each holder of a Non-Participating Investor Claim shall be entitled to receive distributions
10 from the Liquidating Trust only, prorated in accordance with § 7.5 hereof.

11 Except as provided in section § 6.1.5 hereof, Participating Investors will, on the Effective
12 Date, exchange releases with Debtors, the Principals, other Settling Parties and other Participating
13 Investors as specified in §§ 6.1.3 and will assign to the Participating Trust certain causes of action
14 against Other Potentially Liable Parties, as specified in § 6.1.4. Non-Participating Investors (i) will
15 have their claims subject to objection, as specified in § 6.2.1, (ii) will not be required to release or
16 assign claims and (iii) will not receive releases of claims from other Participating Investors or Debtors
17 (including any Avoidance Actions), as provided in § 6.2.3.

18 Class 3.A. Claims are impaired.

19 **4.3.2 Class 3.B. – Affiliate Claims.**

20 Except as otherwise determined in the sole discretion of the Conservator (prior to the
21 Effective Date) or the Trustee of the Participating Trust (on and after the Effective Date), each holder
22 of an Allowed Class 3.B. Claim, in exchange for its claim and for its discharge and release of any
23 causes of actions against Affiliates, shall receive a release of any claims by Debtors or Affiliates.

24 Class 3B Claims are impaired.

25 **4.3.3 Class 3.C. – ACC Claim.**

26 The holder of the Class 3.C. Claim shall be treated in accordance with the provisions of the
Principals Stipulation, which provides that, conditioned upon the consummation of the Principals

1 Stipulation, the holder shall not be entitled to any distributions from Debtors or the Other
2 Conservatorship Entities.

3 The Class 3.C. Claim is impaired.

4 **4.3.4 Class 3.D. – Convenience Class Claims.**

5 Each holder of an Allowed Class 3.D. Claim shall receive cash, on the Effective Date, in an
6 amount equal to the Allowed amount of such Claim.

7 Class 3.D. Claims are not impaired.

8 **4.3.5 Class 3.E. – Ordinary Course Claims.**

9 Each holder of an Allowed Class 3.E. Claim shall receive, at the election of the holder
10 thereof, either (i) cash, on the Effective Date, in an amount equal to ninety percent (90%) of the
11 Allowed amount of such Claim, or (ii) payments in installments on account of such Claim over a
12 period of four years, of an aggregate value, as of the Effective Date, equal to the Allowed amount of
13 such Claim. The deferred cash payments shall be sixteen (16) equal quarterly installments of
14 principal and interest at the Tax Claim Rate, with the first such payment being payable within ninety
15 (90) days of the Effective Date.

16 Class 3.E. Claims are impaired.

17 **4.4 INTERESTS.**

18 **4.4.1 Class 4.A. – Equity Interests.**

19 Holders of Class 4.A. Interests shall be treated in accordance with the Principals Stipulation.
20 As a result, each holder of a Class 4.A. Interest shall receive nothing on account of such Interest. All
21 currently issued and outstanding stock, and any warrants, options or subscription rights thereto, will
22 be cancelled as of the Effective Date except the membership interests of the Principals in WSF. The
23 Principals' membership interests in WSF shall be transferred to the Participating Trust in accordance
24 with the Principals Stipulation.

25 Class 4.A. Interests are impaired.

1 **5.0 CREDITOR ELECTIONS.**

2 Holders of certain claims are provided elections herein as to the classification and/or
3 treatment of their claims. The manner of electing, and the effects thereof, are described in the
4 following paragraphs of this Section 5.0.

5 **5.1 INVESTOR ELECTION.**

6 An Investor, or other Person who requests a form therefor, may complete and file an Investor
7 Election Form. Each Person who timely files such form, may thereby elect to be either a Participating
8 Investor or a Non-Participating Investor, whether or not such Person has filed a proof of claim, or
9 accepts, rejects, or does not vote on the Plan. Once a Person submits its election, the election will be
10 irrevocable, unless the Bankruptcy Court orders otherwise or the Debtors (prior to the Effective Date)
11 or the Trustee (on and after the Effective Date) consents to a change in election.. Debtors (prior to
12 the Effective Date) or the Trustee of the Participating Trust (on and after the Effective Date) may, but
13 shall not be required to, accept a late election. If an Investor has submitted no election, the Investor
14 shall be conclusively deemed, for all purposes, to have made the same election as the majority (by
15 dollar amount) of electing holders of Allowed Investor Claims.

16 **5.2 CONVENIENCE CLASS ELECTION.**

17 Each holder of an Ordinary Course Claim may elect to be treated as the holder of a
18 Convenience Class Claim by notifying Debtors of such election on or before the Confirmation Date.
19 Upon the making such an election, the Allowed Claim of such Person shall be treated, for allowance
20 and distribution purposes, as a Convenience Class Claim in the amount of the lesser of (i) the
21 Allowed Amount of such Claim, or (ii) \$5,000. Once a Person submits such an election, the election
22 will be irrevocable, unless the Bankruptcy Court orders otherwise or the Debtors (prior to the Effective
23 Date) or the Trustee (on and after the Effective Date) consents to a change in election . Debtors
24 (prior to the Effective Date) or the Trustee of the Liquidating Trust (on and after the Effective Date)
25 may, but shall not be required to, accept a late election. If the holder of an Ordinary Course Claim
26 has submitted no election, the holder shall be conclusively deemed, for all purposes, to have elected
treatment of its Claim as an Ordinary Course Claim.

1 **5.3 ORDINARY COURSE CLAIMS ELECTION.**

2 Each holder of an Allowed Ordinary Course Claim may elect to receive either the discounted
3 cash settlement amount on the Effective Date or installment payment of its claim by notifying Debtors
4 of such election on or before the Confirmation Date. Once a Person submits such an election, the
5 election will be irrevocable, unless the Bankruptcy Court orders otherwise or the Debtors (prior to the
6 Effective Date) or the Trustee (on and after the Effective Date) consents to a change in election.
7 Debtors (prior to the Effective Date) or the Trustee of the Liquidating Trust (on and after the Effective
8 Date) may, but shall not be required to, accept a late election. If the holder of an Ordinary Course
9 Claim has submitted no election, the holder shall be conclusively deemed, for all purposes, to have
10 elected installment payment of its claim.

11 **6.0 TREATMENT OF INVESTOR CLAIMS.**

12 Each holder of an Allowed Investor Claim may elect to be treated hereunder as a
13 Participating Investor or a Non-Participating Investor in the manner set forth in section 5.1. The
14 treatment of such claims is described in this Article 6.0.

15 **6.1 PARTICIPATING INVESTORS.**

16 Each Participating Investor shall (i) receive distributions from the Liquidating Trust and the
17 Participating Trust, in accordance with sections 6.1.1 and 6.1.2 hereof; (ii) give and receive the
18 releases provided for in section 6.1.3 hereof; and (iv) make the assignment of claims to the
19 Participating Trust, as provided in section 6.1.4 hereof.

20 **6.1.1 Distributions from Trusts.**

21 Each Participating Investor shall be entitled to receive distributions from the Participating
22 Trust, and from the Participating Investors' Share of distributions from the Liquidating Trusts, as and
23 when distributions are made from such trusts in accordance with section 8.4 hereof. Distributions
24 provided for in this section shall be prorated among Participating Investors based upon their
25 respective Net Investment Amounts.

26 **6.1.2 Net Investment Amount.**

Distributions to Participating Investors provided for in section 6.1.1 shall be prorated based
on the Net Investment Amount of each Participating Investor. The Net Investment Amount for each

1 Participating Investor shall be an amount, not less than \$1,000, that is the aggregate of all cash
2 payments made by such Investor to, or for the benefit of, a Mathon Investment Entity, less the
3 aggregate of all cash payments received by, or for the benefit of, such Investor from, or on behalf of,
4 a Mathon Investment Entity on account of such investment... In computing Net Investment Amount,
5 all payments made by the Investor to or for the benefit of the Mathon Investment Entity shall be
6 included, whether such investment was denominated a "note," or "points," and all payments made to
7 the Investor shall be included, whether denominated return of investment, principal, interest, profit
share or other designation.

8 Prior to the conclusion of voting on the Plan, the Conservator shall prepare and file a
9 document reflecting the total Net Investment Amount and shall provide each Investor a document
10 specifying such Investor's Net Investment Amount based upon the books and records available to be
11 Conservator. An Investor may request additional information regarding its accounts and, if unable to
12 resolve differences with the Conservator, may request the Bankruptcy Court to determine the Net
13 Investment Amount, after notice to Debtors and the Committee, and after a hearing thereon. Absent
14 a Final Order determining a different amount, the Conservator's listing shall be conclusive as to each
Investor's Net Investment Amount, for voting and distribution purposes.

15 **6.1.3 Releases.**

16 On the Effective Date, each Participating Investor shall give and receive the releases
17 provided for in this section 6.1.3.

18 Releases from Participating Investors.

19 On the Effective Date, each Participating Investor shall (by virtue of its election and the terms
20 and provisions of the Confirmation Order) release, remise and acquit, on behalf of itself, its heirs,
21 executors, successors and assigns, any and all claims it may have against (i) each of the Other
22 Conservatorship Entities, the Settling Parties, and any other Participating Investor, together with their
23 heirs, successors, executors, agents, and assigns, to the extent such claims arise out of or relate to a
24 Debtor, a Conservatorship Entity, or the business or operations thereof prior to the Effective Date.
25 The releases provided for herein shall be effective automatically upon the occurrence of the Effective
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1 Date of the Plan, and each Participating Investor shall be conclusively deemed to grant such
2 releases, without further evidence or documentation thereof.

3 Releases from Debtors.

4 On the Effective Date, and subject to the provisions of section 6.1.5, each Debtor and its
5 respective Estate shall (by virtue of the terms and provisions of the Confirmation Order) release,
6 remise and acquit, on behalf of itself, its heirs, executors, successors and assigns, any and all claims
7 it may have against each Participating Investor, together with its heirs, successors, executors, agents,
8 and assigns, to the extent such claims arise out of or relate to a Debtor, a Conservatorship Entity, or
9 the business or operations thereof prior to the Effective Date. The releases provided for herein shall
10 be effective automatically upon the occurrence of the Effective Date of the Plan, and each Debtor and
11 its Estate shall be conclusively deemed to grant such releases, without further evidence or
12 documentation thereof.

12 Releases from Other Conservatorship Entities.

13 On the Effective Date, and subject to the provisions of section 6.1.5, each Other
14 Conservatorship Entity, on behalf of itself, its successors and assigns, shall (by virtue of the terms
15 and provisions of the Confirmation Order) release, remise and acquit, on behalf of itself, its heirs,
16 executors, successors and assigns, any and all claims it may have against each Participating
17 Investor, together with its heirs, successors, executors, agents, and assigns, to the extent such
18 claims arise out of or relate to a Debtor, a Conservatorship Entity, or the business or operations
19 thereof prior to the Effective Date. The releases provided for herein shall be effective automatically
20 upon the occurrence of the Effective Date of the Plan, and each Conservatorship Entity shall be
21 conclusively deemed to grant such releases, without further evidence or documentation thereof.

21 Releases from Settling Parties.

22 On the Effective Date, each Settling Party shall (by virtue of the terms and provisions of the
23 applicable settlement agreement and the Confirmation Order) release, remise and acquit, on behalf of
24 itself, its heirs, executors, successors and assigns, any and all claims it may have against each
25 Participating Investor, together with its heirs, successors, executors, agents, and assigns, to the
26 extent such claims arise out of or relate to a Debtor, a Conservatorship Entity, or the business or

1 operations thereof prior to the Effective Date. The releases provided for herein shall be effective
2 automatically upon the occurrence of the Effective Date of the Plan, and each Settling Party shall be
3 conclusively deemed to grant such releases, without further evidence or documentation thereof.

4 **6.1.4 Assignment of Claims.**

5 On the Effective Date, each Participating Investor shall (by virtue of its election and the terms
6 and provisions of the Confirmation Order), sell, transfer and assign to the Participating Trust any and
7 all claims it may have against any Potentially Liable Party, together with its heirs, successors,
8 executors and assigns, to the extent such claims arise out of or relate to a Debtor, a Conservatorship
9 Entity, or the business or operations thereof prior to the Effective Date. The assignments provided for
10 herein shall be effective automatically upon the occurrence of the Effective Date of the Plan, and
11 each Participating Investor shall be conclusively deemed to make such assignments, without further
12 evidence or documentation thereof.

13 **6.1.5 Ineligible Participating Investor.**

14 Notwithstanding the provisions of section 6.1.3, Ineligible Participating Investors shall not
15 receive a release of claims from Debtors, their Estates, or the Other Conservatorship Entities, and all
16 such claims shall be assigned, on the Effective Date, to the Participating Trust.

17 Ineligible Participating Investors shall include any Affiliate, any Potentially Liable Party, or any
18 other Person for whom, in the judgment of the Conservator, a release of claims by Debtors and/or
19 Other Conservatorship Entities would be inequitable to other creditors, provided that the Conservator
20 shall notify each such Person at least five (5) days prior to the deadline for filing ballots on the Plan.

21 **6.2 NON-PARTICIPATING INVESTORS.**

22 Investors who elect to be Non-Participating Investors shall be treated in accordance with the
23 provisions of this section 6.2.

24 **6.2.1 Claims Objections.**

25 As described in the Disclosure Statement, Debtors believe that any claim asserted by a Non-
26 Participating Investor would be subject to avoidance or disallowance pursuant to § 502(d) of the
Bankruptcy Code, or would be allowable only in a substantially reduced amount. Accordingly,
Debtors anticipate that they will object to any claims filed by Non-Participating Investors.

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6.2.2 Distributions From Trusts.

If, and to the extent, the Claim of a Non-Participating Investor is Allowed, the holder of such claim shall receive distributions from the Liquidating Trust, in accordance with the provisions of section 8.4 hereof. No distributions from the Participating Trust will be made to Non-Participating Investors.

6.2.3 Releases and Assignments.

Non-Participating Investors will not be required to provide the releases described in section 6.1.3 and will not receive the releases described therein. Non-Participating Investors will not be required to provide the assignments of claims described in section 6.1.4 and will not receive any benefits from the assignments made by Participating Investors.

7.0 LIQUIDATING TRUSTS.

7.1 FORMATION AND INITIAL TRANSFER OF ASSETS.

On or before the Effective Date, each Debtor shall cause a separate liquidating trust to be formed to implement the provisions of this Plan. On the Effective Date, each Debtor shall transfer to such trust all of its assets other than Avoidance Claims, other Investor-Related Causes of Actions and claims to be released in accordance with the provisions of this Plan.

7.2 TRUSTEE AND TRUST MANAGEMENT BOARD.

The Conservator shall be the initial trustee of the Liquidating Trusts formed in accordance with this Article 7.0. The trustee shall proceed with the liquidation of all assets in each trust and shall otherwise manage the affairs of the Liquidating Trusts together with the Trust Management Board.

7.3 INITIAL DISTRIBUTIONS; RESERVES FOR DISPUTED CLAIMS.

On the Effective Date, the Trustee shall cause each Liquidating Trust to make any distributions required on such date on account of Allowed Priority Claims, Secured Claims, Convenience Class Claims, and Ordinary Course Claims, and shall establish a reserve for distributions to Disputed Claims in such classes. .

7.4 RESERVES FOR EXPENSES AND QUARTERLY DISTRIBUTIONS.

The Trustee shall, from time to time, also determine appropriate reserves for each Liquidating Trust to insure that sufficient funds are available to each such trust (after allowance for expected

1 proceeds of the liquidation of available assets) to make quarterly distributions on account of Priority
2 Claims, Secured Claims, and Ordinary Course Claims and to pay, when due, the expenses of
3 operation of such trust.

4 **7.5 DISTRIBUTIONS ON ACCOUNT OF INVESTOR CLAIMS.**

5 On each Quarterly Distribution Date, the Trustee shall determine the amount of funds
6 available in each Liquidating Trust (less any necessary reserves) to make distributions on account of
7 Investor Claims and shall distribute such amount in accordance with this section 7.5.

8 **7.5.1 Determination of Participating Share.**

9 The Participating Share of quarterly distributions from each Liquidating Trust shall be
10 determined by dividing the aggregate of the Net Investment Amount of all Participating Investors by
11 the sum of (i) the aggregate of the Net Investment Amount of all Participating Investors, and (ii) the
12 sum of all Allowed Claims of Non-Participating Investors against such Debtor. On each Quarterly
13 Distribution Date, the Trustee shall cause each Liquidating Trust to transfer the Participating Share of
14 the available distribution to the Participating Trust.

15 **7.5.2 Distribution to Non-Participating Investors.**

16 On each Quarterly Distribution Date, the Trustee shall cause the balance of the quarterly
17 distribution to be distributed *pro rata* among Non-Participating Investors holding Allowed Claims
18 against such Debtor.

19 **7.5.3 Limitation on Distributions to Non-Participating Investors.**

20 Notwithstanding the foregoing, the aggregate of distributions from a Liquidating Trust to a
21 Non-Participating Investor shall not exceed the Allowed Claim of such Investor against the Debtor
22 establishing such Trust. Funds remaining in a Liquidating Trust after payment in full of the Allowed
23 Claims of Non-Participating Investors against such Debtor shall be transferred to the Participating
24 Trust.

25 **8.0 PARTICIPATING TRUST.**

26 **8.1 FORMATION AND INITIAL TRANSFER OF ASSETS.**

On or before the Effective Date, Debtors shall jointly cause the Participating Trust to be
formed to implement the provisions of this Plan. On the Effective Date, each Debtor shall cause the

1 proceeds of the Principals Stipulation and any other settlement reached in accordance with Article
2 10.0 hereof to be transferred to the Participating Trust. On the Effective Date, each Debtor shall also
3 transfer all Avoidance Claims and other Investor-Related Causes of Actions (except those to be
4 released in accordance herewith) to the Participating Trust.

5 **8.2 TRUSTEE AND TRUST MANAGEMENT BOARD.**

6 The Conservator shall be the initial trustee of the Liquidating Trusts formed in accordance
7 with this Article 8.0.. The trustee shall proceed with the liquidation of all assets in each trust and shall
8 otherwise manage the affairs of the Liquidating Trusts together with the Trust Management Board.

9 **8.3 RESERVES FOR EXPENSES.**

10 The Trustee shall, from time to time, determine appropriate reserves for the Participating
11 Trust to insure that sufficient funds are available to pay, when due, the expenses of operation of the
12 trust.

13 **8.4 DISTRIBUTIONS TO PARTICIPATING INVESTORS.**

14 On each Quarterly Distribution Date, the Trustee shall determine the amount available for
15 distribution to Participating Investors and shall distribute such amount *pro rata* among Participating
16 Investors, based upon their respective Net Investment Amounts.

17 **9.0 MANAGEMENT OF TRUSTS.**

18 **9.1 TRUST MANAGEMENT BOARD.**

19 On or prior to the Effective Date, the Committee shall designate three (3) individuals (who
20 may be members of the Committee, other Investors, or other individuals) to act as the Trust
21 Management Board. Each member of the Trust Management Board shall serve in such capacity until
22 death, removal or resignation. A member may be removed upon (i) the affirmative vote of the Trustee
23 and a majority of the other members of the board, or (ii) upon the vote of fifty percent (50%), by Net
24 Investment Amount, of the Participating Investors. Any vacancy on the Board shall be filled by vote of
25 Participating Investors.

26 **9.2 MATTERS SUBJECT TO BOARD APPROVAL.**

The Trustee may seek advice and consent from the Board on any matter relating to the
management of the trusts. The Board and the Trustee must jointly consider the following matters:

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- The sale, transfer, exchange or abandonment of any asset owned, directly or indirectly, by a trust.
- The institution, dismissal, or settlement of a claim against a Potentially Liable Party
- The liquidation, dissolution or abandonment of an Other Conservatorship Entity.
- A modification of the Plan or a trust agreement.
- The terms of employment of counsel to pursue litigation on behalf of a trust.
- The amount of any reserves to be established for each trust hereunder and the amount and timing of distributions from a trust.

If the Trustee and a majority of the Board are unable to reach agreement on any of the matters jointly considered, either the Trustee or the Board may submit the issue to the Bankruptcy Court for resolution.

10.0 POTENTIALLY LIABLE PARTIES AND SETTLING PARTIES.

10.1 SETTLEMENTS PRIOR TO EFFECTIVE DATE.

Prior to the Effective Date, Debtors may seek to settle and resolve Investor-Related Causes of Actions, and claims to be assigned to the Participating Trust by Participating Investors, by seeking the approval of the Bankruptcy Court, upon such terms and conditions as Debtors determine.

10.2 SETTLEMENTS AFTER THE EFFECTIVE DATE.

On and after the Effective Date, the Trustee may settle Investor-Related Causes of Actions, and claims assigned to the Participating Trust by Participating Investors with the approval of a majority of the Trust Management Board or, absent such approval, with the approval of the Bankruptcy Court after notice to the Trust Management Board and all Participating Investors.

11.0 WSF AND OTHER CONSERVATORSHIP ENTITIES.

Pursuant to the terms of the Principals Stipulation, the ownership of equity interests in WSF and Other Conservatorship Entities shall be transferred, on the Effective Date, to the Participating Trust. The provisions of this section 11.0 shall be applicable to the management and liquidating of such entities.

1 **11.1 LIQUIDATION AND DISSOLUTION.**

2 Subject to the provisions of section 11.4 hereof, WSF and each Other Conservatorship Entity
3 shall be liquidated and dissolved and the proceeds of the net proceeds of its liquidation shall be
4 available for distribution from the Participating Trust.

5 **11.2 TREATMENT OF OTHER CREDITORS.**

6 The proceeds of the liquidation of each Other Conservatorship Entity shall be used, initially,
7 to pay in full all claims against such entity held by creditors who are not Investors.

8 **11.3 PRESERVATION OF AVOIDANCE ACTIONS.**

9 Notwithstanding the transfer of ownership of the Other Conservator Entities to the
10 Participating Trust and the eventual dissolution of such entity, Debtors expressly reserve and retain
11 any Avoidance Actions Debtors may have against a third-party as a transferee of WSF or an Other
12 Conservatorship Entity.

13 **11.4 PRESERVATION OF OTHER REMEDIES.**

14 Debtors and the Conservator expressly reserve other remedies or treatments for Other
15 Conservatorship Entities, including, without limitation, the right to institute bankruptcy proceedings,
16 seek substantive consolidation, retain the separate existence or otherwise deal with each such entity.

17 **12.0 OWNERSHIP OF ESTATE CLAIMS.**

18 On the Effective Date, the trusts to be created hereunder shall succeed to all claims and
19 causes of action of the Debtor, and the Debtor's Estate, including, without limitation, any Avoidance
20 Actions, which shall be transferred to the Participating Trust. The Trustee of the respective trusts
21 shall have the authority to direct the pursuit or settlement of any such claims.

22 **13.0 CONDITIONS PRECEDENT TO EFFECTIVE DATE**

23 The following are conditions precedent to the occurrence of the Effective Date:

24 **13.1 EXECUTION OF DOCUMENTS**

25 All documents necessary and appropriate to effectuate the Plan shall have been executed
26 and delivered by all parties.

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13.2 PRINCIPALS STIPULATION CONDITIONS.

The conditions to performance of the Principals Stipulation shall have been satisfied or waived in accordance with the terms of such stipulation.

13.3 INITIAL PLAN PAYMENTS

The Conservator, on behalf of Debtors, shall have determined that sufficient funds are available to make all payments required hereunder payable on the Effective Date and to establish such reserves as are necessary and appropriate for future expenses and required payments.

14.0 LEASES AND EXECUTORY CONTRACTS.

All leases and other executory contracts not assumed on or prior to the Effective Date shall be rejected as of the Effective Date, unless specific written notice of intent to assume is mailed or delivered to the lessor or other contracting party before the Effective Date. In the event of assumption, all pre-petition defaults will be cured on the Effective Date, or as soon thereafter as practicable.

15.0 ALLOWANCE AND ESTIMATION OF CLAIMS

15.1 CATEGORIZATION OF CLAIMS.

A Claim shall be an Allowed Claim, an Estimated Claim, a Reserved-For Claim, or a Disallowed Claim, based on the following provisions.

15.1.1 Allowed Claims.

A Claim shall be an Allowed Claim only if, and to the extent, the Claim has been Timely Submitted, Allowable, and Determined, in accordance with the following:

Timely submission. A Claim shall be considered Timely Submitted if at least one of the following applies to such Claim:

Listed. The Claim is listed on the Schedules, and is not listed as contingent, unliquidated, or disputed, and is not included within a Proof of Claim;

Proof of Claim. The Claim is reflected in a Proof of Claim filed by the Bar Date applicable to such Claim;

Otherwise Timely Submitted. The Claim has been determined, by Final Order of the Bankruptcy Court, to be timely filed;

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Informal Proof of Claim. The Claim has been determined, by Final Order of the Bankruptcy Court, to be the subject of a timely “informal Proof of Claim”;

No Proof of Claim Required. The Claim has been determined, by Final Order of the Bankruptcy Court, to be deemed timely submitted, without a Proof of Claim.

Allowable. A Claim shall be considered Allowable if at least one of the following applies to such Claim:

No Objection. The Claim is Timely Submitted and is not the subject of a Timely Objection;

Sustained Claim. The Claim has been allowed, after consideration of all Timely Objections, by Final Order of the Bankruptcy Court.

Determined. A Claim, and the amount thereof, shall be considered Determined if one of the following applies to such Claim:

No Objection. The Claim is Timely Submitted and Allowable, and the amount thereof is not subject to a Timely Objection;

Sustained Amount. The amount of the Claim has been determined, after consideration of all Timely Objections, by Final Order of the Bankruptcy Court.

15.1.2 Estimated Claims.

A Claim shall be an Estimated Claim if the Claim is not an Allowed Claim, and the Bankruptcy Court has entered a Final Order estimating the Claim for distribution purposes.

15.1.3 Disallowed Claims.

A Claim shall be a Disallowed Claim if the Claim was not Timely Submitted, or has been disallowed by Final Order of the Bankruptcy Court.

15.1.4 Reserved-For Claims.

A Claim shall be a Reserved-For Claim if the Claim is not an Allowed Claim, an Estimated Claim, or a Disallowed Claim. Each Reserved-For Claim shall be considered, for purposes of establishing reserves therefor, to be in an amount equal to (i) the amount listed on the Schedules, if no proof of claim has been filed, or (ii) the amount listed on a proof of claim.

15.2 AGGREGATION OF MULTIPLE CLAIMS.

1 Multiple proofs of claim within the same Class filed by one claimant, to the extent not
2 duplicative, shall be aggregated and shall constitute a single Allowed Claim.

3 **15.3 OBJECTIONS AND BAR DATE FOR FILING OBJECTIONS.**

4 Except as provided above, an objection to a Claim shall be a Timely Objection if filed with the
5 Bankruptcy Court, and served upon the holder of such Claim pursuant to the Bankruptcy Code and
6 Bankruptcy Rules, no later than ninety (90) days after the Effective Date. The primary responsibility
7 for objecting to claims shall be with the Trustee of the trusts to be established in accordance with this
8 Plan.

9 **15.4 DISTRIBUTIONS ON ACCOUNT OF DISPUTED CLAIMS.**

10 No distributions shall be made on account of a Disallowed Claim or a Reserved-For Claim.

11 **15.5 PENALTIES AND FINES.**

12 Except as specifically provided by Final Order of the Bankruptcy Court, no distribution shall
13 be made on account of, any fine, penalty, exemplary or punitive damages, late charges or other
14 monetary charge relating to or arising from any default or breach by a Debtor, and any claim on
15 account thereof shall be treated hereunder as such and disallowed to the extent of such fine, penalty,
16 exemplary or punitive damages, late charges or other default-related charge, whether or not an
17 objection is filed to it.

18 **16.0 RETENTION OF JURISDICTION.**

19 The Bankruptcy Court will retain jurisdiction to insure that the purposes and intent of the Plan
20 are carried out. Without limiting the generality of the foregoing, the Bankruptcy Court will retain
21 jurisdiction, until the Plan is fully consummated, for the following purposes:

22 **16.1 CLAIMS DETERMINATION.**

23 The Bankruptcy Court shall retain jurisdiction to determine the classification, allowance,
24 subordination and liquidation of Claims (including Administrative Claims) and Interests, and the
25 reexamination of Allowed Claims for purposes of determining acceptances at the time of
26 Confirmation, and the determination of such objections as may be filed. The failure by Debtors or the
Trustee to object to or to examine any Claim for the purpose of determining Plan acceptance, shall
not be deemed to be a waiver of any right to object to or reexamine any Claim in whole or in part.

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16.2 ESTATE ASSETS.

The Bankruptcy Court shall retain jurisdiction to determine all questions and disputes regarding title to the assets of the Estate, and all causes of action, controversies, disputes, or conflicts, known or unknown, whether or not subject to action pending as of the Confirmation Date, between a Debtor and any other party, including but not limited to, such Debtor's right to recover assets, avoid transfers, recover fraudulent transfers, offset claims, recover money or property from any party or return assets which were or are the property of the Estate pursuant to the provisions of the Bankruptcy Code.

16.3 EXECUTORY CONTRACTS.

The Bankruptcy Court may determine all matters relating to the assumption, assignment, or rejection of executory contracts and unexpired leases, including claims for damages from the rejection of any executory contract or unexpired lease within such time as the Bankruptcy Court may direct.

16.4 UNLIQUIDATED CLAIMS.

The Bankruptcy Court may liquidate or estimate damages or determine the manner and time for such liquidation or estimation in connection with any contingent, disputed, or unliquidated Claims.

16.5 PLAN CORRECTIONS.

The Bankruptcy Court may authorize the correction of any defect, the curing of any omission, or the reconciliation of any inconsistency in the Plan, the Confirmation Order, or any and all documents executed or to be executed in connection therewith, as may be necessary to carry out the purposes and the intent of the Plan, on such notice as the Bankruptcy Court shall determine to be appropriate.

16.6 PLAN MODIFICATIONS.

The Bankruptcy Court shall have jurisdiction to authorize a modification of the Plan after Confirmation pursuant to the Bankruptcy Rules and the Bankruptcy Code.

16.7 ADVERSARY PROCEEDINGS.

The Bankruptcy Court may adjudicate all claims, controversies, contested matters or adversary proceedings arising out of any purchases, sales, agreements or obligations made or

1 undertaken by and between a Debtor and any third party during the pendency of the Chapter 11 Case
2 and such jurisdiction shall continue after the closing of these cases.

3 **16.8 PLAN INTERPRETATION.**

4 The Bankruptcy Court may enforce and interpret the terms and conditions of the Plan and all
5 controversies and disputes that may arise in connection with the enforcement, interpretation or
6 consummation of the Plan.

7 **16.9 DEADLINES.**

8 The Court may shorten or extend, for cause, the time fixed for doing any act or thing under
9 the Plan, on such notice as the Bankruptcy Court shall determine to be appropriate.

10 **16.10 DISCHARGE INJUNCTIONS.**

11 The Court may enter any order, including injunctions, necessary to enforce the title, rights,
12 and powers of the Reorganized Debtor or the trusts established in accordance with this Plan, and to
13 impose such limitations, restrictions, terms and conditions on such title, rights, and powers as the
14 Bankruptcy Court may deem appropriate.

15 **16.11 CASE CLOSING.**

16 The Court may enter an order concluding each of the Chapter 11 Cases.

17 **16.12 ADDITIONAL MATTERS.**

18 The Court may determine such other matters as may be provided in the Confirmation Order
19 or as may be authorized under the Bankruptcy Code.

20 **17.0 MODIFICATION OF THE PLAN.**

21 In addition to the modification rights under § 1127 of the Bankruptcy Code, Plan Proponents
22 may propose amendments to or modifications of this Plan at any time prior to entry of the
23 Confirmation Order, with leave of the Bankruptcy Court, upon such notice as may be prescribed by
24 the Court. After entry of the Confirmation Order, Plan Proponents may, with the approval of the
25 Court, and so long as it does not materially or adversely affect the interest of creditors, cure any
26 omission, correct any defect, or reconcile any inconsistencies in the Plan, the Confirmation Order, or
any and all documents executed or to be executed in accordance therewith, in such manner as may
be necessary to carry out the purposes and intent of this Plan.

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18.0 EFFECT OF CONFIRMATION.

18.1 DISCHARGE OF CLAIMS.

Except as otherwise provided in the Plan or the Confirmation Order, entry of the Confirmation Order acts as a discharge, effective as of the Effective Date, of any and all debts, obligations, liabilities and claims, whether contingent or otherwise, of Debtors that arose at any time before the Effective Date, including, but not limited to, all interests in the Debtors, and all principal and any and all interest accrued thereon, pursuant to § 1141(d)(1) of the Bankruptcy Code. The discharge of Debtors shall be effective as to each Claim, regardless of whether a proof of claim thereof was filed, whether or not the Claim is an Allowed Claim, or whether the holder thereof voted to accept the Plan.

18.2 VESTING OF ASSETS.

Except as otherwise provided in the Plan or the Confirmation Order, entry of the Confirmation Order shall vest in the trusts, as of the Effective Date, all assets acquired pursuant to this Plan, free and clear of all liens, claims and encumbrances.

DATED this 7th day of July, 2006.

MATHON FUND, L.L.C.

By/s/James C. Sell
James C. Sell, Conservator

MATHON FUND I., L.L.C.

By/s/James C. Sell
James C. Sell, Conservator

W.S.F. – WORLD SPORTS FANS, L.L.C.

By/s/James C. Sell
James C. Sell, Conservator

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