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March 10, 2022

Secretary Vanessa Countryman
US Securities and Exchange Commission
100 F Street NE, Mail Stop 1090
Washington DC, 20051

Dear Secretary Countryman,

In reference to Administrative Proceeding File No 3-20051, Daniel C. Masters, Respondent, and the undersigned as his counsel ask that argument be scheduled before the Commission expeditiously as there were no meritorious grounds in fact or law to subject Respondent to a Permanent SEC Rule 102(e) Bar and a $50,000 fine; nor are there grounds not to reinstate him forthwith to his privilege to practice before the Commission as he is an attorney in good standing in the State of California. Please advise the undersigned of the date for such appearance and argument.

Attached is the Motion to Vacate and the letter and communication submitted and on file dated February 25, and February 27, 2022. Respondent took corrective action upon receipt of a May 10, 2018 SEC Comment Letter, moved the Court to dismiss the case, and the US Bankruptcy Court in the Southern District of California granted the motion. As a result there is and was no basis in public policy, equity, or the public interest for any such Rule 102(e) Bar or Fine.

Respectfully,

/s/ Norman B. Arnoff

Norman B. Arnoff

Read and approved,

/s/ Daniel C. Masters

Daniel C. Masters

cc: Thomas Karr,
Thomas Peirce,
Daniel Berkovitz, SEC General Counsel,
Richard W. Best, SEC Regional Administrator, New York Regional Office.

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January 6, 2022

Vanessa A. Countryman, Secretary
Securities and Exchange Commission
Washington, DC 20549

RE: Motion to Vacate Lit Release 33-10847 – SEC Rule 102(e) Bar of Daniel C. Masters

Dear Secretary Countryman:

Attached to this letter please find a Motion to Vacate the SEC Rule 102(e) Bar and related sanctions imposed against upon Daniel C. Masters on September 23, 2020, as well as a series of Exhibits filed in support of the Motion.

We request the opportunity to argue the Motion before the full Commission at the earliest opportunity, and hereby request a date and time to do so.

On behalf of Mr. Masters' as his counsel, I ask to address the substantive issues raised in the Commission's Order September 23 ,2020 Instituting Public Administrative Proceedings as he was not provided with a Wells Notice prior to the imposition of the Order nor any form of evidentiary hearing. and certainly not a fair argument before the Commission .

Please contact the undersigned by phone or email, both shown above, if there is any defect with this Motion or if additional information is required for a hearing .

I look forward to addressing this matter with the Commission and its Staff constructively and in a manner which meets the best interests of investors, Mr. Masters, the Commission, and its staff and the public interest. Enclosed are hard copies of the Motion and exhibits for the Commission, and the General Counsel and his Staff as well as discs for replication. Thank you for your anticipated courtesy and cooperation.

Respectfully,

Norman B Arnoff

Norman B. Arnoff, Esq.

CC: Thomas Karr Esq. Assistant General Counsel.

MOTION TO VACATE

A Motion to Vacate is hereby Made to the Commission and submitted to the Secretary of the Securities and Exchange Commission, Vanessa Countryman. This Motion is made with respect to Securities Act of 1933, Release No.10847/ September 23, 2020, and Securities Exchange Act of 1934, Release No.89976/ September 23, 2020, and Administrative Proceeding File No.3-20051, ***In the Matter of Daniel C. Masters, Respondent***.

This matter arose from a Chapter 11 bankruptcy filing made on May 1, 2018. Mr. Masters was counsel to the Debtor, Worthington Energy, Inc. The staff issued a comment letter dated May 10, 2018 opposing the plan, and Debtor voluntarily moved to withdraw the case on June 4, 2018. The motion was granted without costs or sanctions. The case was withdrawn before any substantive hearings took place. Over two years later, in September, 2020, administrative proceedings against Masters were instituted and a SEC Rule 102(e) Bar was imposed with a $50,000 civil money penalty. During the two and a quarter years from June 4, 2018 to September 23, 2020 Masters received no substantive communication from the staff, no claims of wrong doing, no claims of continuing violations, no Wells notice. Then in September, 2020 the Commission Staff alleged three false or misleading statements were made in the Disclosure Statement describing the proposed Plan of Reorganization which was filed with the bankruptcy court on May 1, 2018.

The proposed Plan of Reorganization involved three (3) entities: 1) Worthington Energy, Inc., the Debtor and a publicly traded company; 2) a proposed but as yet unincorporated Successor Corporation to Worthington, as permitted under Section 1145 of the Bankruptcy Code; and 3) a partnership DBA 'Smart Tech' which proposed to merge its electronics business with the proposed Successor. The Plan proposed that creditors be paid partly in cash and partly in stock in the Successor Corporation, which would then be in the Smart Tech electronics business. The only shareholders of the Successor would be bankruptcy creditors and the three partners in Smart Tech who would also be the officers and directors of the Successor. Shareholders in Worthington would receive nothing under the Plan. All of these steps were contingent upon approval of the Plan by the Bankruptcy Court, and none of these steps could be taken prior to or absent that approval. The case was withdrawn before any hearing on Plan confirmation, and therefore there was no incorporation of the Successor, no business merger, and no share issuance.

Respondent Daniel C. Masters moves to vacate the findings and sanctions as set forth in the September 23, 2020 Order instituting Administrative Proceedings and Settlement on the following grounds:

- The Commission lacked Subject-Matter Jurisdiction in this case because there was no offer, purchase, or sale of a security and therefore no offer, purchase or sale in connection was an allegedly false or misleading statement.
- The bankruptcy case was voluntarily withdrawn after receipt of the SEC's comment letter, so there can be no justification for a cease and desist.
- The allegedly false statements were in fact true or, at the very least, Masters reasonably believed them to be true.
- The Bankruptcy Plan complied with Bankruptcy Law and should be viewed and evaluated in light of that law.

I. SUBJECT-MATTER JURISDICTION

Paragraph 15 of the Order Instituting Public Administrative And Cease-And-Desist Proceedings against Masters (the "Order") states he "...willfully violated Sections 17(a)(1) and 17(a)3 of the Securities Act and Section 10(b) of the Exchange Act and Rule 10 b-5 thereunder which prohibit fraudulent conduct in the offer or sale of securities and in connection with the purchase or sale of securities." As a matter of fact and law this statement is neither true nor correct. No securities were issued, offered, purchased, sold, or exchanged and therefore no misrepresentation (even if there was one, which Masters vigorously denies) could be *in connection with* an offer, purchase or sale of securities.

First, there was **no offer or sale of securities**. The Bankruptcy Plan Disclosure filed with the Bankruptcy Court clearly states: **"THIS IS NOT AN OFFER TO SELL OR EXCHANGE SECURITIES, NOR IS IT A SOLICITATION OF AN OFFER TO BUY OR EXCHANGE SECURITIES. SECURITIES WILL ONLY BE ISSUED PURSUANT TO AN ORDER OF THE COURT AND ONLY IF THE COURT CONFIRMS THE DEBTOR'S PLAN OF REORGANIZATION."** (see Notebook, Disclosure Statement, Pages 2 & 18). Apart from the fact the document clearly states it is not an offer, it clearly states the reason it *cannot be* an offer. The Debtor does not have the power to offer and its creditors do not have the power to accept. That power is vested only in the Bankruptcy Court. Without the power to offer there can be no offer and without the power to accept there can be no purchase or sale.

Moreover, the Plan clearly states, the "... Plan of Reorganization involves a series of transactions and events that will result in the Debtor forming a Successor corporation which will emerge from Chapter 11 proceedings after abandoning the Debtor's old business (oil and gas exploration and production) and will then acquire a new business." (see Notebook, Disclosure Statement, Page 2) So the entity which might have issued securities, if the Court ordered it to do so, did not exist at the time of the filing, never came into existence, and the Court never authorized it to issue securities. Any reader of the Plan would know this since the term "Successor" is used no less than 57 times in the document, always in the context of a future entity.

Paragraph 13 of the Order states that false and misleading statements were made "in the Plan of Reorganization to entice Worthington Energy's creditors to vote in favor of, and the Bankruptcy Court to confirm, the Plan of Reorganization." But this attempt to establish a jurisdictional basis fails in light of the Supreme Court's decision in ***Chadbourne & Parke LLP v. Troice***. "The basic purpose of the 1934 and 1933 regulatory statutes is to protect investor confidence in the securities markets. Nothing in those statutes, or in the Litigation Act, suggests their object is to protect persons whose connection with the statutorily defined securities is more remote than buying or selling." ***Chadbourne & Parke LLP v. Troice***, 134 S. Ct. 1058 (2014). "Entic[ing]... creditors to vote in favor of" a Plan is certainly far more remote than buying or selling securities.

The Order, at paragraph 14, takes another bite at the apple of subject-matter jurisdiction stating the Plan of Reorganization was "...in connection with the purchase or sale of securities because at the time the Plan of Reorganization was sent to Worthington Energy's creditors for approval, and subsequently filed with the Bankruptcy Court for confirmation, Worthington Energy was publicly traded." While it is true that Worthington was publicly traded it is completely inapposite. The putative false or misleading statements in the Disclosure were not about Worthington but about the finances of the electronics business which the proposed Successor to Worthington proposed to acquire. As noted above, the Plan proposed the formation of a new corporation, a

Successor to Worthington, which would "...have a name which reflects its new business..." in the electronics industry. (see Notebook, Disclosure Statement, Page 9) So the allegedly false statements were not about Worthington; they were about a company which was not public, which did not even exist, and which, if it were ever ordered by the Court to be established, would not be named Worthington Energy. Moreover, no shareholder of Worthington would receive shares in the Successor; only creditors in the Bankruptcy could become shareholders of the Successor. (see Notebook, Disclosure Statement, Page 18) Since no putative misleading statement concerned Worthington, trading in Worthington stock could not be influenced by putative misleading statements.

Clearly the Plan and Disclosure, and the putative false and misleading statements contained therein, were *not* "in connection with" the offer, purchase or sale of securities. On the one hand, the Staff alleged misrepresentations were made concerning a company that did not yet exist, the proposed Successor. Because it did not exist it had no securities to offer or sell. On the other hand, no misrepresentations have been alleged about Worthington Energy, the public company, and therefore there were no misrepresentations "in connection with" purchases or sales of Worthington stock. Absent misrepresentations in connection with an offer, purchase or sale of securities the Commission lacked subject-matter jurisdiction over this case.

Finally we turn to the question of whether Masters waived the requirement for subject-matter jurisdiction when he signed the consent. The simple answer is, he *did not* waive subject-matter jurisdiction because he *could not* waive it. "[S]ubject-matter jurisdiction... can never be forfeited or waived." ***United States* v. *Cotton***, 535 U. S. 625, 630 (2002); ***Arbaugh v. Y & H Corp.***, 546 U.S. 500 (2006). This is true regardless of when the issue is raised. "The objection that a federal court lacks subject-matter jurisdiction... may be raised at any stage in the litigation, even after trial and the entry of judgment, [FRCP] Rule 12(h)(3)." ***Arbaugh v. Y & H Corp.***, 546 U.S. 500 (2006).

The conclusion is inescapable: There was no fraud in connection with the offer, purchase or sale of securities, and therefore there was and is no subject-matter jurisdiction for an action against Masters. Moreover, this defect was not, and could not be cured by waiver.

II. THE BANKRUPTCY CASE WAS WITHDRAWN

SEC Rule 102(e) bars have sometimes been imposed in cases where an attorney interfered with the practices of the Commission, but that was hardly the case here. On May 1, 2018, Appellant Masters submitted a Proposed Plan of Reorganization and Disclosure Statement to the Bankruptcy Court for the Southern District of California. On May 10, 2018 a Comment Letter was sent by the SEC Staff. After discussions with the Staff and with management of his client, Worthington Energy, Inc., Masters submitted a Motion to Dismiss the Case or Convert it to Chapter 7 on June 4, 2018, and on July 16, 2018 the US Bankruptcy Judge granted the Motion without opposition and without sanctions or cost. Far from interfering with the practices of the Commission, Masters voluntarily acceded to the Commission's position. Penalizing an attorney for doing exactly what the Commission asks sets a strange and unhealthy precedent.

Over two years after the Worthington case was withdrawn, on September 23, 2020, the Staff of the SEC initiated Administrative Proceedings alleging putative violations by Masters in the May 1, 2018 Plan of Reorganization. There were no findings of fact showing any violations after Masters' motion to withdraw the case. Sanctions under the Federal Securities Laws are intended to be remedial and not punitive. The Rule 102(e) Bar and Director and Officer Bar as

well as the $50,000 civil money penalty imposed upon Masters on September 23, 2020 was and is punitive as it clearly had no remedial purpose. A Cease and Desist Order was entered even though there were clearly no ongoing violations to cease. The imposition of a permanent Rule 102(e) bar against a professional in good standing, more than two years after the offending Plan was withdrawn and the case dismissed, is strictly punitive and sheer nonsense.

Moreover, the Rule 102(e) bar defies the spirit of the Federal Rules of Civil Procedure ("FRCP"). FRCP Rule 11, the 'Sanction Rule,' provides that if a party or their attorney receives notice, and they then withdraw the matter subject to sanction, they will not be sanctioned. Analogously, Masters received notice of putative defects in the proposed Plan of Reorganization on May 10, 2018 and withdrew the filing on June 4, 2018. The principle is well settled, "if after notice and a reasonable opportunity to respond" the materially defective representations are withdrawn, a sanction cannot and will not be imposed. This basic principle of fairness also applies to a Rule 102(e) bar. The September 23, 2020 Order, imposed over two years after the corrective action taken by Masters, is deeply disturbing. The SEC needs to do what is right and just; it needs to right the wrong it did in this case.

III. MASTERS REASONABLY BELIEVED THE DISPUTED STATEMENTS TO BE TRUE

The Commission, in its Order Instituting Public Administrative and Cease-and-Desist Proceedings against Masters, stated that Masters made three false and/or misleading representations in the Disclosure Statement submitted to the Bankruptcy Court in the Chapter 11 Bankruptcy of Worthington Energy, Inc. The representations which the Commission cites are contained in Paragraphs No. 10, 11, and 12 of the Order. In point of fact, not one of these representations was false; all three statements were either true or Masters reasonably believed them to be true, thus negating scienter. The alleged misrepresentations and the factual basis for believing them to be true are as follows:

Paragraph 10) Contrary to Masters' representations, "Worthington Energy did not have an agreement with the Private Company to acquire it."

There was an oral agreement/understanding among the officers of both Worthington and the Private Company that the Worthington Successor and the Private Company would combine upon Court confirmation of the proposed Plan of Reorganization. The agreement is evidenced by the detailed information which each supplied for the Plan and Disclosure about their businesses and their individual resumes and their contributions to drafting and proofing and approving the Plan and Disclosure Statement which described the planned acquisition. The President of Worthington also signed the Disclosure and a Declaration under penalty of perjury stating that the information in the Disclosure and Plan was true and correct.

While a formal written agreement would be expected in a SEC filing, that is not the case in bankruptcy, and this was a bankruptcy case. For one thing, the agreement to acquire the Private Company was conditional upon confirmation of the Bankruptcy Plan of Reorganization. Another reason for the difference is that outside of bankruptcy the parties normally have the capacity to contract, but not in bankruptcy. There such contracts must be approved by the Court, after notice and hearing, before they can be executed, and the Court may impose additional terms at the hearing which must be incorporated into the contract. Thus an oral understanding and intent of the parties, which existed here, is exactly what is expected in Bankruptcy Court.

Paragraph 11) "Masters falsified the assets of the Private Company, falsely representing that [it] held almost $500,000 in assets that would be assets of the Successor Company."

The financial statements of the Private Company to be acquired, showing assets over $500,000, were prepared by Gary Rasmussen and Alan Bailey, CEO and CFO respectively of the Private Company. This is evidenced by emails in the attached Notebook. Their resumes in the Reg. A offering of Global Entertainment Holdings, Inc. as filed with the Commission on August 22, 2019, show that Rasmussen "has an extensive background spanning almost 40 years as an entrepreneur with vast experience in all phases of business development, having been a founder, chief executive officer or director of numerous private and publicly-held corporations engaged in the areas of cable television, investment banking, mortgage banking, VoIP Telephony and motion pictures." The same filing shows Bailey "served as a Senior Financial Executive of Paramount Pictures for 35 years, including being its Treasurer. In this capacity, he was responsible for Paramount's global cash management and control; internal audit and compliance; business continuity/disaster recovery; cash planning and forecasting..." etc.

Not only did Masters not prepare the financial statements of the Private Company, when he received them from Rasmussen and Bailey he asked for evidence of ownership of the largest asset, 250,000 shares of Airborne Wireless Network stock which was then trading at approximately $2.00 per share. He was provided with a "Subscription Agreement" executed by both Rasmussen and Bailey showing the assignment of the Airborne stock to the Private Company in exchange for shares in the Private Company (see attached Notebook). Clearly Masters' conduct was neither willfully fraudulent nor negligent.

While an SEC registration containing financial statements would require that the statements be audited, and indeed audited by a PCAOB member, there is no such requirement in Bankruptcy Court, nor is it common practice. Financial statements are typically prepared internally, just as they were here, though typically not by an accounting professional with such an illustrious background as Mr. Bailey. This was one reason Masters felt justified in relying on the financial information provided by Bailey and Rasmussen.

Paragraph 12) "Masters knew that the sales projections... were materially misleading because they were dependent on the Successor Company having at least $500,000 in assets, which Masters knew [it] would not have."

Because of the financial documents provided by the Private Company's officers and discussed above, Masters had every reason to believe that the Company had assets of $500,000. However, the financial projections, also provided by those same officers and included in the Disclosure Statement, clearly show that they were dependent on the company having $188,000, not $500,000 (See attached Notebook, Exhibit C to the Disclosure Statement). A simple reading of the bottom line of the projections, labeled "profit before tax," shows the company with negative cash flow for the first four months of operations then turning positive in the fifth month. The cumulative shortfall in the first four months is $188,038, not $500,000.

In its Offer of Settlement the Commission stated that, "Masters willfully violated Section 17(a)(1) and 17(a)(3) of the Securities Act, and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder."

Rule 10b-5, promulgated by the Securities Exchange Commission pursuant to Section 10(b) of the Exchange Act, prohibits any "artifice to defraud" or any act which "operates or would operate as a fraud or deceit." 17 C.F.R. § 240.10b-5. A successful cause of action under Section 10(b)

or Rule 10b-5 requires proof of (1) a misstatement or omission (2) of a material fact (3) made with scienter (4) upon which an innocent party relied (5) that proximately caused the party's loss. ***Gochnauer v. A. G. Edwards & Sons, Inc.,*** 810 F.2d 1042, 1046 (11th Cir.1987).

The claim of a 10b-5 violation by Masters fails on every element. As demonstrated above, there was no false statement or omission of a material fact. Even if there was a questionable statement, there can be no evidence Masters possessed the requisite scienter. The financial statements and projections were made by the CEO and CFO of the Private Company and Masters requested and received back-up documentation of the $500,000 asset. Finally, there is no evidence that any party relied upon the Plan and Disclosure Statement resulting in their loss.

Section 17(a) of the Securities Act states: It shall be unlawful for any person in the offer or sale of any securities... (1) to employ any device, scheme, or artifice to defraud, or... (3) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser. Courts have distinguished Sec. 17(a) from Sec. 10(b) chiefly on two grounds. First, they have held that 17(a)(3) does not require scienter but only negligence. See, for example, ***Aaron v. SEC***, 446 U.S. 680 (1980). But the facts here, Masters' reliance on financial statements prepared by a professional accountant with very high level experience, his demand for back up documentation, and the participation of all officers in preparing the Plan and Disclosure, show reasonable reliance, not negligence.

Second, courts looking at the "scheme" language of Sec. 17(a) have concluded that "a defendant may be liable under both Section 17(a)(2) and Section 17(a)(3) based on allegations stemming from the same set of facts as long as the SEC alleges that the defendants undertook a deceptive scheme or course of conduct that went beyond the misrepresentations." ***In re Alstom SA, Sec. Litig.***, 406 F.Supp.2d 433, 475 (S.D.N.Y.2005). Implicit in this is the assumption that a misrepresentation must have been made; where here there was no misrepresentation. Further, schemes that have come under scrutiny involve repeated patterns of conduct such as underbidding on contracts (***In Re Alstom***) or securitizing invoices which were worthless (***In Re Parmalat Securities Litigation*** 376 F. Supp.2d 472 (S.D.N.Y. 2005)). No such pattern of conduct is alleged against Masters, nor do the "facts" as stated support such an allegation.

Masters continues to believe that the statements made in the Disclosure and cited in the Commission's Order were true at the time they were made but, out of an abundance of caution and in deference to the Commission and its comment letter, the filings were withdrawn and the case dismissed, as is consistent with a lawyer's best practices.

IV. SEC v. BANKRUPTCY CODE: A CONFLICT OF LAW

The goal of the U.S. Bankruptcy Code is to provide a discharge of debts and a 'fresh start' for individual debtors – but not for corporations. "The court shall grant the debtor a discharge, unless - (1) the debtor is not an individual;" (11 U.S.C. §727(a)(1)). Chapter 11 of the Code favors creditors over debtors. It permits corporations to reorganize their debts, but only if they maximize recovery for creditors. This is insured by the requirements, unique to Chapter 11, that creditors must vote on the debtor's proposed Plan of Reorganization and that the Plan must meet the "best interests of creditors test." To confirm any Chapter 11 Plan, the Court must find that "[E]ach holder of a claim or interest ... (i) has accepted the plan; or (ii) will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date

of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under chapter 7 of this title on such date." (11 U.S.C. § 1129(a)(7)(A)).

The Plan proposed in the Worthington Energy bankruptcy met this requirement; it provided creditors with more than they would receive in a liquidation. (see Notebook, Disclosure Statement, Pages 29-30) It did this by proposing that creditors would receive shares in Worthington's Successor, an entity which would acquire the Private Company doing business as Smart Tech.

The SEC's Order, at Paragraph 3, states "... Confirmation by the Bankruptcy Court of the Plan of Reorganization would have resulted in the issuance of thousands of shares available for sale in the public marketplace, exempt from registration, in a publicly-traded shell corporation and in nine new shell companies primed to be sold and/or listed for trading." First, in deference to the SEC's antipathy to shells, it should be noted that Masters offered to include by Court Order a requirement that registration statements be filed with the SEC prior to any trading activity, however the Staff rejected this. Had the companies been fully registered reporting issuers, as offered, their financial statements would have been audited and current information would have been available to the public, just as with any other reporting operating company or SPAC, before any trading took place. It should also be noted that several additional steps would be required before any trading, including obtaining a transfer agent, obtaining DTC eligibility, and filing a Form 211 through a Broker-Dealer to obtain a trading symbol. Whatever the SEC meant by "primed" it could not mean that trading would begin immediately or soon.

Another requirement for confirmation of a Plan is that no creditor of lesser priority, and no equity shareholder, receive any distribution under the plan if creditors of higher priority are not paid in full. This requirement is sometimes referred to as the "absolute priority rule." 11 U.S.C. § 1129(b)(2). This principal was recently affirmed by the Supreme Court in ***Czyzewski v. Jevic Holding Corp.*** (580 U.S. 1 (2017)) The Worthington Plan met this requirement because the proposed share issuance was only to creditors and was in a new entity, the Successor. Thus Worthington's shareholders would neither receive nor retain anything under the Plan and, as noted above under the jurisdiction argument, any trading in Worthington stock therefore had no relation to the Plan.

Worthington Energy's proposed Plan of Reorganization clearly met the objectives of 11 U.S.C., the Bankruptcy Code. It provided a path to recovery for creditors, far superior to liquidation, just as the Bankruptcy Code requires. And it provided nothing, no new business, no new asset, to the shareholders of the bankrupt public company, just as the Bankruptcy Code requires. Between bankruptcy law on one hand and SEC policy on the other, there is a rift where one man's meat is truly another's poison. But the two are not equal in this case because the venue was Bankruptcy Court, not the SEC, and the Plan should therefore be viewed from the perspective of Bankruptcy Law.

CONCLUSION AND RELIEF SOUGHT

For the reasons stated above, the Commission's lack of Subject-Matter Jurisdiction, the voluntary withdrawal of the bankruptcy case after receipt of the Staff comment letter, Masters' reasonable reliance on the apparent truth of the statements made in the Plan of Reorganization, and the Plan's adherence to Bankruptcy Law and the goals of Chapter 11, the Commission's Order and Rule 102(e) Bar imposed on Masters should be vacated forthwith and the civil money penalty of $50,000 returned to him.

Respectfully Submitted,

Norman B. Arnoff January 4, 2022

Norman B. Arnoff, Esq.
Attorney for Daniel C. Masters, Respondent

Reviewed and Agreed to,

Jan. 4, 2022

Daniel C. Masters

EXHIBIT LIST

Exhibit A:	**Bankruptcy Comment Letter from SEC Staff**
Exhibit B:	**Motion to Dismiss Case**
Exhibit C:	**Court Order Dismissing Case**
Exhibit D:	**SEC Order Instituting Administrative Proceedings**
Exhibit E:	**Masters' Declaration on SEC's Findings**
Exhibit F:	**Evidence Supporting Masters Declaration**
Exhibit G:	**Letters of Reference from Other Attorneys**
Exhibit H:	**Masters' Resume and Good Standing**
Exhibit	**Disclosure Statement of Worthington Energy**

EXHIBIT A

Commission's Comment Letter

Opposing the Bankruptcy Plan

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
NEW YORK REGIONAL OFFICE
BROOKFIELD PLACE
200 VESEY ST., SUITE 400
NEW YORK, NEW YORK 10281-1022

NEAL JACOBSON
(212) 336-0095

May 10, 2018

BY EMAIL

Daniel Masters, Esq.
P.O. Box 66
La Jolla, CA 92038
Masters@lawyer.com

Re: Worthington Energy, Inc. (NY-9884)/Bankruptcy Case No. 18-2702 (CL) (Bankr. S.D.Cal.)

Dear Mr. Masters:

The staff of the Securities and Exchange Commission ("SEC") has reviewed the Disclosure Statement Describing Debtor's Joint Plan of Reorganization ("Disclosure Statement") and the Debtor's Joint Plan of Reorganization ("Plan") filed on May 1, 2018 in the above-referenced case. As set forth more fully below, in the staff's view, the Disclosure Statement contains inadequate information and cannot be approved in its current form. In addition, the staff believes that the Plan is nothing more than an attempt to traffic in public corporate shells in contravention of Sections 1129(d) and 1141(d)(3) of the Bankruptcy Code and is unconfirmable. The staff reserves the right to conduct formal discovery in connection with any motion for an order seeking approval of the Disclosure Statement and/or confirmation of the Plan.

Disclosure Standard

Section 1125 of the Bankruptcy Code requires the proponent of a plan to provide creditors and interest holders with a disclosure statement that contains "adequate information." 11 U.S.C. § 1125(a). "Adequate information," in turn, is defined as "information of a kind, and in sufficient detail … that would enable [] a hypothetical investor of the relevant class to make an informed judgment about the plan …." 11 U.S.C. § 1125(a).

Disclosure of the SEC Investigation, Penalty Claim, and Public Filings

The SEC is investigating an apparently false press release issued by Worthington Energy, Inc. ("Worthington") on January 26, 2018. This investigation could lead to the assertion by the SEC of a penalty claim against Worthington. In addition, Worthington was sanctioned with a $25,000 civil money penalty by the SEC in November 2014 for failing to file Forms 8-K when it issued unregistered securities. That penalty has not been fully paid. It also appears that Worthington has not kept current in its filings with the SEC but the Disclosure Statement does not explain why the

filings have not been made. The Disclosure Statement should be amended to include these relevant facts.

Disclosure Regarding Worthington and its Principals

Nowhere in the Disclosure Statement is a discussion of how Worthington, a defunct public Nevada corporation whose registration was revoked, came to be controlled by its principals. There is also no disclosure regarding Worthington's and the purported merger partner's principals experience with implementing reverse mergers with public shell companies. The Disclosure Statement should be amended to include this information.

Disclosure of Information Relevant to the Purported Reverse Merger Partner

The Disclosure Statement provides that Worthington will acquire a private company named "Smart Tech" by issuing 5 million shares to Smart Tech's shareholders and will continue Smart Tech's business post-plan consummation. (Disc. St. at 19)

According to the Disclosure Statement, Smart Tech is a development stage company and is the "developer and manufacturer" of two patented devices: (i) an electronic pill reminder device ("Smart Vial"), which is inserted into a pill box and triggers an alert that reminds the user when the next pill should be taken; and (ii) a fiber optic multi-direction USB plug (the "Flipper"), which can be inserted into a USB receptacle with the contacts facing up, down, right or left, making connection easier. (Disc. St. at 7-9)

The Disclosure Statement fails to identify the owner of the purported patents or the terms of Smart Tech's license to manufacture the identified products. In fact, a cursory Google search reveals that a company by the name of Ultra Tek, not Smart Tech, appears to own the patents on Smart Vial and the Flipper. Ultra Tek's website makes no mention of Smart Tech or any role it or its principals may play in the manufacture of its patented products, and the Disclosure Statement is devoid of any information regarding the owner of the patents. Although annexed to the Plan are financial projections for Ultra Tek and a draft financing motion that refers to Ultra Tek, there is no disclosure regarding Ultra Tek in the Disclosure Statement. Adding to the confusion, the Disclosure Statement refers to "additional funding" to be provided by an entity named "Vital," but is devoid of any information regarding Vital. (Disc. St. at 22) The Disclosure Statement should be amended to include accurate information regarding the purported reverse merger partner.

The Disclosure Statement contains minimal and unreliable financial information concerning Smart Tech. The Disclosure Statement reveals that Smart Tech has $507,000 in capital, consisting of 250,000 shares of a company called "Airborne Wireless," whose shares as of February 1, 2018 traded at $2.03 each. (Disc. St. at 9) However, Airborne Wireless stock is currently trading at approximately 75c per share, resulting in a capitalization of only $187,500, assuming the stock could be sold in a thin market without devaluing the sale price.

The Disclosure Statement also contains unsupported and wildly optimistic projections regarding the reorganized debtor's prospects. According to a five line "statement of operations"

attached to the Plan, Smart Tech's 2017 sales were only $920.00, and it had a net loss of $15,815.00. Nonetheless, without any supporting discussion or documentation, Smart Tech projects that it will generate sales of $375,000 in October-December 2018; $3.75mm in 2019; $5.625mm in 2020; $7.5mm in 2021; $9mm in 2022; and $11.25mm in 2023. This sketchy financial information inserted into a disclosure statement that will be the basis for trading in Smart Tech's stock is particularly troublesome to the staff in light of the January 26, 2018 press release, apparently issued by Worthington, that touted an "exciting new direction and business expansion," by Worthington's "new leadership team" and "new officers and directors." That press release, however, did not disclose the identities of the new management team nor any information regarding the new direction and business expansion.

A cursory Google search reveals press releases dating from July 2010 that introduced the Smart Vial and Flipper by Ultra Tek. The search also reveals that Ultra Tek's principal sued the USB Implementer's Forum, Inc. for refusing to certify or test the Flipper, and that the suit was dismissed. The Disclosure Statement should discuss why those products have not had any commercial success for the past eight years, what efforts had been made to develop them, what type of competition they face, and the effect of failure to obtain certification has on the Flipper's prospects.

The Disclosure Statement states that Worthington intends to issue stock in its nine dormant subsidiaries to creditors, but contains no discussion of what businesses the subsidiaries will engage in. The Disclosure Statement should be amended to provide adequate information regarding the subsidiaries' businesses.

Finally, the Disclosure Statement does not state that the reorganized debtor will file a Form 8-K with the Securities and Exchange Commission that contains the information required in a Form 10 registration statement upon the completion of the proposed reverse merger as set forth in Item 2.01 of Form 8-K.

The Plan Provides for Illegal Shell Trafficking and is Unconfirmable

The Disclosure Statement states that Worthington intends to use the exemption from registration contained in Section 1145 of the Bankruptcy Code to issue stock and warrants in Worthington's nine dormant subsidiaries to its creditors, thereby creating nine clean public shells that will have no assets and no identified operations. (Disc. St. at 11-13) Section 1141(d)(3) of the Bankruptcy Code, however provides that a corporate debtor cannot obtain a discharge if it has liquidated all or substantially all of its assets and does not engage in business after consummation of a plan. 11 U.S.C. §1141(d)(3).[1/] This prohibition was specifically drafted to prevent trafficking in

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[1] Section 1141(d)(3) provides, in relevant part, that the confirmation of a plan does not discharge a corporate debtor if:

> (A) the plan provides for the liquidation of all or substantially all of the property of the estate;
> (B) the debtor does not engage in business after consummation of the plan; and;

corporate shells. *See In re Fairchild Aircraft Corp.*, 128 B.R. 976, 982 (Bankr. W.D. Tex. 1991); H.R. Rep. No. 595, 95th Cong., 1st Sess. 384, 418-19 (1977); S. Rep. No. 989, 95th Cong., 2d Sess. 98-99, 129-130 (1978). *See also In re Goodman*, 873 F. 2d 598, 602 (2d Cir. 1989) ("Congress deliberately excluded [liquidating] corporations from eligibility for discharge ... to avoid trafficking in corporate shells ...."). The court in *Fairchild Aircraft* noted that the protection against trafficking in corporate shells afforded by Section 1141(d)(3) is particularly important with respect to publicly traded companies:

> Without it, entities would be tempted to pick up the shell, issue new stock, and start a new business without the dead weight of old debt, undermining not only the integrity and *bona fides* of the bankruptcy system but also the underlying salutary function of the securities laws.

Fairchild Aircraft, 128 B.R. at 982 n.6. *See also* Report of the Commission on Bankruptcy Laws of the United States, H.R. Doc. No. 93-137, 93rd Cong., 1st Sess. (1973), *reprinted in Collier On Bankruptcy*, Appendix Volume B at App. Pt. 4-703 through App. Pt. 4-704 (16th rev. ed. 2017) (Denying a corporate debtor a discharge "restricts the manipulative use of bankruptcy shells in violation of securities laws and other legislation protecting public investors in and creditors of corporations.").

In addition, Section 1129(d) of the Bankruptcy Code provides that "on request of a party in interest that is a governmental unit, the bankruptcy court may not confirm a plan if the principal purpose of the plan is the avoidance of taxes or the avoidance of the application of section 5 of the Securities Act of 1933." 11 U.S.C. § 1129(d). The principal purpose of a plan may be determined "in the context of its surrounding circumstances." *In re Scott Cable Communications, Inc.*, 227 B.R. 596, 603 (Bankr. D. Conn. 1998). Here, there can be no doubt that the principal purpose of the Plan is to traffic in corporate shells and is therefore unconfirmable.

These preliminary comments are made without prejudice to the staff's right to raise additional comments and /or objections to approval of the Disclosure Statement and/or confirmation of the Plan and to take discovery in connection with any motion by Worthington to seek approval of the Disclosure Statement and confirmation of the Plan.

Sincerely,

Neal Jacobson
Trial Counsel

(C) the debtor would be denied a discharge under Section 727(a) of this title if the case were a case under chapter 7 of this title.

11 U.S.C. § 1141(d)(3).

Cc (via email):
Leslie Skorheim, Esq.
Office of the United States Trustee
Leslie.skorheim@usdoj.gov

EXHIBIT B

Motion to Convert or Dismiss Bankruptcy

Filed by Masters on June 4, 2018

Daniel Masters (SBN 220729)
P. O. Box 66
La Jolla, CA 92038
Telephone: (858) 459-1133
Facsimile: (858) 459-1103

Attorney for Debtor

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF CALIFORNIA

In re:	Case No.: 18-02702-CL11
WORTHINGTON ENERGY, INC.,	**MOTION BY DEBTOR TO CONVERT THE CASE TO CHAPTER 7 OR TO DISMISS THE CASE**
A NEVADA CORPORATION,	Date: July 16, 2018 Time: 2:30 PM
Debtor.	Place: 325 West F Street, Dept. 5 San Diego, CA 92101
	Judge: Hon. Christopher B. Latham

WORTHINGTON ENERGY, INC. the debtor and debtor-in-possession (the "Debtor") moves the Court for an order converting this case from a case under Chapter 11 to a case under Chapter 7 pursuant to 11 U.S.C. section 1112(b), or, in the alternative, for an order dismissing the case.

BACKGROUND

On May 1, 2018 the Debtor filed a voluntary petition for relief under chapter 11 of the Code [Docket Entry No. 1]. On May 21, 2018 the Court held a status conference in this case and on May 29, 2018 a 341(a) meeting of creditors meeting was held. At both the status conference and the meeting of creditors the question of the corporate status of the Debtor in Nevada and in California was raised.

The Debtor's status as a corporation has been revoked in Nevada and forfeited in California, both for failure to pay corporate fees and taxes. Management of the Debtor has determined that the fees owing are $20,625 to Nevada and $7,423 to California. Management has also attempted to negotiate with the two states to reduce the amounts owing but without success. The Debtor lacks the resources to pay these

sums and management is unwilling to pay them on behalf of the Debtor. Moreover, the SEC has indicated its intent to oppose the Debtor's plan of reorganization, making it unlikely that any other party would be willing to advance the necessary funds. Finally, the Debtor's business is not operating, thus there is no business to reorganize.

Therefore the Debtor is filing this motion to convert or dismiss.

ARGUMENT

Under the present circumstances, it is in the best interests of the Debtor and its creditors to convert this chapter 11 case to a case under chapter 7 of the Bankruptcy Code, as it appears the Debtor has no legal standing and there is no meaningful operating business to reorganize. Section 1112(b)(1) of the Bankruptcy Code provides that the court "shall" convert or dismiss the case if the movant establishes cause, unless the court determines that unusual circumstances exist such that conversion or dismissal would not be in the best interests of creditors and the estate. 11 U.S.C. § 1112(b)(1) and (2).

Section 1112(b)(4) provides a non-exhaustive list of sixteen factors from which the Court may find a showing of "cause" for purposes of paragraph (b)(1). See 11 U.S.C. § 1112(b)(4). Among the factors named, cause for conversion exists when a moving party can demonstrate the "unexcused failure to satisfy timely any filing or reporting requirement established by this title or by any rule applicable to a case under this chapter;" 11 U.S.C. §1112(b)(4)(F). Cause for conversion also exists when a moving party can demonstrate "failure timely to provide information… reasonably requested by the United States trustee" 11 U.S.C. §1112(b)(4)(H).

Here the Debtor has failed to provide the United States Trustee's office with evidence of its good standing in Nevada and California and with evidence of a debtor-in-possession bank account. The Debtor is unable to establish a bank account because of its revoked and forfeited status with Nevada and California respectively. Moreover, there is no reasonable prospect that the Debtor will be able to cure these deficiencies because the Debtor lacks the funds to pay the state fees which total approximately $28,048.

Once cause is established by the moving party, dismissal or conversion is mandatory "unless the court determines that the appointment under section 1104(a) of a trustee or an examiner is in the best interests of creditors and the estate" § 1112(b)(1). Such an appointment is not in the best interest of

creditors and the estate here because there is no ongoing business for a trustee to operate and no significant asset for a trustee to protect.

CONCLUSION

"Cause" exists for conversion of this chapter 11 case to one under chapter 7. Additionally, the Debtor is unaware of any circumstances that would constitute "unusual circumstances" that would operate as an exception to the standard set forth in section 1112(b)(1). Accordingly, it is appropriate and in the best interest of creditors and this estate for the Court to convert this chapter 11 case to a case under chapter 7 of the Bankruptcy Code or to dismiss the case. Therefore, the Debtor respectfully requests that this Court enter an order converting the Debtor's case from chapter 11 to chapter 7, or an order dismissing the case, and grant such other and further relief as it deems just and proper.

DATED: June 4, 2018

Respectfully submitted,

Worthington Energy, Inc.

/s/ Daniel Masters

By: _____
Daniel Masters
Attorney for Debtor
Worthington Energy, Inc.

DECLARATION OF CHARLES VOLK

I, Charles Volk, declare as follows:

1. I am the Chairman of Worthington Energy, Inc., debtor and debtor in possession in the above-captioned case ("Debtor"). I have personal knowledge of the facts set forth herein except those stated on information and belief, and if called as a witness, I could and would testify competently thereto. I make this declaration in support of the attached Motion by Debtor for an order converting the case from one under chapter 11 to one under chapter 7, or, in the alternative, for an order dismissing the case.

2. The Debtor is a Nevada corporation organized on June 30, 2004, however its corporate status has been revoked by Nevada for failure to pay fees.

3. The Debtor currently owes the State of Nevada $20,625 in back fees.

4. The Debtor was qualified to do business in California, however its status in California has been forfeited for failure to pay fees.

5. The Debtor currently owes the State of California $7,423 in back fees.

6. The Debtor has no funds with which to pay these fees and no one known to the Debtor is willing to advance the funds for Debtor to pay these fees.

7. The United States Trustee has requested evidence of good standing in these states and evidence of the opening of a debtor-in-possession bank account, none of which the Debtor can provide since it is not in good standing and since the bank also requires evidence of good standing to open an account.

13. Because the Debtor is unable to comply with these requirements the Court should order this chapter 11 case to be converted to a case under chapter 7 or, in the alternative, dismiss this case.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 4th day of June, 2018 at Tiburon, California.

/s/ Charles Volk

Charles Volk
Chairman of Worthington Energy, Inc.

EXHIBIT C

Bankruptcy Court Order

Dismissing Worthington Energy Case

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF CALIFORNIA
325 West "F" Street, San Diego, California 92101-6991

In re: WORTHINGTON ENERGY, INC. Debtor(s).	BANKRUPTCY NO. 18-02702-CL11 Date of Hearing: 07/16/2018 Time of Hearing: 2:30 PM Name of Judge: Christopher B. Latham

ORDER DISMISSING CASE

IT IS HEREBY ORDERED as set forth on the continuation page(s) attached, numbered two (2) through two (2).

DATED: July 16, 2018

Judge, United States Bankruptcy Court

The court affirms and adopts its tentative ruling at ECF No. 36 as the ruling of the court on Debtor's unopposed motion to dismiss or convert this case to another chapter (ECF No. 32). The motion is accordingly **granted**, and the case is hereby **dismissed**.

IT IS SO ORDERED.

EXHIBIT D

Commission's Order

Instituting Public Administrative Proceedings

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10847 / September 23, 2020

SECURITIES EXCHANGE ACT OF 1934
Release No. 89976 / September 23, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-20051

In the Matter of

DANIEL C. MASTERS,

Respondent.

ORDER INSTITUTING PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, SECTIONS 15(b), 4C AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, AND RULE 102(e) OF THE COMMISSION'S RULES OF PRACTICE, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 ("Securities Act"), and Sections 15(b), 4C[1] and 21C of the Securities Exchange Act of 1934 ("Exchange Act"), and Rule 102(e)(1)(iii)[2] of the Commission's Rules of Practice against Daniel C. Masters ("Masters" or "Respondent").

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[1] Section 4C provides, in pertinent part, that:

> The Commission may censure any person, or deny, temporarily or permanently, to any person the privilege of appearing or practicing before the Commission in any way, if that person is found . . . (3) to have willfully violated, or willfully aided and abetted the violation of, any provision of the securities laws or the rules and regulations thereunder.

[2] Rule 102(e)(1)(iii) provides, in pertinent part, that:

> The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found...to have willfully violated, or willfully aided and abetted the violation of any provision of the Federal securities laws or

II.

In anticipation of the institution of these proceedings, Masters has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Masters consents to the entry of this Order Instituting Public Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b), 4C and 21C of the Securities Exchange Act of 1934, and Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Masters' Offer, the Commission finds[3] that

Summary

1. In 2018, Masters, as bankruptcy counsel to Worthington Energy, Inc., ("Worthington Energy" or "the Company") a Nevada shell corporation, drafted, signed and filed with the United States Bankruptcy Court for the Southern District of California ("the Bankruptcy Court") a false and materially misleading *Disclosure Statement Describing Debtor's Joint Plan of Reorganization* and *Debtor's Joint Plan of Reorganization* as a Chapter 11 prepackaged Plan of Reorganization (the "Plan of Reorganization"). As detailed in the Plan of Reorganization, Worthington Energy would acquire a certain private company (the "Private Company") and issue to Worthington Energy's creditors new shares, exempt from registration, in the successor company (the "Successor Company") as well as in nine additional shell companies that would be spun off from Worthington Energy's dormant oil well assets. In reality, Worthington Energy didn't have an agreement with the Private Company for its acquisition.

2. The Plan of Reorganization, drafted, signed and filed with the Bankruptcy Court by Masters, also included false and misleading representations as to the Private Company's assets and the Successor Company's sales projections.

3. These false and misleading representations were included in the Plan of Reorganization to entice Worthington Energy's creditors to approve, and the Bankruptcy Court to confirm, the Plan of Reorganization. Confirmation by the Bankruptcy Court of the Plan of Reorganization would have resulted in the issuance of thousands of shares available for sale in the

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the rules and regulations thereunder.

3 The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

public marketplace, exempt from registration, in a publicly-traded shell corporation and in nine new shell companies primed to be sold and/or listed for trading. Masters stood to receive a fee of $100,000, as well as additional compensation in the form of cash or stock.

Respondent

4. Masters, age 74, resides in San Diego, California. At all relevant times, he was an attorney licensed to practice in the State of California. Masters participated in an offering of Worthington Energy stock, which was a penny stock.

Relevant Entity

5. Worthington Energy was a Nevada shell corporation headquartered in Corte Madera, California. Worthington Energy's common stock was registered with the Commission pursuant to Section 12(g) of the Exchange Act and was quoted on OTC Link operated by OTC Markets Group ("OTC Link") prior to June 21, 2018 at which time the Commission suspended trading in the securities of the Company. Worthington Energy's common stock traded at a high of .0001 per share in 2018 and at all relevant times its common stock met the definition of a penny stock. On March 26, 2019, the Commission revoked the registration of Worthington Energy pursuant to Section 12(j) of the Exchange Act.

Facts

6. Masters conceived of, and structured, Worthington Energy's Plan of Reorganization.

7. Masters drafted a Form 8-K, issued by the Company and filed with the Commission on March 19, 2018, announcing that Worthington Energy would file for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code and solicit approval of the issuer's creditors of a "prepackaged Plan of Reorganization".

8. Masters also drafted and signed, as counsel for Worthington Energy, the Plan of Reorganization, circulated the Plan of Reorganization to Worthington Energy's creditors, tabulated their votes and filed the Plan of Reorganization with the Bankruptcy Court.

9. The Plan of Reorganization stated that a reorganized Worthington Energy was to acquire the Private Company. Obligations to creditors were to be satisfied by a combination of cash and the issuance of stock in the Successor Company and in nine subsidiaries spun off from Worthington Energy's dormant oil well assets in exchange for the creditors' respective claims.

10. The Plan of Reorganization was materially false and misleading. First, contrary to representations in those documents, Worthington Energy did not have an agreement with the Private Company to acquire it.

11. Second, Masters falsified the assets of the Private Company and Successor Company in the Plan of Reorganization, falsely representing that the Private Company held almost

$500,000 in assets that would be assets of the Successor Company. In reality, the Private Company had no more than $10,000 in assets.

12. Third, Masters knew that the sales projections in the Plan of Reorganization were materially misleading because they were dependent on the Successor Company having at least $500,000 in assets, which Masters knew the Successor Company would not actually have.

13. Masters made these false and materially misleading statements in the Plan of Reorganization to entice Worthington Energy's creditors to vote in favor of, and the Bankruptcy Court to confirm, the Plan of Reorganization.

14. The Plan of Reorganization was an unregistered offer of securities pursuant to the exemption from registration for securities issued to creditors in exchange for their claims contained in Section 1145 of the Bankruptcy Code. It was also in connection with the purchase or sale of securities because at the time the Plan of Reorganization was sent to Worthington Energy's creditors for approval, and subsequently filed with the Bankruptcy Court for confirmation, Worthington Energy was publicly traded.

Violations

15. As a result of the conduct described above, Masters willfully violated Sections 17(a)(1) and 17(a)(3) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder which prohibit fraudulent conduct in the offer or sale of securities and in connection with the purchase or sale of securities.

Findings

16. Based on the foregoing, the Commission finds that Masters willfully violated Sections 17(a)(1) and 17(a)(3) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Masters' Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Respondent Masters shall cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent Masters shall be, and hereby is:

(1) prohibited from acting as an officer or director of any issuer that has a

class of securities registered pursuant to Section 12 of the Exchange Act, or that is required to file reports pursuant to Section 15(d) of that Act; and

(2) barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent, or other person who engages in activities with a broker, dealer, or issuer for purposes of the issuance or trading of any penny stock, or inducing or attempting to induce the purchase or sale of any pennystock.

C. Respondent Masters is denied the privilege of appearing or practicing before the Commission as an attorney.

D Respondent Masters shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of $50,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

(1) Masters may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Masters may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Masters may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Daniel C. Masters as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Lara Shalov Mehraban, Associate Director, Division of Enforcement, Securities and Exchange Commission, Brookfield Place, 200 Vesey Street, Suite 400, New York, NY 10281-1100.

E. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Masters agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Masters' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Masters agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Masters by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Masters, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Masters under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Masters of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary

EXHIBIT E

Masters' Declaration Under Penalty of Perjury

Concerning Statements in the Order Instituting

Public Administrative Proceedings

Declaration of Daniel C. Masters

I, Daniel C. Masters, (hereafter "I" or "Me") make this Declaration as if under oath:

1. I am an attorney, duly licensed and in good standing in California. Prior to September 2020 I represented small companies in corporate matters including securities issuances and corporate bankruptcies. All of the information contained herein is within my personal knowledge.
2. On May 1, 2018 I filed a Chapter 11 Bankruptcy for Worthington Energy, Inc. On May 10, 2018 I received a "comment letter" from the SEC asking for additional disclosure and objecting to certain provisions of the proposed Plan of Reorganization.
3. On June 4, 2018, after several telephone discussions and emails and one in person meeting with an attorney from the SEC, I filed a Motion to withdraw the Bankruptcy.
4. In spite of complying with the SEC's request that we withdraw the Bankruptcy, two years later, on September 23, 2020, the Commission entered a Cease-and-Desist Order (the "Order") against Me (Administrative Proceeding File No. 3-20051). I dispute the core findings contained in that Order.
5. The Order contains three specific allegations of "false or misleading statements" attributed to me which are set forth in Paragraphs 10, 11, and 12.
6. Paragraph Number 10 states: "The Plan of Reorganization was materially false and misleading. First, contrary to representations in those documents, Worthington Energy did not have an agreement with the Private Company to acquire it."
7. I deny absolutely that the Plan was materially false and misleading.
8. I also deny the allegation that Worthington Energy did not have an agreement with the Private Company for it to be acquired by Worthington's successor.
9. In my experience, formal sale agreements, acquisition agreements, etc. are prepared after hearing and approval by the Bankruptcy Court. This is because terms and conditions are often dictated or modified by the Court at the hearing. No hearing on the proposed acquisition took place in this case and therefore no written acquisition agreement was prepared.
10. While there was no formal written acquisition agreement between Worthington and the Private Company, there was certainly an operative understanding, an oral agreement. All of the details concerning the two companies, their officers, their financial condition, and their plans for the merged companies going forward were given to me, and incorporated into the Plan, by the officers of Worthington and the Private Company, and

they approved the document before it was filed in the clear belief there would be an acquisition if they received Court approval to do so.

11. Paragraph Number 11 states: "Second, Masters falsified the assets of the Private Company and Successor Company in the Plan of Reorganization, falsely representing that the Private Company held almost $500,000 in assets that would be assets of the Successor Company. In reality, the Private Company had no more than $10,000 in assets."
12. I categorically deny falsifying the assets of the Private Company and/or the Successor Company.
13. All financial information concerning the Private Company and the proposed Successor Company, including but not limited to asset information, was prepared by the Private Company's CEO, Gary Rasmussen, and CFO, Alan Bailey, and provided to me by them by email, a copy of which is attached.
14. Mr. Bailey is a highly qualified accounting professional and past Treasurer of Paramount Pictures, a company that sold for $9.75 Billion, and Mr. Rasmussen is CEO of Global Entertainment Holdings, a publicly traded company. Because of their past experience I believed them to know the assets and liabilities of their business and I reasonably relied upon the financial information they provided.
15. Because one asset, 250,000 shares of stock in Airborne Wireless Network valued at $495,000, represented more than 90% of the company's assets, I asked for evidence of this asset. Rasmussen and Bailey provided me a copy of the assignment agreement showing they transferred 250,000 restricted shares of Airborne Wireless Network to the Private Company. A copy of the assignment is attached. At that time, Airborne Wireless Network was trading at approximately $2.00 per share; thus the 250,000 shares had a market value of approximately $500,000.
16. Paragraph Number 12 states: "Third, Masters knew that the sales projections in the Plan of Reorganization were materially misleading because they were dependent on the Successor Company having at least $500,000 in assets, which Masters knew the Successor Company would not actually have."
17. First, as set forth above, I had every reason to believe the company would have approximately $500,000 in assets.
18. Second, the Commission's allegation that the sales projections were dependent on the Company having $500,000 is simply false and suggests the Commission did not read the document. The Successor Company's operating projections, which were prepared

by Rasmussen and Bailey and included in the Plan Disclosure Statement, show a maximum cash shortfall of approximately $190,000. Thus the sales projections were dependent on the Company having $190,000, not $500,000.

19. Paragraph Number 13 states: "Masters made these false and materially misleading statements in the Plan of Reorganization to entice Worthington Energy's creditors to vote in favor of, and the Bankruptcy Court to confirm, the Plan of Reorganization."
20. As set forth above, I categorically deny knowingly making false and materially misleading statements in the Plan of Reorganization. Every statement cited in the Order was provided to me by the principals of the Private Company.
21. Moreover, even if Bailey or Rasmussen provided me with false or misleading information, the Court never approved the Plan and no securities were issued. Therefore no 'detrimental *action'* took place.
22. Paragraph Number 14 states: "The Plan of Reorganization was an unregistered offer of securities pursuant to the exemption from registration for securities issued to creditors in exchange for their claims contained in Section 1145 of the Bankruptcy Code. It was also in connection with the purchase or sale of securities because at the time the Plan of Reorganization was sent to Worthington Energy's creditors for approval, and subsequently filed with the Bankruptcy Court for confirmation, Worthington Energy was publicly traded."
23. I deny that the statements in the Plan were "in connection with the purchase or sale of securities," or that they even could have been "in connection with the purchase or sale of securities."
24. The Plan clearly states (in all capital letters) that securities will only be issued if the Court approves the Plan of Reorganization. The case was withdrawn before there was a hearing on the Plan or Court approval of the Plan. Securities were never issued.
25. Further, the proposed issuance of shares was in a corporation that did not yet exist. The Plan called for the creation of a new corporation – a *successor* to Worthington – and issuance of securities in that new successor corporation, not in Worthington itself. Since the new corporation did not even exist there could not possibly be a "purchase or sale" of its securities.

Executed this Sixteenth day of November, 2021 under penalty of perjury pursuant to the laws of the United States of America and the State of California.

/s/ Daniel C. Masters

EXHIBIT F

Emails Evidencing the Source of Smart Tech Financial Statements

was Rasmussen and Bailey, Not Masters

From: Gary @ Global Ent. [mailto:gr@globaluniversal.com]
Sent: Thursday, March 8, 2018 6:11 PM
To: Dan Masters <masters@lawyer.com>
Subject: Re: please review

Dan,

Attached is a corrected management slate. Also, a very rough draft of what the financial statement might look like for 2017 – subject to what Alan comes up with this coming Tuesday.

-- Gary

SmartVials
Financial Statements
Through December 31, 2017

SmartVials
Balance Sheet at December 31, 2017

Assets		
Current assets		
Cash	$	10,125
Accounts receivable		600
		10,725
Securities (Airborne shares)		495,000
Non-current assets		
Patent rights		25,000
Total assets	$	530,725
Liabilities		
Accounts payable	$	4,350
Total liabilities		4,350
Shareholders' Equity		
Share capital		
Authorized:		
10,000,000 common shares of $ 0.0001 par value each		
Issued and outstanding:		
9,950,000 common shares of $ 0.0001 par value each		995
Additional paid-in capital		570,573
Accumulated deficit		(40,843)
		530,725
Total Liabilities and Shareholders' Equity	$	530,725

The accompanying notes are an integral part of this financial statements

SmartVials

Statement of Operations

Fiscal Year Ended December 31, 2017

Revenues	
Sales	$ 920
Less: Cost of sales	(7,413)
	(6,493)
Expenses	
Advertising	500
Incorporation	150
Patent Maintenance	3,700
Travel	10,000
Sales Conventions	20,000
	34,350
Net loss for period	($40,843)

Gary Rasmussen, is CEO (Chief Executive Officer) of Smart Tech and will be the CEO of the proposed Successor corporation to the Debtor. He has an extensive background spanning almost 40 years as an entrepreneur. He has been a founder, CEO or director of private corporations engaged in the areas of cable television, investment banking, mortgage banking, VoIP Telephony and motion pictures. He has also been CEO of three publicly traded companies: Global Entertainment Holdings, a motion picture producer which he has headed since December 2007, Fone Friend, a voice over internet phone (VoIP) company which he headed from 2002 through 2004, and United Satellite, a company which operated 54 cable systems which he headed from 1986 through 1993. Mr. Rasmussen is the General Partner of Rochester Capital Partners, LP (a family limited partnership), with investments in Smart Tech and Airborne Wireless Network, as well as Global Entertainment's largest shareholder. Early in his career Mr. Rasmussen worked in the securities industry with Merrill Lynch in New York, and then formed his own investment banking company, First Heritage Corporation, in Southfield, Michigan. Mr. Rasmussen is a licensed commercial pilot, with instrument and multi-engine endorsements, as well as a former certified flight instructor. He holds a Bachelors degree in Business Administration, with majors in Finance and Management, from Western Michigan University.

If the proposed Plan of Reorganization is confirmed, Mr. Rasmussen's salary will be $6,000 per month or $72,000 per year. Mr. Rasmussen will continue to devote part of his time to Global Entertainment and to other businesses which do not pose a conflict of interest with Smart Tech.

Joseph Lai, is CTO (Chief Technical Officer) and Chairman of Smart Tech and will be the CTO and Chairman of the proposed Successor corporation to the Debtor. He is a serial inventor with 40 years of experience in the research and development of electronic and telecommunications related products. He is the inventor of Smart Vials, the pill container cap that automatically reminds user to take their pills, and of the Fiber-Optic USB connector. These two inventions will form the basis of Smart Tech's business. Joe Lai is Smart Tech's largest shareholder. Mr. Lai is also the inventor of patent utilized by Airborne Wireless Network (OTCQB: ABWN), a real-time airborne broadband communications relay system, and of Smart Parcel Service, a package relay service. Mr. Lai has a Masters of Science degree in Electrical Engineering from Loyola Marymount University in Los Angeles.

If the proposed Plan of Reorganization is confirmed, Mr. Lai's salary will be $5,000 per month or $60,000 per year. Mr. Lai will continue to devote part of his time to other businesses which do not pose a conflict of interest with Smart Tech.

Alan Bailey, is CFO (Chief Financial Officer) of Smart Tech and will be the CFO of the proposed Successor corporation to the Debtor. He has over 40 years of experience as a financial executive. Mr. Bailey also currently serves as the CFO of Global Entertainment Holdings, Inc., a publicly-held corporation, a position he has held since January of 2013. Prior to joining Smart Tech and Global Entertainment, Mr. Bailey served as a Senior Financial Executive of Paramount Pictures for 35 years, including being its Treasurer. In this capacity, he was responsible for Paramount's global cash management and control; internal audit and compliance; business continuity/disaster recovery; cash planning and forecasting; individual and film slate financing and investor reporting/compliance; international financial reporting; tax planning; corporate structuring and compliance. Mr. Bailey is a Fellow of the Institute of UK Chartered Accountants and is an alumnus of Ernst & Young and Grant Thornton.

If the proposed Plan of Reorganization is confirmed, Mr. Bailey's salary will be $4,000 per month or $48,000 per year. Mr. Bailey will continue to devote part of his time to Global Entertainment and other businesses which do not pose a conflict of interest with Smart Tech

From: Gary @ Global Ent. [mailto:gr@globaluniversal.com]
Sent: Thursday, March 8, 2018 3:56 PM
To: Dan Masters <masters@lawyer.com>
Subject: Re: name

Dan,

As we discussed, Smart Tech will suffice for now.

Also, attached is the agreement between Global Ent. and Smart Vials for Global to put in 250,000 shares of Airborne Wireless Network.

-- Gary

SUBSCRIPTION AGREEMENT

1. **Subscription.** Pursuant to the terms and conditions of this subscription agreement (the "Subscription Agreement") dated as of December 31, 2017, relating to the private offer and sale (the "Offering") of 700,000 common shares of $ 0.0001 par value each ("the SmartVials shares") of SmartVials, Inc., a Wyoming corporation ("the Company") to Global Entertainment Holdings, Inc., a Nevada corporation (the "Investor"), the Investor hereby subscribes to purchase the said number of the SmartVials shares at the purchase price of United States Dollars five hundred thousand (US $500,000.00) with such consideration payable by Investor to Company through the delivery by Investor to Company of 250,000 restricted common shares of Airborne Wireless Network having a current market value on OTCMarkets of approximately $2.00 per share Such delivery shall be made by Investor to Company no later than March 31, 2018.

2. **Representations and Warranties.** To induce the Company to accept this subscription, Investor represents and warrants to the Company. as follows:

   (a) Investor understands that the offer and sale of the SmartVials shares is intended to be exempt from registration under the Securities Act of 1933, as amended (the "Securities Act");

   (b) Investor believes that an investment in the Shares is suitable and appropriate for Investor. To the full satisfaction of Investor, Investor has been furnished any materials Investor has requested relating to the Company and to the offering of the SmartVials shares, and Investor has been afforded the opportunity to ask questions of representatives of the Company concerning the terms and conditions of the investment and to obtain any additional information necessary to make an informed investment decision;

   (c) Investor is acquiring the Shares for investment purposes only and not with a view to the resale or distribution thereof, in whole or in part. It is also not the intention of the Investor, as at the Signing Date, to sell or transfer the SmartVials shares, or grant, issue or transfer interests in, or options over, them within 12 months after issue of the subscription securities. Investor agrees that Investor shall have no actionable claim or claims against the Company, or its directors, officers, employees, agents or shareholders, or any affiliate of any of the foregoing, with respect to or arising out of any information, statement or projection respecting the Company, whether written or oral, and including, but not limited to, any such information, statement or projection made or provided in any other materials provided to Investor;

   (d) Investor has the full power and authority to execute and deliver this Subscription Agreement and each other document required to be executed and delivered by Investor in connection with this subscription for the Shares, and to perform its obligations there under and consummate the transactions contemplated thereby The person signing this Subscription Agreement on behalf of Investor has been duly authorized to execute and deliver this Subscription Agreement and each other document required to be executed and delivered by Investor in connection with this subscription for the Shares. The execution and delivery by Investor of, and compliance by Investor with, this Subscription Agreement and each other document required to be executed and delivered by Investor in connection with this subscription for the Shares does not conflict with, or constitute a default under, any instrument governing Investor, any law, regulation or order, or any agreement to which Investor is a party or by which Investor is bound. This Subscription Agreement has been duly executed by Investor and constitutes a valid and legally binding agreement of Investor, enforceable against Investor according to its terms;

   (e) Investor is signing this Subscription Agreement in the state and country listed as Investor's permanent address, and intends that the securities laws of that state and country govern Investor's subscription;

   (f) Investor understands that the Shares may bear (i) any legend required by the securities laws of any state or the laws of The United States or any other foreign jurisdiction to the extent such

laws are applicable to the Shares represented by the certificate and (ii) a legend substantially in the following form:

> ***The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended and have been acquired for investment and not with a view to, or in connection with, the sale or distribution thereof. No such transfer may be effected without an effective registration statement related thereto or an opinion of counsel in a form satisfactory to The Basketball Channel, Inc. that such registration is not required under the securities act of 1933, as amended.***

3 **Indemnity.** To the extent permitted under applicable law, Investor agrees to indemnify and hold harmless the Company and its respective directors, officers, employees, agents and shareholders and any affiliate of any of the foregoing (each, an "Indemnitee"), unless otherwise agreed in writing by such Indemnitee, from and against any loss, damage or liability due to or arising out of a breach of any representation, warranty or agreement of Investor contained in this Subscription Agreement (including the Investor Questionnaire attached hereto) or in any agreement executed by Investor with the Company in connection with Investor's investment in the SmartVials shares

4 **Severability.** If any of the terms of this Subscription Agreement or the performance thereof shall be invalid or unenforceable to any extent, such invalidity or unenforceability shall not affect or render invalid or unenforceable any other provision of this Subscription Agreement, and this Subscription Agreement shall be valid and enforceable to the fullest extent permitted by law.

5 **Entire Agreement; Modification.** This Subscription Agreement contains the entire agreement of the parties with respect to the subject matter hereof and there are no representations, covenants or other agreements except as stated or referred to herein. Neither this Subscription Agreement nor any provisions hereof shall be waived, modified, discharged or terminated except by an instrument in writing signed by the party against whom any such waiver, modification, discharge or termination is sought.

6 **Miscellaneous.** This Subscription Agreement shall not be assigned by Investor without the prior written consent of the Company. The representations and warranties of Investor in this Subscription Agreement shall survive indefinitely the closing of the transactions contemplated hereby.

This Agreement may be executed in one or more counterparts, all of which together shall constitute one instrument. Each party understands and agrees that any electronically transmitted or reproduced copy, facsimile or other reproduction of its signature on this Subscription Agreement shall be equal to and enforceable as its original signature and that such reproduction shall be a counterpart hereof that is fully enforceable in any court or arbitral panel of competent jurisdiction. This Subscription Agreement shall be governed by and construed in accordance with the laws of the State of California.

This Subscription Agreement is hereby agreed to and binding by signature below of both parties to this Agreement as of the date first written above:

The Investor

Global Entertainment Holdings, Inc

By _____
Gary Rasmussen, CEO

The Company

SmartVials, Inc.

By _____
Alan Bailey, CFO

	6 Month Projections							5 Year Projections				
	July 2018	Aug 2018	Sept 2018	Oct 2018	Nov 2018	Dec 2018	Total 2018	2019	2020	2021	2022	2023
Smart Vials Division												
Revenues	$ -	$ -	$ -	$ 75,000	$ 112,500	$ 187,500	$ 375,000	$ 3,750,000	$ 5,625,000	$ 7,500,000	$ 9,000,000	$ 11,250,000
Fiber Optic Division												
Revenues	$ -	$ -	$ 20,000	$ 30,000	$ 50,000	$ 50,000	$ 150,000	$ 1,000,000	$ 1,500,000	$ 2,000,000	$ 3,000,000	$ 4,000,000
Total Revenue	**$ -**	**$ -**	**$ 20,000**	**$ 105,000**	**$ 162,500**	**$ 237,500**	**$ 525,000**	**$ 4,750,000**	**$ 7,125,000**	**$ 9,500,000**	**$ 12,000,000**	**$ 15,250,000**
Cost of sales												
Smart Vials Division	$ -	$ -	$ -	$ 40,000	$ 60,000	$ 100,000	$ 200,000	$ 2,000,000	$ 3,000,000	$ 4,000,000	$ 4,800,000	$ 6,000,000
Fiber Optic Division	$ -	$ -	$ 8,500	$ 12,750	$ 21,250	$ 21,250	$ 63,750	$ 425,000	$ 637,500	$ 850,000	$ 1,275,000	$ 1,700,000
	$ -	$ -	$ 8,500	$ 52,750	$ 81,250	$ 121,250	$ 263,750	$ 2,425,000	$ 3,637,500	$ 4,850,000	$ 6,075,000	$ 7,700,000
Gross Margin	**$ -**	**$ -**	**$ 11,500**	**$ 52,250**	**$ 81,250**	**$ 116,250**	**$ 261,250**	**$ 2,325,000**	**$ 3,487,500**	**$ 4,650,000**	**$ 5,925,000**	**$ 7,550,000**
Operating Overhead												
Salaries Officers	15,000	15,000	15,000	15,000	15,000	15,000	90,000	180,000	180,000	180,000	220,000	250,000
Support	7,500	12,500	12,500	12,500	12,500	12,500	70,000	200,000	260,000	320,000	340,000	360,000
Employer taxes (12%)	2,700	3,300	3,300	3,300	3,300	3,300	19,200	45,600	52,800	60,000	67,200	73,200
Office rent and services	4,000	4,000	4,000	4,000	4,000	4,000	24,000	52,000	59,000	70,000	76,000	83,000
Sales commissions (5% of gross margin)			575	2,613	4,063	5,813	13,064	116,250	174,375	232,500	296,250	377,500
Advertising and publicity	10,000	15,000	15,000	15,000	15,000	15,000	85,000	200,000	250,000	300,000	300,000	300,000
Legal, accounting and patent fees	2,500	2,500	2,500	2,500	2,500	2,500	15,000	60,000	75,000	75,000	75,000	80,000
Product development	4,000	4,000	4,000	4,000	4,000	4,000	24,000	50,000	60,000	70,000	80,000	80,000
All Other	8,500	8,500	8,500	8,500	8,500	8,500	51,000	112,500	127,500	142,500	160,000	172,000
Total Operating Overhead	54,200	64,800	65,375	67,413	68,863	70,613	391,264	1,016,350	1,238,675	1,450,000	1,614,450	1,775,700
Profit before tax	(54,200)	(64,800)	(53,875)	(15,163)	12,387	45,637	(130,014)	1,308,650	2,248,825	3,200,000	4,310,550	5,774,300
Income Tax	-	-	-	-	-	-	-	261,730	449,765	640,000	862,110	1,154,860
Net Profit								**$ 1,046,920**	**$ 1,799,060**	**$ 2,560,000**	**$ 3,448,440**	**$ 4,619,440**
Shares Outstanding								5,080,000	5,080,000	5,080,000	5,080,000	5,080,000
Projected Share Price at PE=20								$ 3.74	$ 6.89	$ 10.03	$ 13.50	$ 18.09

EXHIBIT G

Letters of Reference for Masters from Other Attorneys

msk

MITCHELL SILBERBERG & KNUPP LLP
A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

Nimish P. Patel
A Professional Corporation
(310) 312-3102 Phone
(310) 231-8302 Fax
nxp@msk.com

July 31, 2021

VIA E-MAIL ONLY (NBARNOFF@AOL.COM)
CONFIDENTIAL

Norman B. Arnoff, Esq.
Unit 401, Building 14
2651 South Course Drive
Pompano Beach, FL 33069

Re: Dan Masters

Dear Mr. Arnoff:

Dan Masters has informed me that you are representing him in a proceeding where character, integrity, and competence will be an issue. I have known Dan for over 10 years and I will be glad to testify relating to my experiences with him in his capacity as a lawyer and as someone with immense character, integrity, and competence.

I am currently a partner and the chair of the corporate and securities practice at Mitchell Silberberg & Knupp. Over the years I have had the occasion and the privilege to communicate with Dan to get his perspective on complex corporate and securities issues and from time to time refer potential clients that could benefit from his knowledge and experience.

I have no hesitancy engaging Dan to act in his capacity as a corporate and securities attorney and or recommending him to perform in those roles because of his high quality integrity and competence. If there is anything further including testifying as a character witness, please do not hesitate to contact me.

Sincerely,

Nimish Patel

Nimish P. Patel
A Professional Corporation of
MITCHELL SILBERBERG & KNUPP LLP

Procopio

PROCOPIO
12544 High Bluff Drive, Suite 300
San Diego, CA 92130
T. 858.720.6300
F. 619.235.0398

JOHN P. CLEARY
P. (619) 515-3221
john.cleary@procopio.com

AUSTIN
DEL MAR HEIGHTS
PHOENIX
SAN DIEGO
SILICON VALLEY

August 17, 2021

Via E-Mail: nbarnoff@aol.com

Norman B. Arnoff, Esq.
Unit 401, Building 14
2651 South Course Drive
Pompano Beach, FL 33069

Re: Dan Masters

Dear Mr. Arnoff:

I understand that you are representing Dan Masters in a matter where his character and integrity are at issue. I am a partner in the Corporate & Securities practice group at Procopio, Cory, Hargreaves & Savitch LLP in San Diego, California. Over the years Dan and I have had mutual clients where I have sought Dan's advice and counsel on corporate, transactional and bankruptcy matters. Dan came highly recommended to me and I found his counsel to be solid and well-reasoned.

In my dealings with Dan I have found him to be extraordinarily pleasant and committed to a high level of professionalism and demeanor. I would not hesitate to refer any of my clients to Dan.

Very truly yours,

John P. Cleary
Procopio, Cory, Hargreaves & Savitch LLP

ERIC S. POMMER P.C.
A PROFESSIONAL LAW CORP.
P. O. BOX 7742
VENTURA, CA 93006

PHONE: 805-794-3740

EMAIL:EPOMMER@GMAIL.COM

August 10, 2021

To whom it may concern:

I am and have been an attorney, licensed to practice law in the State of California since 1977. I am writing on behalf of Daniel C. Masters, whom I have known professionally for over 10 years. During this time, I have both referred clients to Mr. Masters as bankruptcy counsel and worked together with Mr. Masters on transactional matters.

In my experience, Mr. Masters has proven to be honest, conscientious, and scrupulous in adhering to the law. I have found him to be diligent and thorough in ensuring the accuracy and completeness of legal filings. I believe him to be a person of integrity who holds himself to high professional and ethical standards.

If you have any questions or require further information, please do not hesitate to contact me at epommer@gmail.com or 805-794-3740.

Very truly yours,

Eric S. Pommer
of Eric S. Pommer P.C.

600 B Street
Suite 1700
San Diego, CA 92101
T 619.233.4100
F 619.231.4372

sullivanhill.com

Sullivan Hill

Sullivan Hill Rez & Engel
A Professional Law Corporation

Gary B. Rudolph
rudolph@sullivanhill.com
D 619.595.3225

August 4, 2021

PERSONAL AND CONFIDENTIAL

Mr. Arnoff
E-mail: nbarnoff@aol.com

Re: Personal reference for Dan Masters

Dear Mr. Arnoff:

Dan Masters has informed me that you are representing him in a proceeding where character, integrity, and competence will be an issue.

I have known Mr. Masters for approximately 10 years and I will be glad to testify relating to my experiences with him in his capacity as an attorney and as someone with great integrity and competence.

Our working relationship can best be described as follows. We have had at least 2 cases together, where Mr. Masters represented corporate debtors in chapter 11 and 7 bankruptcies. I represented the bankruptcy trustees. I was able to perceive Mr. Masters' honesty, diligence, thoroughness and capabilities, as well as his relationships with his clients.

I would have no hesitancy in engaging Mr. Masters to act as a corporate attorney and/or recommending him to perform in that role. If there is anything further I can do, please do not hesitate to contact the undersigned.

Sincerely,

SULLIVAN HILL REZ & ENGEL
A Professional Law Corporation

By: Gary B. Rudolph

GBR/lj

DISTRICT OFFICE
1915 EYE ST NW
WASHINGTON, DC 20006

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ONE GREAT CUMBERLAND PLACE
MARBLE ARCH, LONDON, W1H7AL

LAW OFFICES OF
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MONACO 98000

ISRAEL OFFICE
DIAMOND TOWER, 28TH FLOOR
3A JABOTINSKI RD., RAMAT-GAN 52520

August 11th, 2021

Re: Daniel Masters, Esq.

To Whom This May Concern,

My name is David Price, and I am a corporate attorney here in Washington, D.C. I am writing this letter with reference to Daniel Masters, whom I know personally. Within the scope of my work, I have come to know Mr. Masters over the years. Aside from his legal prowess, which I certainly admire, I have always found him to be of sound character, and high ethical standards.

On occasions past when I've reached out to Mr. Masters with questions on Bankruptcy (not my specialty), I noted his answers and explanations were very much dictated by not only by the rules of the law, but just as much by the ethics of how those rules are to be interpreted.

At some point, Mr. Masters noted my membership in the Bar of the Supreme Court and eventually asked if I would be willing to sponsor his admission. Mr. Masters' positive impression upon me easily enabled my affirmative response. I am honored to have sponsored Mr. Masters before the Supreme Court here in the District. As you can well imagine, the Supreme Court, by its own rules, requires that an applicant be of "the highest moral and professional character" (Rule 5.2). I would not have sponsored Mr. Masters that day had I objectively felt that he was anything but, and have no qualms or hesitancy in declaring that those values remain with Mr. Masters.

I do without hesitation highly recommend Mr. Masters for any position which the law can confer upon an attorney, and as such, would urge the SEC to favorably review Mr. Masters' application for Reinstatement.

Should you have any questions or comments, please do feel free to contact me at any time.

Sincerely yours,

David E. Price, Esq.

DEP/mc

2315 Woods Wash Trail NW
Albuquerque, NM 87120
August 3, 2021

Re: Dan Masters

I have been an attorney since 1978. Most of that time was with one of the largest firms in San Diego, followed by 5 years as a sole practitioner. During that time, I specialized in complex business, probate and real estate litigation. I retired in 2018 and now live in New Mexico.

I have known Dan Masters since the 1990s, both in a personal manner and as an attorney. During all that time, he has shown himself to be an intelligent, competent, ethical attorney and human being. I have never had any reason to doubt his integrity.

I referred clients to him with no reservations whatsoever. If I were still in practice or still had any clients who needed advice in business or securities matters, I would have no hesitancy in continuing to do so.

In one matter, I represented Mr. Masters in an interfamily dispute. Dan Masters was the kind of client we all want – honestly providing facts and being willing to work with opponents to reach a reasonable solution.

I have also been impressed by his intelligence and understanding of complex business and securities law matters. It has always been clear to me that Dan Masters' approach to the law has been to be faithful to both the law and his clients.

If any additional information or thoughts would be useful, or if you need any testimony, I can be reached at 619-203-6153 or by e-mail at ElizabethSmithChavez@gmail.com.

Yours truly,

ELIZABETH SMITH-CHAVEZ
California State Bar Number 82900 (inactive)

EXHIBIT H

Masters' Resume and

Certificate of Good Standing with California Bar

DANIEL MASTERS

Member, State Bar of California

P. O. Box 66, La Jolla, CA 92038
Tel: (858) 459-1133; Fax: (858) 459-1103
Email: masters@lawyer.com

EDUCATION:

Thomas Jefferson School of Law, San Diego, CA
J.D. 2001, Honors, Law Review

Harvard University, Cambridge, MA
A.B. in Government, 1967

EXPERIENCE:

Self Employed Attorney, San Diego, CA
Admitted in 2002
Represent debtors in Bankruptcy including corporate debtors in Chapter 11 Reorganizations.
Also provide general corporate legal services.

Self Employed Securities Consultant, Toronto and Vancouver, Canada, and San Diego, CA
1990 to 2002
Negotiated private placements, public offerings, mergers, acquisitions, and listings.
Prepared a wide variety of SEC filings including Forms 10, 10-K, 10-Q, 8-K, 20-F, S-8, S-18, and 15c2-11 for clients throughout U.S. and Canada, as well as Hong Kong, Turkey and Philippines.

Corporate Finance Officer, New York, San Francisco, Los Angeles, San Diego
1978 to 1990
CEO of one venture capital firm and Portfolio Manager at another.
Financed primarily computer hardware and software based companies.
Chairman and head of investment banking at a brokerage firm with approximately 150 licensees.
Negotiated and managed IPOs, private placements, mergers and acquisitions.
Vice President of Finance and CFO at a $1 billion (assets) holding company.
Arranged both debt and equity financings for various subsidiaries of the holding company.

Employment Prior to 1978:
Legislative Aid to Senator Abraham Ribicoff, Congressman Mark Hannaford, and State Assemblyman Larry Kapiloff; Speech Writer to V.P. Candidate Sargent Shriver and Senator Ted Kennedy.
Executive Assistant to University of California President David Saxon.

ACTIVITIES:

Adjunct Faculty, Thomas Jefferson School of Law
Auxiliary Foundation board member, Scripps Mercy Hospital
Board member, Compact for Success (between local school district and San Diego State College)
Community board member, Stein Institute for Research on Aging, UCSD Medical School
Board member, Chancellor's Associates, donor organization of UCSD
Past President, Harvard Club of San Diego

The State Bar
of California

180 Howard Street, San Francisco, CA 94105

OFFICE OF ATTORNEY REGULATION &
CONSUMER RESOURCES

AttorneyRegulation@calbar.ca.gov
888-800-3400

CERTIFICATE OF STANDING

October 28, 2021

TO WHOM IT MAY CONCERN:

This is to certify that according to the records of the State Bar, DANIEL CRAIG MASTERS, #220729 was admitted to the practice of law in this state by the Supreme Court of California on October 25, 2002 and has been since that date, and is at date hereof, an ACTIVE licensee of the State Bar of California; and that no recommendation for discipline for professional or other misconduct has ever been made by the Board of Trustees or a Disciplinary Board to the Supreme Court of the State of California.

THE STATE BAR OF CALIFORNIA

Alex Calderon
Custodian of Records

EXHIBIT I

Bankruptcy Disclosure Statement

For Worthington Energy, Inc.

Daniel C. Masters (SBN 220729)
P. O. Box 66
La Jolla, CA 92038
Telephone: (858) 459-1133
Facsimile: (858) 459-1103

Attorney for Debtor

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF CALIFORNIA

In re:	Case No.: 18-2702 CL 11
WORTHINGTON ENERGY, INC.,	**DISCLOSURE STATEMENT DESCRIBING DEBTOR'S JOINT PLAN OF REORGANIZATION**
A NEVADA CORPORATION,	Plan Confirmation Hearing Date: to be determined Time: Place:
Debtor.	

I. INTRODUCTION

Worthington Energy, Inc., a Nevada corporation (the "Debtor" or "Proponent"), will be the Debtor in a Chapter 11 bankruptcy case which management of the Debtor expects to file in the United States Bankruptcy Court for the Southern District of California (the "Court") within the next sixty days. You will be informed when the filing takes place.

This will be a "pre-packaged" bankruptcy filing of a voluntary Chapter 11 petition for relief under title 11 of the United States Code (the "Bankruptcy Code"), 11 U.S.C. § 101 et seq. Chapter 11 allows the Debtor and, under some circumstances, creditors and other parties in interest, to propose a plan of reorganization (the "Plan"). A Joint Plan of Reorganization is being proposed jointly by ten parties: the Debtor and the Debtor's nine wholly owned subsidiary entities. The Plan is attached to this Disclosure Statement as "Exhibit A."

THE DOCUMENT YOU ARE READING IS THE DISCLOSURE STATEMENT FOR THE PLAN

THE PLAN IS ATTACHED AS EXHIBIT A

2702dc1
35 A

This is a reorganizing Plan. Among other things, the Joint Plan of Reorganization involves a series of transactions and events that will result in the Debtor forming a successor corporation which will emerge from Chapter 11 proceedings after abandoning the Debtor's old business (oil and gas exploration and production) and will then acquire a new business. The Debtor' Successor will acquire Smart Tech, the developer and manufacturer of two electronic devices: an automatic, user-friendly, electronic pill reminder device that converts regular, conventional pill bottles to automatic reminder pill (APR) bottles and a male USB connector that can be inserted into a USB outlet in either direction, thus eliminating the need to insert determine whether it should be inserted face up or face down. A third product, also a USB connector, that converts data signals from impulses carried via copper wires to fiber optic is under development.

The Debtor seeks to satisfy its obligations to Creditors by issuing to them a combination of cash and stock in this Successor company in exchange for their respective claims and interests. Additionally, the Debtor will issue to its Creditors stock in each of the Debtor's nine (9) subsidiaries and will divest itself of all ownership in these companies.

THIS IS NOT AN OFFER TO SELL OR EXCHANGE SECURITIES, NOR IS IT A SOLICITATION OF AN OFFER TO BUY OR EXCHANGE SECURITIES. SECURITIES WILL ONLY BE ISSUED PURSUANT TO AN ORDER OF THE COURT AND ONLY IF THE COURT CONFIRMS THE DEBTOR'S PLAN OF REORGANIZATION.

A. The Purpose of This Document.

This Disclosure Statement summarizes what is in the Plan, and tells you certain information relating to the Plan and the process the Court will follow in determining whether or not to confirm the Plan.

READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO KNOW:

(1) WHO CAN VOTE OR OBJECT,

(2) WHAT THE TREATMENT OF YOUR CLAIM IS (i.e., what your claim will receive if the Plan is confirmed), AND HOW THIS TREATMENT COMPARES TO WHAT YOUR CLAIM WOULD RECEIVE IN LIQUIDATION,

(3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS LEADING TO THE BANKRUPTCY,

(4) WHAT THINGS THE COURT WILL LOOK AT TO DECIDE WHETHER OR NOT TO CONFIRM THE PLAN,

(5) WHAT IS THE EFFECT OF CONFIRMATION, AND

(6) WHETHER THIS PLAN IS FEASIBLE.

This Disclosure Statement cannot tell you everything about your rights. You should consider consulting your own lawyer to obtain more specific advice on how this Plan will affect you and what is the best course of action for you.

Be sure to read the Plan (Exhibit A) as well as the Disclosure Statement. If there are any inconsistencies between the Plan and the Disclosure Statement, the Plan provisions will govern.

This Disclosure Statement is submitted pursuant to Section 1125 of the United States Bankruptcy Code for the purpose of providing creditors and shareholders of the Debtor with adequate information concerning the Debtor and the Plan to enable them to make an informed decision in exercising their right to vote to accept or reject the Plan.

DISCLAIMERS

THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS DISCLOSURE STATEMENT. THEREFORE, THE TERMS OF THE PLAN ARE NOT YET BINDING ON ANYONE. HOWEVER, IF THE COURT LATER CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON ALL CREDITORS IN THIS CASE. FURTHER, THE COURT HAS NOT YET RULED ON WHETHER TO APPROVE THIS DISCLOSURE STATEMENT. IF THE COURT DOES APPROVE, COURT APPROVAL OF THE DISCLOSURE STATEMENT AND EXHIBITS, IS NOT A CERTIFICATION REGARDING THE ACCURACY THEREOF. FURTHERMORE, COURT APPROVAL OF THESE DOCUMENTS DOES NOT CONSTITUTE AN ENDORSEMENT BY THE COURT REGARDING WHETHER TO VOTE FOR OR AGAINST THE PLAN. COURT APPROVAL MERELY MEANS THAT THE COURT HAS DETERMINED THAT THE DISCLOSURE STATEMENT HAS "ADEQUATE INFORMATION" TO ALLOW YOU TO MAKE A DETERMINATION WHETHER TO VOTE FOR OR AGAINST THE PLAN.

B. Date of Plan Confirmation Hearing and Deadlines for Voting and Objecting

Time and Place of the Confirmation Hearing

The Debtor intends to file a "pre-packaged" petition for bankruptcy protection under Chapter 11. In other words, no petition has been filed as of this date, and the case is not before the Court as of this date, and no Plan has been presented to the Court as of this date. You are being asked to vote for or against the Plan which the Debtor intends to file with the Court when it files its voluntary petition for bankruptcy. This filing is expected to take place within the next sixty (60) days. After the Debtor has filed its petition, the Court is expected to set a date for a hearing on the adequacy of this Disclosure Statement and on whether to confirm the Plan. You will be notified of the time and place of these hearings immediately after the hearing date is set by the Court.

Deadline For Objecting to the Confirmation of the Plan

You will be notified of the deadline when objections to confirmation of the Plan must be filed with the Court when you are notified of the time and place of the hearing on whether to confirm the Plan.

Deadline For Voting For or Against the Plan

If you are entitled to vote, it is in your best interest to timely vote on the enclosed ballot and return the ballot, by mail or by fax or by email, to:

Daniel C. Masters
P. O. Box 66
La Jolla, CA 92038
Telephone: (858) 459-1133
Facsimile: (858) 459-1103
Email: masters@lawyer.com

Your ballot must be received by 5:00 p.m. (Pacific Standard Time) on April 27, 2018 or it will not be counted.

C. Person to Contact for More Information Regarding the Plan

Any interested party desiring further information about the Plan should contact Daniel C. Masters, Attorney at Law, P. O. Box 66, La Jolla, CA 92038. Telephone: (858) 459-1133. Fax: (858) 459-1103. Email: masters@lawyer.com.

D. Disclaimer

The financial data relied upon in formulating the Plan is based on the books and records of the Debtor and of Smart Tech. These records are unaudited. The information contained in this Disclosure Statement is provided by the Debtor and by Smart Tech. Both the Debtor and Smart Tech represent that everything stated in the Disclosure Statement is true to the best of their knowledge.

E. Rules of Interpretation, Computation of Time and Governing Law.

1. Rules of Interpretation.

For purposes of the Disclosure Statement: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural; (b) any reference in the Disclosure Statement to a contract, instrument, release or other agreement or document being in a particular form or on particular terms and conditions means that such agreement or document shall be substantially in such form or substantially on such terms and conditions; (c) any reference in the Disclosure Statement 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; (d) unless otherwise specified, all references in the Disclosure Statement to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits of or to the Disclosure Statement as the case may be; (e) the words "herein" and "hereto" refer to the Disclosure Statement in its entirety rather than to a particular portion of the Disclosure Statement; (f) any reference in this Disclosure Statement to the word "including" shall mean "including without limitation"; and (g) 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 the Disclosure Statement.

2. Computation of Time.

In computing any period of time prescribed or allowed by the Plan or Disclosure Statement, the provisions of Bankruptcy Rule 9006(a) shall apply.

3. Governing Law.

Except to the extent that the Bankruptcy Code or Bankruptcy Rules are applicable, and subject to the provisions of any contract, instrument, release or other agreement or document entered into in connection with the Plan, the rights and obligations arising under the Plan shall he governed by, and

construed and enforced in accordance with, the laws of the State of California, without giving effect to the principles of conflict of the laws of the State of California.

II. BACKGROUND

A. History and Business of the Debtor.

The Debtor is a publicly held Nevada corporation. The Debtor was formed in 2004 under the name Paxton Energy, Inc. to engage in the oil and gas exploration and production business. In January 2012 the name was changed from Paxton Energy, Inc. to Worthington Energy, Inc. and the Debtor continued in the same business, oil and gas exploration and production. The Debtor has assets in Texas consisting of a minority working interest in existing wells and in drilling prospects in the Cooke Ranch area of La Salle County, Texas, and Jefferson County, Texas. The wells are operated by Bayshore Exploration L.L.C.

B. Events Leading to Bankruptcy Proceedings.

Here is a brief summary of the circumstances that led the Debtor to prepare to file a Chapter 11 case:

As an oil and gas producer the Debtor is dependent on the market prices of oil and gas. In 2008 oil prices reached their most recent peak at $145 per barrel and natural gas prices peaked at over $12 per million BTUs. While the markets have fluctuated since then the overall direction of the prices of these commodities has been down, and down substantially. In the past three years the prices of oil have fluctuated between approximately $35 and approximately $66 per barrel. On January 31, 2018 the price of oil was approximately $65 per barrel and the price of natural gas was approximately $3.60 per million BTUs. As a result, wells which once operated profitably or at a breakeven can now be operated only at a loss. All of the Debtor's wells fall into this category, and as a result they have been shut down and are not operating at all and the company is not realizing any revenue. At the same time expenses have continued. As a result, the Debtor's cash reserves have been exhausted and the Debtor was suspended all of its operations.

For the past three years the Debtor has pursued various options for reorganizing the corporation and the development or acquisition of a profitable operating business. The Plan of Reorganization proposed herewith is the result of the Debtor's search for a viable means to reorganize the Company.

As of January 31, 2018 the Debtor had, and continues to have, approximately $2,841,314 in unsecured debt. Therefore, the Debtor intends to file a voluntary petition for bankruptcy under Chapter 11 as soon as practicable after tabulation of the ballots included with this Plan and Disclosure Statement, and to propose that the Court confirm the Plan of Reorganization enclosed herewith.

C. Financial Condition of the Debtor.

As of March 1, 2018 the Debtor's tangible assets consisted of office supplies valued at a total of $50 and, through its subsidiaries, interests in nine (9) oil and gas wells which are currently not producing and have no current economic value though it is hoped they may have some value in the future. At the same time the Debtor's liabilities totaled $2,841,314. Further, the Debtor's business activities are now dormant. The Debtor has had no revenues since 2011 when its total revenues were $7,873. Its total expenses in 2011 were $5,461,926.

D. Future of the Reorganized Debtor.

Business of Smart Tech

If its Plan of Reorganization is approved, the Debtor proposes to establish a Successor Corporation which will acquire the business and assets of Smart Tech, the developer and manufacturer of two different patented devices with others in development. The Debtor will also seek an Order allowing it to sell the corporate shell of the Debtor under Section 363 of the Bankruptcy Code. If this sale is approved by the Court, proceeds will be used to pay expenses incurred in effectuating the Plan. The patented products are: 1) an automatic electronic pill reminder device; and 2) a non-directional USB plug that converts electrical signals to light wave signals for transmission via fiber optic cable and vis-versa.

1) The automatic electronic pill reminder device, currently called Smart Vials, converts regular, conventional pill bottles to automatic reminder pill bottles.

The reminder device is compatible with, and can be retrofitted inside, a regular conventional pill bottle cap. This reminder device is installed inside the conventional pill bottle between the bottle cap and the bottle container. When the user closes the pill bottle the electronic timer is automatically activated. The activated timer will generate alert signals to remind the user to take his/her next dose after the appropriate time interval. The alert signals are automatically deactivated when the container is opened and reset to

again activate the signal the next time the user is supposed to take a pill. The reminder device works with both safety (child-resistant) and non-safety pill bottle caps.

Automatic electronic pill reminder sales began in late 2018 with sales of small numbers of samples; small numbers of free samples of the caps were also given to various health insurance companies and healthcare providers. Smart Tech has not yet manufactured caps in commercial quantities but expects to begin commercial manufacturing and sales to insurance companies and healthcare providers in 2018.

2) The Fiber-Optic USB ("FO-USB") plug is a multi-directional plug which can be inserted into a USB receptacle with contacts face up down or right or left, making connection easier, especially in hard to see places, and which converts an electrical impulse transmitted by copper wire cable to light impulses which are transmitted by fiber optic cable, greatly increasing the speed at which data is transferred.

Current USB plugs are based on copper wires. Yet copper connectors operate at relatively low speed, are corrosive, heavy, bulky, expensive, noisy with RFI/EMI interference, have poor security, and copper oxides are toxic. Copper based wires and connectors are not the next generation solution for transmitting and receiving hi-speed digital data.

Fiber-optic is not new but it is not widely used in Local Area Network (LAN) and other localized hi-speed applications. Smart Tech's fiber-optic USB allows far more rapid data transfer which is useful in connecting back-up hard drives and other storage devices. The fiber-optic USB uses the current USB standards so all existing devices can use it, but it incorporates fiber-optic transfer as well. This is a "combo" or "hybrid" connector which will allow for a user-friendly, smooth conversion from copper only to combined copper and fiber optic connections. Development of this product was recently completed and sales are expected to begin later in 2018.

Projected sales, revenues, costs and profits on sales of these products are shown in the projections shown at Exhibit C.

E. Financial Information on Smart Tech

The Debtor has attached information derived from Smart Tech's income statement for the calendar year 2017 as Exhibit B. This shows that Smart Tech had total assets of $530,725, gross revenues of $920 and a net loss of $15,815. The Debtor anticipates that 2019, the Successor's first full year of operation as Smart Tech, will result in gross revenue to the Successor of approximately $4,750,000. The Debtor

projects that its profit before income taxes in 2019 will be approximately $1,308,650, and that sales and profits will increase in the years following 2019.

Capitalization

Smart Tech is a development stage business which management believes is adequately capitalized to grow to profitability. In addition to patents on the Flipper and Smart Vials, cash, and small inventories of each of these products, Smart Tech is capitalized with 250,000 shares of Airborne Wireless, Inc., a public company. The shares closed on February 1, 2018 at $2.03 each; thus the total value of this asset is approximately $507,000. It is expected that all or most of these shares will be liquidated prior to the completion of the bankruptcy of the Debtor and the Debtor's Successor's acquisition of Smart Tech, providing operating capital for the Debtor's Successor's Smart Tech business.

Public Company Status

The Debtor is a publicly traded company whose stock trades on the Over-The-Counter Market. If the Debtor's proposed Plan is confirmed a successor corporation will be formed which will acquire and carry on the business of Smart Tech and will have a name which reflects its new business activities. Because this will be a new corporation it will not be eligible to have its shares publicly traded until certain filings with FINRA (the Financial Industry Regulatory Authority) have been made. Management of Smart Tech has agreed to make the filings necessary to have shares of the successor corporation publicly traded on the Over-The-Counter Market, however there can be no assurance that management will be successful in obtaining market makers and a trading symbol, and, even if it is successful in this, management cannot provide assurance that a liquid market for these shares will develop.

F. Projected Financial Information on the Reorganized Debtor

The Debtor has attached a projected profit and loss statement for the next five years as Exhibit C, showing the projected results of post-confirmation operations of the Debtor's Successor / Smart Tech.

G. Future Management of the Debtor & Management Compensation.

The current management of the Debtor, Al Kau, CEO and Director, and Charles Volk, Director, will resign upon confirmation if the Plan is approved, and management of Smart Tech will become the management of the Successor corporation.

Gary Rasmussen, is CEO (Chief Executive Officer) of Smart Tech and will be the CEO of the proposed Successor corporation to the Debtor. He has an extensive background spanning almost 40 years as an entrepreneur. He has been a founder, CEO or director of private corporations engaged in the areas of cable television, investment banking, mortgage banking, VoIP Telephony and motion pictures. He has also been CEO of three publicly traded companies: Global Entertainment Holdings, a motion picture producer which he has headed since December 2007, Fone Friend, a voice over internet phone (VoIP) company which he headed from 2002 through 2004, and United Satellite, a company which operated 54 cable systems which he headed from 1986 through 1993. Mr. Rasmussen is the General Partner of Rochester Capital Partners, LP (a family limited partnership), with investments in Smart Tech and Airborne Wireless Network, as well as Global Entertainment's largest shareholder. Early in his career Mr. Rasmussen worked in the securities industry with Merrill Lynch in New York, and then formed his own investment banking company, First Heritage Corporation, in Southfield, Michigan. Mr. Rasmussen is a licensed commercial pilot, with instrument and multi-engine endorsements, as well as a former certified flight instructor. He holds a Bachelors degree in Business Administration, with majors in Finance and Management, from Western Michigan University.

If the proposed Plan of Reorganization is confirmed, Mr. Rasmussen's salary will be $6,000 per month or $72,000 per year. Mr. Rasmussen will continue to devote part of his time to Global Entertainment and to other businesses which do not pose a conflict of interest with Smart Tech.

Joseph Lai, is CTO (Chief Technical Officer) and Chairman of Smart Tech and will be the CTO and Chairman of the proposed Successor corporation to the Debtor. He is a serial inventor with 40 years of experience in the research and development of electronic and telecommunications related products. He is the inventor of Smart Vials, the pill container cap that automatically reminds user to take their pills, and of the Fiber-Optic USB connector. These two inventions will form the basis of Smart Tech's business. Joe Lai is Smart Tech's largest shareholder. Mr. Lai is also the inventor of patent utilized by Airborne Wireless Network (OTCQB: ABWN), a real-time airborne broadband communications relay system, and of Smart Parcel Service, a package relay service. Mr. Lai has a Masters of Science degree in Electrical Engineering from Loyola Marymount University in Los Angeles.

If the proposed Plan of Reorganization is confirmed, Mr. Lai's salary will be $5,000 per month or $60,000 per year. Mr. Lai will continue to devote part of his time to other businesses which do not pose a conflict of interest with Smart Tech.

Alan Bailey, is CFO (Chief Financial Officer) of Smart Tech and will be the CFO of the proposed Successor corporation to the Debtor. He has over 40 years of experience as a financial executive. Mr. Bailey also currently serves as the CFO of Global Entertainment Holdings, Inc., a publicly-held corporation, a position he has held since January of 2013. Prior to joining Smart Tech and Global Entertainment, Mr. Bailey served as a Senior Financial Executive of Paramount Pictures for 35 years, including being its Treasurer. In this capacity, he was responsible for Paramount's global cash management and control; internal audit and compliance; business continuity/disaster recovery; cash planning and forecasting; individual and film slate financing and investor reporting/compliance; international financial reporting; tax planning; corporate structuring and compliance. Mr. Bailey is a Fellow of the Institute of UK Chartered Accountants and is an alumnus of Ernst & Young and Grant Thornton.

If the proposed Plan of Reorganization is confirmed, Mr. Bailey's salary will be $4,000 per month or $48,000 per year. Mr. Bailey will continue to devote part of his time to Global Entertainment and other businesses which do not pose a conflict of interest with Smart Tech.

H. Description and Future of Debtor's Subsidiaries.

The Debtor currently has nine (9) subsidiaries (the "Subsidiaries") which are described below. The Debtor has invested a total of $2,589,967 in exploration rights, seismic studies, and well drilling and completion costs of these nine Subsidiaries. The Debtor's Plan of Reorganization provides Creditors with a means of recovering some value from these assets. In order to enhance the distribution to Creditors, the Debtor will establish each of the nine Subsidiaries as independent businesses and transfer all of its ownership in each of the nine Subsidiaries to the creditors and shareholders of the Debtor. In order to facilitate this transfer, the Subsidiaries will first be reorganized as corporations and each will have sufficient share capital to permit the distributions contemplated herein.

The Subsidiaries are currently wholly owned by the Debtor and therefore none of them is publicly traded. However, management of the Subsidiaries has agreed to use its best efforts to have the shares of the Subsidiaries publicly traded on the Over-The-Counter market in order to provide an opportunity for

liquidity to the Creditors. However, management notes that it cannot provide assurance that it will be successful in obtaining market makers and trading symbols for the Subsidiaries, and, even if it is successful in this, management cannot provide assurance that a liquid market for these shares will develop.

The Debtor's nine Subsidiaries are as follows:

Cooke No. 2 Well

This entity owns a 25% working interest in the Cooke No. 2 and related 160 gross-acre drilling site located in the Cooke Ranch area of La Salle County, Texas. The total cost in this well to date is $143,240. The company believes that over time there will be salvage value, value as a salt water disposal well, and value for deep drilling rights in this entity, however realization of this will require an increase in the value of oil.

Cooke No. 3 Well

This entity owns a 9% working interest in the Cooke No. 3, an oil and gas well located in the Cooke Ranch area of La Salle County, Texas. The total cost in this well to date is $561,750. The company believes that over time there will be salvage value, value as a salt water disposal well, and value for deep drilling rights in this entity, however realization of this will require an increase in the value of oil.

Cooke No.4 Well

This entity owns a 31.75% working interest in the Cooke No. 4, in the Cooke Ranch area of La Salle County, Texas. The total cost in this well to date is $203,200. The company believes that over time there will be salvage value, value as a salt water disposal well, and value for deep drilling rights in this entity, however realization of this will require an increase in the value of oil.

Cooke No. 5 Well

This entity owns a 31.75% working interest in the Cooke No. 5, an oil and gas well located in the Cooke Ranch area of La Salle County, Texas. The total cost in this well to date is $441,378. The company believes that over time there will be salvage value, value as a salt water disposal well, and value for deep drilling rights in this entity, however realization of this will require an increase in the value of oil.

Cooke No. 6 well

This entity owns a 31.75% working interest in the Cooke No. 6 and oil and gas well located in the Cooke Ranch area of La Salle County, Texas. The total cost in this well to date is $299,964. The company believes that over time there will be salvage value, value as a salt water disposal well, and value for deep drilling rights in this entity, however realization of this will require an increase in the value of oil.

Cartwright No. 1 well

This entity owns a 31.75% working interest in the Cartwright No. 1 oil and gas well located in Jefferson County, Texas. The total cost in this well to date is $404,573. The company believes that over time there will be salvage value, value as a salt water disposal well, and value for deep drilling rights in this entity, however realization of this will require an increase in the value of oil.

Cartwright No. 2 well

This entity owns a 31.75% working interest in the Cartwright No. 2 oil and gas well located in Jefferson County, Texas. The total cost in this well to date is $206,375. The company believes that over time there will be salvage value, value as a salt water disposal well, and value for deep drilling rights in this entity, however realization of this will require an increase in the value of oil.

McDermit No. 1 well

This entity owns a 31.75% working interest in the McDermit No. 1 oil and gas well located in Jefferson County, Texas. The total cost in this well to date is $206,375. The company believes that over time there will be salvage value, value as a salt water disposal well, and value for deep drilling rights in this entity, however realization of this will require an increase in the value of oil.

Fieldler No. 1 well

This entity owns a 18.75% working interest in the Fieldler No. 1 oil and gas well located in Jefferson County, Texas. The total cost in this well to date is $123,112. The company believes that over time there will be salvage value, value as a salt water disposal well, and value for deep drilling rights in this entity, however realization of this will require an increase in the value of oil.

I. Management of the Subsidiaries and Management's Compensation.

Al Kau currently manages both the Debtor and its Subsidiaries. When the Plan of Reorganization is consummated he will resign his positions as officer and director of the Debtor, but he will continue to manage the Subsidiaries. Mr. Kau has been an independent consultant advising companies on finance

and financing opportunities in both the public and private markets since 1994. While continuing his consulting business he founded the Southern California Investment Association (SCIA) in 2000 and headed it until 2010. Over the years the SCIA has organized and hosted meetings and presentations between hundreds of small public and private companies and angel investors, venture firms, commercial lenders and investment banking firms. Prior to becoming an independent consultant he was an officer and minority owner of International Trading Group, a commodities futures brokerage, from 1977 to1993. His knowledge of corporate finance will be important to the future success of the Debtor's subsidiaries.

Initially Mr. Kau will draw no salary as compensation for management of each of the Subsidiaries. Mr. Kau is a creditor of the Debtor and, as such, he will be a shareholder in the Subsidiaries on the same basis as all other creditors, and as such he will profit from their success. Further, when and if a subsidiary develops a positive cash flow, Mr. Kau may be paid a salary by that subsidiary, but only if the company continues to have a positive cash flow after such payment.

J. Principals/Affiliates of Debtor's Business

As discussed above, the Debtor has nine wholly owned Subsidiaries. Each of these Subsidiaries is considered an affiliate of the Debtor. This relationship will not continue after confirmation of the Plan. The Debtor will divest itself of all ownership in these affiliated entities. Upon confirmation of the Plan and incorporation of these entities, all interests of the Debtor in the Subsidiaries will be distributed to the Debtor's Creditors and Equity Interest Holders. Any equity interest held by the Debtor and not distributed under the Plan will be cancelled.

The Debtor has only one officer, Al Kau, its President, and two Directors, Al Kau and Charles Volk. Both Directors are affiliates of the Debtor at this time. However, upon confirmation of the Plan a Successor corporation to the Debtor will be formed and neither Mr. Kau nor Mr. Volk will have any role as an officer or director of the Successor. The officers and directors of the Successor corporation will be Gary Rasmussen, Joseph Lai, and Alan Bailey and all three will be affiliates of the Successor. Biographical information on Mr. Rasmussen, Mr. Lai, and Mr. Bailey can be found above at "G. Management of the Debtor."

K. Significant Events During the Bankruptcy

Bankruptcy Proceedings

The Debtor has not yet filed a voluntary Chapter 11 petition commencing the case. This Disclosure Statement and the attached Plan of Reorganization are being submitted to creditors and equity interest holders in advance of filing. Management will file a voluntary Chapter 11 petition as soon as practicable after tabulation of the ballots enclosed herewith. All Creditors and Equity Interest Holders will be notified when the petition is filed. You will also be notified when the Court sets a Claims Bar Date and dates and times for hearings on the adequacy of this Disclosure Statement and on confirmation of the Plan.

Administrative Matters

The Debtor will also be required to address the various administrative matters attendant to the commencement of its bankruptcy case. These matters include the preparation of detailed Schedules of Assets and Liabilities and a Statement of Financial Affairs, and the preparation of the materials required by the Office of the United States Trustee including monthly reports.

Actual and Projected Recovery of Preferential or Fraudulent Transfers

The Debtor is not aware of any fraudulent conveyances or preferential transfers involving assets of the Debtor, and therefore does not expect to file any actions seeking to recover any fraudulent conveyances or preferential transfers in this case.

Other Legal Proceedings

The Debtor is not currently involved in any non-bankruptcy legal proceedings.

III. SUMMARY OF THE PLAN OF REORGANIZATION

A. What Creditors and Interest Holders Will Receive Under the Proposed Plan

As required by the Bankruptcy Code, the Plan classifies claims and equity interests in various classes according to their right to priority. The Plan states whether each class of claims or equity interests is impaired or unimpaired. The Plan provides the treatment each class will receive.

1. Unclassified Claims

Certain types of claims are not placed into voting classes; instead they are unclassified. They are not considered impaired and they do not vote on the Plan because they are automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such, the Proponent has not placed the following claims in a class.

(a) Administrative Expenses

Administrative expenses are claims for costs or expenses of administering the Debtor's Chapter 11 case which are allowed under Code section 507(a)(2). The Bankruptcy Code requires that all administrative claims be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists all of the Debtor's § 507(a)(2) administrative claims and their treatment under the Plan:

Name	Amount Owed	Treatment
Administrative Lenders (no more than ten persons)	Up to $100,000 if not converted	To be paid on or before December 31, 2022, with interest at an annual rate of 6%, with the option to convert the debt to Units (defined below) in the Reorganized Debtor and in each of the nine Subsidiaries at a ratio of one Unit per ten cents ($0.10) of loan principal within two years of the Effective Date of the Plan.
Daniel C. Masters Attorney for Debtor	Subject to Court approval, an estimated fee of $40,000[1]	Subject to approval by the Court, fee to be paid upon entry of a final order approving fee application. Subject to approval by the Court, all or a portion of the fee may be converted to Units (defined below) in the Reorganized Debtor and in each of the nine Subsidiaries at a ratio of one Unit per ten cents ($0.10) of approved fee.
Clerk's Office Fees	Unknown	Paid in full on Effective Date
Office of the U.S. Trustee Fees	$2,000 (estimated)	Paid in full on Effective Date
TOTAL	**$42,000 (estimated)**	

Court Approval of Fees Required:

The Court must rule on all fees listed in this chart before the fees will be owed. For all fees except the U.S. Trustee's fees, the professional in question must file and serve a properly noticed fee application and the Court must rule on the application. Only the amount of fees allowed by the Court will be owed and required to be paid under this Plan.

Units Defined:

[1] This figure is an estimate. The amount paid will be based on an hourly fee of $400 and must be approved by the Court.

Units are defined as consisting of one (1) share of common stock and five (5) warrants, one "A" warrant, one "B" warrant, one "C" warrant, one "D" warrant and one "E" warrant. Each warrant allows the holder to purchase one share of common stock at a specified "exercise" price. The exercise price is $3 for the "A" warrant, $4 for the "B" warrant, $5 for the "C" warrant, $6 for the "D" warrant, and $7 for the "E" warrant.

(b) Priority Tax Claims

Priority tax claims include certain unsecured income, employment and other taxes described by Code Section 507(a)(8). The Bankruptcy Code requires that each holder of such a Section 507(a)(8) priority tax claim receive the present value of such claim in deferred cash payments, over a period not exceeding six years from the date of the assessment of such tax. The Debtor is not aware of any priority tax claims.

2. Classified Claims and Equity Interests

(a) Classes of Secured Claims

Secured Claims are claims secured by liens on property of the estate. The Debtor is not aware of any Secured Claims.

(b) Classes of Priority Unsecured Claims

Certain priority claims that are referred to in Code Sections 507(a)(1), (4), (5), (6), and (7) are required to be placed in classes. These types of claims are entitled to priority treatment as follows: the Bankruptcy Code requires that each holder of such a claim receive cash on the Effective Date equal to the allowed amount of such claim. However, a class of unsecured priority claim holders may vote to accept deferred cash payments of a value, as of the Effective Date, equal to the allowed amount of such claims. The Debtor is not aware of any claim that would qualify as an unsecured priority claim pursuant to Sections 507(a)(1), (4), (5), (6), or (7) of the Bankruptcy Code under this Plan.

(c) Class of General Unsecured Claims

General unsecured claims are unsecured claims not entitled to priority under Code Section 507(a). The Debtor has identified one class of holders of general unsecured claims. The following chart identifies this Plan's treatment of the class containing the Debtor's general unsecured creditor claims:

CLASS #	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT

1	General Unsecured Claims of Creditors Total amount of claims = $2,841,314 (estimated)	Yes	In full satisfaction of their respective Allowed Unsecured Claims, each Holder of an Allowed Class 1 Claim shall receive, immediately following the Effective Date: (A) the Holder's *pro rata* share of a cash pool of Eighty Thousand Dollars ($80,000); and (B) the Holder's *pro rata* share of a pool of Eighty Thousand (80,000) Post-Consolidation Shares of Common Stock in the Debtor's Successor; and (C) the Holder's *pro rata* share of a pool of Eighty Thousand (80,000) Shares of Common Stock in each of the Debtor's Subsidiaries. No fractional shares shall be issued. All calculations of shares in the Reorganized Debtor and its Subsidiaries to be issued to Holders of Unsecured Claims shall be rounded up or down to the nearest whole share.

The Plan proposes that Debtor issue securities, as well as cash,

to its creditors, however,

THIS IS NOT AN OFFER TO SELL OR EXCHANGE SECURITIES,

NOR IS IT A SOLICITATION OF AN OFFER TO BUY OR EXCHANGE SECURITIES.

SECURITIES WILL ONLY BE ISSUED PURSUANT TO AN ORDER OF THE COURT

IF THE COURT CONFIRMS THE DEBTOR'S PLAN OF REORGANIZATION.

(d) Class of Equity Interest Holders

Equity Interest Holders are the parties who hold ownership interest (i.e., equity interest) in the Debtor. If the Debtor is a corporation, entities holding preferred or common stock in the Debtor are equity interest holders. If the Debtor is a partnership, the interest holders include both general and limited partners. If the Debtor is an individual, the Debtor is the interest holder. The following chart identifies the Plan's treatment of all equity interest holders:

CLASS #	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
2	Equity Interest Holders (holders of Shares of Debtor's	Yes	This class consists of all Common Stock Interests in Debtor. This class holds, as of the date hereof, a total of 2,868,077,366 shares of Debtor's common stock. Consistent with the Absolute Priority Rule, holders of Class 2 Equity Interests will not receive or retain equity

	Common Stock)		in the Successor Corporation or anything else of value. Claims in classes that do not receive or retain any value under the Plan do not vote because such classes are deemed to have rejected the Plan. Therefore, Class 2 Equity Interest holders cannot vote on this Plan and are deemed to have rejected the Plan.

B. The Debtor's Business Operations After Plan Confirmation

After the Effective Date of the Plan, the Successor Corporation will acquire Smart Tech and will continue the Smart Tech business and manage its affairs without the supervision of the Bankruptcy Court. The Debtor's Successor Corporation will acquire Smart Tech by issuing a total of 5,000,000 common shares in the Successor which will be divided among the current shareholders of Smart Tech *pro rata* according to the amount of their current ownership in Smart Tech. Gary Rasmussen, Joseph Lai, and Alan Bailey will constitute the initial Board of Directors of the Successor. Information concerning their backgrounds and qualifications are set forth above. The Board of Directors of the Debtor's Successor will have all of the powers granted to any board of directors by applicable state and federal laws, and it may act pursuant to any and all powers granted to it under these laws including entering into agreements to transfer, convey, encumber, use, license and lease any and all of its assets, issue securities, and/or acquire companies or assets for securities or debt.

To implement this Plan, the Board of Directors of the Reorganized Debtor shall take all steps required by the Code and other state and federal laws and all steps desirable in furtherance of its business plan and, in order to perform such implementation in a cost effective manner, the Board of Directors shall have the authority to vary, alter or revise any of the steps outlined in this Plan or necessary to its business without shareholder approval so long as such change does not negatively affect any of the distributions provided for by the Plan.

After implementing the proposed Plan of Reorganization, the Reorganized Debtor will have the following share structure: 80,000 Common Shares will be held, *pro rata* according to amount owed them by the Debtor, by the Class 1 Creditors. An additional 5,000,000 Common Shares will be held by the current owners of Smart Tech, paid to them for the acquisition of Smart Tech by the Debtor's Successor

Corporation. Thus there will be a total of approximately 5,080,000 shares issued and outstanding in the Reorganized Debtor immediately after the Effective Date.

In addition, up to 1,000,000 Units, including 1,000,000 Common Shares, will be held by administrative lenders if these lenders choose to convert their Notes to Units. In that event, there would be a total of approximately 6,080,000 shares issued and outstanding in the Debtor. Further, there would be 5,000,000 warrants outstanding convertible into an additional 5,000,000 Common Shares. Conversion of all of these Warrants at the stated exercise price would require an investment totaling $25,000,000 and would increase the total number of shares issued and outstanding to 11,080,000.

C. The Divestiture of the Subsidiaries Under the Plan

In support of the Debtor's Plan of Reorganization, and in order to enhance the distribution to Creditors, all of the Debtor's Subsidiaries will become independent operating companies, owned by the Debtor's creditors and shareholders, and, potentially, by its administrative lenders. The President of each Subsidiary will be Al Kau, the Debtor's current President. Information concerning the background and qualifications of Mr. Kau is set forth above.

The Debtor will distribute Shares and Units in each of its Subsidiaries as follows: 80,000 Common Shares will be held in each Subsidiary, *pro rata* according to amount owed them by the Debtor, by the Class 1 Creditors. In addition, up to 1,000,000 Units (including 1,000,000 Common Shares) will be held by administrative lenders if these lenders choose to convert their Notes to Units. In that event, there would be a total of approximately 1,080,000 shares issued and outstanding in each of the Subsidiaries. Further, there would be 5,000,000 warrants outstanding convertible into an additional 5,000,000 Common Shares. Conversion of all of these Warrants would require an investment totaling $25,000,000 in each Subsidiary in which the Warrants were exercised.

Any shares held by the Reorganized Debtor in any of the Subsidiaries following the above distributions will be cancelled and there will be no further relationship between or among the Debtor and its former Subsidiaries. The Debtor's Subsidiaries will emerge from the proceedings as independent companies.

IV. MEANS OF EFFECTUATING THE PLAN

A. Funding for the Plan

(1) Proposed Debt Financing Under Section 364(c) and (f).

The Debtor will file a Motion to borrow funds pursuant to Bankruptcy Code § 364(c) and (f) (Exhibit D). The Debtor's Motion to borrow funds is an integral part of this Plan. The Motion calls for authorization for the Debtor to borrow up to $100,000; the obligation to repay this loan will be assigned to and assumed by the Debtor's Successor Corporation. These funds will be used to pay the administrative expenses of the bankruptcy. In return for these funds the Debtor / Debtor's Successor will issue notes which shall be due and payable on June 30, 2023 and will bear interest at the rate of 6%, payable annually (Exhibit E). The Notes will be issued to no more than ten persons. Anytime within two years after the Effective Date of the Plan, holders of the Notes may elect to convert such notes to Units in the Debtor's Successor and in the Debtor's Subsidiaries at a ratio of one (1) Unit per ten cents ($0.10) of loan principal. Each such Unit will consist of one (1) share of the Debtor's common stock and one (1) "A" Warrant allowing the holder to purchase one share of Debtor's common stock at an exercise price of $3.00, one (1) "B" Warrant allowing the holder to purchase one share of Debtor's common stock at an exercise price of $4.00, one (1) "C" Warrant allowing the holder to purchase one share of Debtor's common stock at an exercise price of $5.00, one (1) "D" Warrant allowing the holder to purchase one share of Debtor's common stock at an exercise price of $6.00, and one (1) "E" Warrant allowing the holder to purchase one share of Debtor's common stock at an exercise price of $7.00. All warrants are exercisable at any time during the two year period following the Effective Date.

Notwithstanding any other provision governing the Warrants, if as of the date of exercise, the Debtor or one of its Subsidiaries, as the case may be, has registered its Common Stock under Section 12 of the Securities Exchange Act of 1934, as amended, a Warrant Holder may not exercise Warrants in that company to the extent that immediately following such exercise the Holder would beneficially own 5% or more of the outstanding Common Stock of the registered company. For this purpose, a representation of the Holder that following such exercise it would not beneficially own 5% or more of the outstanding Common Stock of the company shall be conclusive and binding upon the company.

The exercise price for a Warrant may be reduced, but not increased, by vote of the Board of Directors of the Corporation. In the event of a share split or reverse share split, Warrants and shares underlying them will also be split or reverse split and the exercise price adjusted accordingly. All Warrants shall expire, if not previously exercised or cancelled, five years after the Effective Date, unless extended or called by vote of the Board of Directors of the Corporation. If called, the Directors shall give holders of the Warrants a period of not less than thirty (30) days following notice of the call during which they may exercise their Warrants. A holder of Warrants may convert the Warrants, in whole or in part, to Common Stock without paying the cash exercise price. In that case the number of shares of Common Stock to be issued will be determined by dividing (a) the aggregate fair market value, as of the date of conversion, of the shares of Common Stock of the Company which would be issuable upon exercise of the Warrants to be converted minus the aggregate Warrant Exercise Price of the shares of Common Stock of the Company which would be issuable upon exercise of the Warrants by (b) the said fair market value of one share of the Common Stock of the Company.

Assuming the Motion to borrow funds is approved, the Debtor will have sufficient cash on hand on the Effective Date to make the payments required under the Plan.

(2) Proposed Funding by Vital

Management of Smart Tech has agreed to provide additional funding, up to a maximum of $25,000, to supplement the Debtor's cash and to ensure that there will be sufficient funds on hand at the Effective Date to make the payments required under the Plan. Smart Tech currently has liquid assets of approximately $500,000 and will provide the proposed $25,000 funding from this. Because the Debtor's Successor will enter an acquisition agreement with Smart Tech, effectively merging Smart Tech's operations into the Successor, no repayment of these funds by the Debtor's Successor to Smart Tech need be made.

B. Disbursing Agent and Method of Distribution

The Debtor's Successor shall act as the Disbursing Agent for the purpose of making all distributions provided for under the Plan which are required to be made on or immediately following the Effective Date. This Disbursing Agent shall serve without bond and shall receive no compensation for distribution services rendered and expenses incurred pursuant to the Plan.

The Disbursing Agent shall hold any checks returned as undeliverable for a period of six months after the date the check was first mailed. Any checks not claimed after six months will revest in the Successor to the Debtor.

The Disbursing Agent shall retain the services of a bonded stock transfer agent to maintain the stock ownership records of the Debtor's Successor and each Subsidiary. Certificates, or if the shares are held in book entry form, receipts evidencing stock ownership, will be distributed to all Class 1 general unsecured creditors and, if they convert their loans to equity, to the administrative lenders. The Disbursing Agent will send each creditor or administrative lender his, her or its stock certificate or receipt by first class mail, postage prepaid. The Disbursing Agent shall hold any certificates or receipts returned as undeliverable for a period of six months after the date the agent first mailed the certificate. Any securities not claimed after six months will revest in the issuer, the Debtor's Successor or Subsidiary.

C. United States Trustee Quarterly Fees

The Successor to the Debtor shall be responsible for timely payment of fees incurred pursuant to 28 U.S.C. § 1930(a)(6). After confirmation, the Successor shall file with the Court and serve on the United States Trustee a quarterly financial report regarding all income and disbursements, including all plan payments, for each quarter (or portion thereof) the case remains open.

D. Risk Factors

The proposed Plan has the following material risks:

(1) The assumptions underlying the Debtor's financial projections, as indicated in Exhibit C, may prove to be inaccurate in whole or in part.

(2) The Debtor may not receive court approval for the financing as requested in the Motion to Borrow.

E. Other Provisions of the Plan

Executory Contracts and Unexpired Leases

(1) Assumptions

The Debtor / Debtor's Successor will not assume any pre-petition executory contracts or unexpired leases as obligations under this Plan.

(2) Rejections

On the Effective Date, all executory contracts and unexpired leases of the Debtor that are not specifically assumed or assigned shall be deemed rejected.

The Order Confirming the Plan shall constitute an Order approving the rejection of the lease or contract. If you are a party to a contract or lease to be rejected and you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM ARISING FROM THE REJECTION OF A LEASE OR CONTRACT HAS NOT YET BEEN SET BY THE COURT. You will be notified as soon as a Claims Bar Date is set. Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court later orders otherwise.

F. Changes in Rates Subject To Regulatory Commission Approval

This Debtor is not subject to governmental regulatory commission approval of its rates.

G. Retention of Jurisdiction

The Court will retain jurisdiction to the extent provided by law.

H. Security Law Matters and Exemption from Registration

In reliance upon an exemption from the registration requirements of the Securities Act and equivalent state securities laws afforded by §1145 of the Code, Shares, Warrants, and Units to be issued as provided in the Plan, will be exempt from the registration requirements of the Securities Act and equivalent state securities laws. Section 1145(a)(1) of the Code generally exempts from such registration, "the offer or sale under a plan of a security of the debtor, of an affiliate participating in a joint plan with the debtor, or of a successor to the debtor under the plan- (A) in exchange for a claim against, or equity interest in, or a claim for an administrative expense in the case..."

Because this is a joint plan of reorganization, proposed jointly by ten co-proponents, the Debtor and its nine Subsidiaries, and because it proposes to issue securities for claims against the Debtor and administrative expenses of the case, it meets the requirements of §1145(a)(1) of the Bankruptcy Code.

Section 1145 also exempts from registration the offer of any security through any conversion privilege attached to any security that was sold in the manner specified in the preceding sentence.

Because of complex and subjective issues involved in determining issuer and underwriter status, creditors and administrative lenders are urged to consult with their attorneys concerning whether they will be able to trade freely any securities they are to receive under the Plan. NEITHER THE DEBTOR NOR ANY OF ITS REPRESENTATIVES MAKE ANY REPRESENTATIONS AS TO WHETHER ANY SECURITIES ISSUED PURSUANT TO THE PLAN, ONCE PLACED IN THE HANDS OF THE RECIPIENTS UNDER THE PLAN, MAY BE FREELY TRADED. Persons who may be underwriters must either register the securities under the 1933 Act in connection with a resale or use an applicable exemption from registration.

Neither the Debtor nor the Debtor's Successor is obligated to register securities issued pursuant to the Plan or to assist holders of such securities in establishing an exemption from registration. Accordingly, any entity becoming a holder of such securities who is determined to be an underwriter may be able to dispose of the securities only in limited circumstances.

If the Debtor's Successor has reason to believe that a recipient of its securities pursuant to the Plan may be an underwriter, the Debtor's Successor may require from such recipient a statement that the recipient is aware of Section 1145 of the Bankruptcy Code and the requirements of the 1933 Act regarding resale of those securities and that those securities held by such recipient will be sold in compliance with the 1933 Act.

The Debtor is a publicly traded corporation trading on the Over-The-Counter market. The Debtor's Successor and the Debtor's Subsidiaries will not be publicly traded at the Effective Date, however it is the intent of proposed new management of the Debtor's Successor and of the Subsidiaries, post-confirmation, to take the steps necessary to become a publicly traded company and to have the company's stock listed for trading on the OTC Market. However, there can be no assurance that the company will be successful in obtaining a trading symbol or that an active market will develop for the Successor's stock or for the stock of any of the Debtor's Subsidiaries.

I. Tax Consequences of Plan

CREDITORS AND EQUITY INTEREST HOLDERS CONCERNED WITH HOW THE PLAN MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR OWN ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS. The following disclosure of possible tax consequences is intended

solely for the purpose of alerting readers about possible tax issues this Plan may present to the Debtor. The Proponent CANNOT and DOES NOT represent that the tax consequences contained below are the only tax consequences of the Plan because the Tax Code embodies many complicated rules which make it difficult to state completely and accurately all the tax implications of any action.

The tax consequences of the Plan to a holder of a claim will depend, in part, on the type of consideration received for the claim, whether the holder is a resident of the United States for tax purposes, and whether the holder reports income on the accrual or cash basis method. Holders of claims likely will recognize gain or loss, as the case may be, equal to the difference between the amount realized under the Plan in respect of their claims and their respective tax basis in their claims. The amount realized for this purpose generally will equal the sum of cash and the fair market value of any other consideration received under the Plan in respect of their claims. Any gain or loss recognized in the exchange will be capital or ordinary depending on the status of the claim in the holder's hands.

THE TAX CONSEQUENCES OF THE PLAN ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON THE INDIVIDUAL CIRCUMSTANCES OF THE HOLDERS OF CLAIMS AND EQUITY INTERESTS. ACCORDINGLY, HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE FEDERAL, STATE, LOCAL AND, IF APPLICABLE, FOREIGN TAX CONSEQUENCES OF THE PLAN.

V. CONFIRMATION REQUIREMENTS AND PROCEDURES

PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OF THIS PLAN SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX. The following discussion is intended solely for the purpose of alerting readers about basic confirmation issues, which they may wish to consider, as well as certain deadlines for filing claims. The Proponents CANNOT and DO NOT represent that the discussion contained below is a complete summary of the law on this topic.

Many requirements must be met before the Court can confirm a Plan. Some of the requirements include that the Plan must be proposed in good faith, acceptance of the Plan, whether the Plan pays creditors at least as much as creditors would receive in a Chapter 7 liquidation, and whether the Plan is feasible. These requirements are not the only requirements for confirmation.

A. Who May Vote or Object

1. Who May Object to Confirmation of the Plan

Any party in interest may object to the confirmation of the Plan, but as explained below not everyone is entitled to vote to accept or reject the Plan.

2. Who May Vote to Accept/Reject the Plan

A creditor or equity interest holder has a right to vote for or against the Plan if that creditor or equity interest holder has a claim which is both (1) allowed or allowed for voting purposes and (2) classified in an impaired class.

B. What Is an Allowed Claim/Interest

As noted above, a creditor or equity interest holder must first have an allowed claim or equity interest to have the right to vote. Generally, any proof of claim or equity interest will be allowed, unless a party in interest brings a motion objecting to the claim. When an objection to a claim or interest is filed, the creditor or equity interest holder holding the claim or interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or interest for voting purposes.

THE BAR DATE FOR FILING A PROOF OF CLAIM IN THIS CASE HAS NOT YET BEEN SET BY THE COURT. WHEN A CLAIMS BAR DATE IS SET, YOU WILL BE NOTIFIED IMMEDIATELY. A creditor or equity interest holder may have an allowed claim or interest even if a proof of claim or interest was not timely filed. A claim is deemed allowed if (1) it is scheduled on the Debtor's schedules and such claim is not scheduled as disputed, contingent, or unliquidated, and (2) no party in interest has objected to the claim. A list of the claims scheduled on the Debtor's schedules is attached as Exhibit F.

C. What Is an Impaired Claim/Interest

As noted above, an allowed claim or equity interest only has the right to vote if it is in a class that is impaired under the Plan. A class is impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class. For example, a class comprised of general unsecured claims is impaired if the Plan fails to pay the members of that class 100% of what they are owed.

In this case, the Proponent believes that members of Class 1, general unsecured creditors, are impaired and that holders of claims in this class are therefore entitled to vote to accept or reject the Plan. Parties who dispute the Proponent's characterization of their claim or equity interest as being impaired or

unimpaired may file an objection to the Plan contending that the Proponent has incorrectly characterized the class.

D. Who Is Not Entitled to Vote

The following four types of claims are not entitled to vote: (1) claims that have been disallowed; (2) claims in unimpaired classes; (3) claims entitled to priority pursuant to Code sections 507(a)(2), and (a)(8); and (4) claims in classes that do not receive or retain any value under the Plan. Claims in unimpaired classes are not entitled to vote because such classes are deemed to have accepted the Plan. Claims entitled to priority pursuant to Code Sections 507(a)(2), and (a)(8) are not entitled to vote because such claims are not placed in classes and they are required to receive certain treatment specified by the Bankruptcy Code. Claims in classes that do not receive or retain any value under the Plan do not vote because such classes are deemed to have rejected the Plan. In this case, equity interest holders (shareholders) of the Debtor do not receive or retain any value under the Plan and are therefore not entitled to vote. EVEN IF YOUR CLAIM IS OF THE TYPE DESCRIBED ABOVE, YOU MAY STILL HAVE A RIGHT TO OBJECT TO THE CONFIRMATION OF THE PLAN.

E. Who Can Vote in More Than One Class

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim is entitled to accept or reject a Plan in both capacities by casting one ballot for the secured part of the claim and another ballot for the unsecured claim. Similarly, a creditor who is also an equity interest holder is entitled to accept or reject a Plan in both capacities by casting one ballot as a creditor and another ballot as an interest holder. However in this case there is only one class of creditors and interest holders will not vote, therefore no one will vote in more than one class.

F. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cramdown" on non-accepting classes. In this case there is only one impaired class entitled to vote: Class 1 general unsecured creditors.

G. Votes Necessary for a Class to Accept the Plan

A class of claims is considered to have accepted the Plan when more than one-half (1/2) in number and at least two-thirds (2/3) in dollar amount of the claims which actually voted, voted in favor of the Plan.

H. Liquidation Analysis

Another confirmation requirement is the "Best Interest Test" which requires a liquidation analysis. Under the Best Interest Test, if a claimant is in an impaired class and that claimant does not vote to accept the Plan, then that claimant must receive or retain under the Plan property of a value not less than the amount that such holder would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

In a Chapter 7 case, the Debtor's assets are usually sold by a Chapter 7 trustee. Secured creditors are paid first from the sales proceeds of properties on which the secured creditor has a lien. Administrative claims are paid next. Next, unsecured creditors are paid from any remaining sales proceeds, according to their rights to priority. Unsecured creditors with the same priority share in proportion to the amount of their allowed claim in relationship to the amount of total allowed unsecured claims. Finally, equity interest holders receive the balance that remains, if any, after all creditors are paid.

For the Court to be able to confirm this Plan, the Court must find that all creditors who do not accept the Plan will receive at least as much under the Plan as such holders would receive under a Chapter 7 liquidation. The Plan Proponents maintain that this requirement is met here as reflected in the Liquidating Analysis contained below.

The Debtor's tangible assets are valued at only $50. Therefore, upon liquidation, Class 1 creditors will receive no payment whatsoever.

If the Debtor is not liquidated, and if the Plan is confirmed, Class 1 creditors will immediately receive their *pro rata* share of a cash dividend totaling $80,000 and their *pro rata* share of a stock dividend consisting of 80,000 shares of the Debtor's Successor's Common Stock plus 80,000 shares of the Common Stock of each of the Debtor's Subsidiaries. Therefore, the Plan will give Creditors more than liquidation.

Below is a demonstration, in balance sheet format, that all creditors will receive at least as much under the plan as such creditors would receive under a liquidation.

ASSETS VALUED AT LIQUIDATION VALUES:

ASSETS		
a. Cash on hand	$ 0	
b. All other assets	$ 50	
TOTAL ASSETS		$ 50
Less:		
Chapter 11 administrative expenses	$42,000	
TOTAL DEDUCTIONS		$ 42,000
TOTAL AVAILABLE FOR DISTRIBUTION		**$ 0**
CLAIMS OF GENERAL UNSECURED CREDITORS		$ 2,841,314
% OF TOTAL CLAIMS GENERAL UNSECURED CREDITORS WOULD RECEIVE IN A CHAPTER 7 LIQUIDATION=		0%
WHAT GENERAL UNSECURED CREDITORS WILL RECEIVE UNDER THE PLAN		
Funds from § 364 borrowing (if approved)	$100,000	
Plus added funds from Smart Tech	$ 25,000	
Other assets	$ 50	
TOTAL ASSETS		$ 125,050
Less:		
Chapter 11 administrative expenses	$ 42,000	
Contingencies	$ 3,050	
TOTAL DEDUCTIONS		$ 45,050
TOTAL AVAILABLE FOR DISTRIBUTION		**$ 80,000**
CLAIMS OF GENERAL UNSECURED CREDITORS		$ 2,841,314
% OF TOTAL CLAIMS GENERAL UNSECURED CREDITORS WOULD RECEIVE IN CASH UNDER THE PLAN		2.82%
PLUS Shares in the Successor and its Subsidiaries which Debtor believes will have value although the exact value is uncertain at this time		? %

Below is a demonstration, in tabular format, that under this Plan, each creditor and equity interest holder will receive at least as much as such creditor would receive under a chapter 7 liquidation.

Claims & Classes	**Payout Percentage**	**Payout Percentage in**

	under the Plan	Chapter 7 Liquidation
Administrative Claims Approx. $ 42,000	100%	0%
General UnsecuredClaims $ 2,841,314	2.82%	0%
Plus 80,000 shares in Debtor and each subsidiary, believed to have value although exact amount is uncertain.	? %	0%

I. Feasibility

Another requirement for confirmation involves the feasibility of the Plan, which means that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan.

There are at least two important aspects of a feasibility analysis. The first aspect considers whether the Debtor will have enough cash on hand on the Effective Date of the Plan to pay all the claims and expenses which are entitled to be paid on such date. The Plan Proponent maintains that this aspect of feasibility is satisfied as illustrated here:

Cash Debtor will have on hand by Effective Date to pay:	$125,050 (estimated)
1. Allowed Unsecured Claims	$ 80,000
2. Administrative Claims	$ 42,000
3. Statutory costs & charges	None
4. Other Plan Payments due on Effective Date	None
Balance after paying these amounts:	$ 3,050 (estimated)

The sources of the cash Debtor will have on hand by the Effective Date, as shown above, are:

$ 100,000	Cash from Administrative Lenders assuming approval of Debtor's §364 Motion and confirmation of the Plan
$ 25,000	Additional cash provided by Smart Tech (estimated)
$ 50	Current asset
$ 125,050	**TOTAL**

The second aspect considers whether the Proponent will have enough cash over the life of the Plan to make any required Plan payments and to meet its obligations.

The Proponent has provided *pro forma* financial statements which include extensive projected financial information through the year 2023 (Exhibit C), as well as current financial information on Smart Tech (Exhibit B). Because of the proposed change of business, the Debtor's historical financial information is not relevant. YOU ARE ADVISED TO CONSULT WITH YOUR ACCOUNTANT OR FINANCIAL ADVISOR IF YOU HAVE ANY QUESTIONS PERTAINING TO THESE FINANCIAL STATEMENTS.

The Debtor's financial projections attached hereto as Exhibit C show, in detail, the amounts that the Debtor's Successor will have available to meet its obligations on a monthly as well as on an annual basis for the period from confirmation through and including December 31, 2023. The Plan Proponent contends that the Debtor's Successor's financial projections are feasible. The financial projections clearly reflect that the Successor to the Debtor will have sufficient net cash from which it will be able to meet its obligations and create value for its shareholders, including the Debtor's Creditors.

VI. EFFECT OF CONFIRMATION OF PLAN

A. Discharge

This Plan provides that upon confirmation of the Plan, the Debtor's Successor shall be discharged of liability for payment of debts incurred by the Debtor before confirmation of the Plan to the extent specified in 11 U.S.C. § 1141. However, the discharge will not discharge any liability imposed by the Plan.

B. Revesting of Property in the Debtor

Except as provided elsewhere in the Plan, the confirmation of the Plan revests all of the property of the estate in the Debtor's Successor.

C. Modification of Plan

The Proponent of the Plan may modify the Plan at any time before confirmation. However, the Court may require a new disclosure statement and/or new vote on the Plan.

The Proponent of the Plan may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing.

D. Post-Confirmation Quarterly Reports

Quarterly after entry of the order confirming the Plan, the Plan Proponent shall file Quarterly Post-Confirmation Reports with the Court and pay Trustee's fees in accordance with the United States Trustee's Operating and Reporting Requirements. The report shall be served on the United States Trustee, the members of the Official Committee of Creditors (if any), and those parties who have requested special notice.

E. Post-Confirmation Conversion/Dismissal

A creditor or party in interest may bring a motion to convert or dismiss the case under § 1112(b), after the Plan is confirmed, if there is a default in performing the Plan. A default shall be deemed to have occurred if the Debtor or Debtor's Successor or any party in interest fails to take any action required of that party under the Plan or Confirmation Order. Examples of actions required of the Debtor's Successor, where failure to perform would constitute a default, include, but are not limited to, issuance of Dividends, Notes, Shares and Warrants, and filing of Quarterly Post-Confirmation Reports. If the Court orders the case converted to Chapter 7 after the Plan is confirmed, then all property that had been property of the Chapter 11 estate, and that has not been disbursed pursuant to the Plan, will revest in the Chapter 7, estate. The automatic stay will be reimposed upon the revested property, but only to the extent that relief from stay was not previously authorized by the Court during this case.

The order confirming the Plan may also be revoked under very limited circumstances. The Court may revoke the order if the order of confirmation was procured by fraud and if a party in interest brings an adversary proceeding to revoke confirmation within 180 days after the entry of the order of confirmation.

F. Final Decree

Once the estate has been fully administered as referred to in Bankruptcy Rule 3022, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case.

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Dated: March 16, 2018

Worthington Energy, Inc. and Its Subsidiaries

By: Al Kau
President

Submitted by:

Daniel Masters
Attorney for Worthington Energy, Inc.

DECLARATION OF AL KAU

I, Al Kau, declare as follows:

1. I have personal knowledge of the facts set forth below and, if called to testify, would and could competently testify thereto.
2. I am the President of Worthington Energy, Inc., a Nevada corporation (the "Debtor").
3. I have reviewed the information within this Disclosure Statement, including its Exhibits.
4. I believe that all information contained in the Disclosure Statement is true and correct to the best of my knowledge.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 16th Day of March, 2018 at San Diego, California.

Al Kau

President, Worthington Energy, Inc.

Exhibit A

11 U.S.C. § 1145 - Exemption from Securities Laws

(a) Except with respect to an entity that is an underwriter as defined in subsection (b) of this section, section 5 of the Securities Act of 1933 and any State or local law requiring registration for offer or sale of a security or registration or licensing of an issuer of, underwriter of, or broker or dealer in, a security do not apply to—

(1) the offer or sale under a plan of a security of the debtor, of an affiliate participating in a joint plan with the debtor, or of a successor to the debtor under the plan—

(A) in exchange for a claim against, an interest in, or a claim for an administrative expense in the case concerning, the debtor or such affiliate; or

(B) principally in such exchange and partly for cash or property;

Exhibit B

Federal Rules of Civil Procedure, Rule 11

(c) SANCTIONS.

(1) *In General.* If, after notice and a reasonable opportunity to respond, the court determines that Rule 11(b) has been violated, the court may impose an appropriate sanction on any attorney, law firm, or party that violated the rule or is responsible for the violation. Absent exceptional circumstances, a law firm must be held jointly responsible for a violation committed by its partner, associate, or employee.

(2) *Motion for Sanctions.* A motion for sanctions must be made separately from any other motion and must describe the specific conduct that allegedly violates Rule 11(b). The motion must be served under Rule 5, but it must not be filed or be presented to the court if the challenged paper, claim, defense, contention, or denial is withdrawn or appropriately corrected within 21 days after service or within another time the court sets. If warranted, the court may award to the prevailing party the reasonable expenses, including attorney's fees, incurred for the motion.

Exhibit C

SEC Comment Letter of May 10, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
NEW YORK REGIONAL OFFICE
BROOKFIELD PLACE
200 VESEY ST., SUITE 400
NEW YORK, NEW YORK 10281-1022

NEAL JACOBSON
(212) 336-0095

May 10, 2018

BY EMAIL

Daniel Masters, Esq.
P.O. Box 66
La Jolla, CA 92038
Masters@lawyer.com

Re: Worthington Energy, Inc. (NY-9884)/Bankruptcy Case No. 18-2702 (CL) (Bankr. S.D.Cal.)

Dear Mr. Masters:

The staff of the Securities and Exchange Commission ("SEC") has reviewed the Disclosure Statement Describing Debtor's Joint Plan of Reorganization ("Disclosure Statement") and the Debtor's Joint Plan of Reorganization ("Plan") filed on May 1, 2018 in the above-referenced case. As set forth more fully below, in the staff's view, the Disclosure Statement contains inadequate information and cannot be approved in its current form. In addition, the staff believes that the Plan is nothing more than an attempt to traffic in public corporate shells in contravention of Sections 1129(d) and 1141(d)(3) of the Bankruptcy Code and is unconfirmable. The staff reserves the right to conduct formal discovery in connection with any motion for an order seeking approval of the Disclosure Statement and/or confirmation of the Plan.

Disclosure Standard

Section 1125 of the Bankruptcy Code requires the proponent of a plan to provide creditors and interest holders with a disclosure statement that contains "adequate information." 11 U.S.C. § 1125(a). "Adequate information," in turn, is defined as "information of a kind, and in sufficient detail … that would enable [] a hypothetical investor of the relevant class to make an informed judgment about the plan …." 11 U.S.C. § 1125(a).

Disclosure of the SEC Investigation, Penalty Claim, and Public Filings

The SEC is investigating an apparently false press release issued by Worthington Energy, Inc. ("Worthington") on January 26, 2018. This investigation could lead to the assertion by the SEC of a penalty claim against Worthington. In addition, Worthington was sanctioned with a $25,000 civil money penalty by the SEC in November 2014 for failing to file Forms 8-K when it issued unregistered securities. That penalty has not been fully paid. It also appears that Worthington has not kept current in its filings with the SEC but the Disclosure Statement does not explain why the

filings have not been made. The Disclosure Statement should be amended to include these relevant facts.

Disclosure Regarding Worthington and its Principals

Nowhere in the Disclosure Statement is a discussion of how Worthington, a defunct public Nevada corporation whose registration was revoked, came to be controlled by its principals. There is also no disclosure regarding Worthington's and the purported merger partner's principals experience with implementing reverse mergers with public shell companies. The Disclosure Statement should be amended to include this information.

Disclosure of Information Relevant to the Purported Reverse Merger Partner

The Disclosure Statement provides that Worthington will acquire a private company named "Smart Tech" by issuing 5 million shares to Smart Tech's shareholders and will continue Smart Tech's business post-plan consummation. (Disc. St. at 19)

According to the Disclosure Statement, Smart Tech is a development stage company and is the "developer and manufacturer" of two patented devices: (i) an electronic pill reminder device ("Smart Vial"), which is inserted into a pill box and triggers an alert that reminds the user when the next pill should be taken; and (ii) a fiber optic multi-direction USB plug (the "Flipper"), which can be inserted into a USB receptacle with the contacts facing up, down, right or left, making connection easier. (Disc. St. at 7-9)

The Disclosure Statement fails to identify the owner of the purported patents or the terms of Smart Tech's license to manufacture the identified products. In fact, a cursory Google search reveals that a company by the name of Ultra Tek, not Smart Tech, appears to own the patents on Smart Vial and the Flipper. Ultra Tek's website makes no mention of Smart Tech or any role it or its principals may play in the manufacture of its patented products, and the Disclosure Statement is devoid of any information regarding the owner of the patents. Although annexed to the Plan are financial projections for Ultra Tek and a draft financing motion that refers to Ultra Tek, there is no disclosure regarding Ultra Tek in the Disclosure Statement. Adding to the confusion, the Disclosure Statement refers to "additional funding" to be provided by an entity named "Vital," but is devoid of any information regarding Vital. (Disc. St. at 22) The Disclosure Statement should be amended to include accurate information regarding the purported reverse merger partner.

The Disclosure Statement contains minimal and unreliable financial information concerning Smart Tech. The Disclosure Statement reveals that Smart Tech has $507,000 in capital, consisting of 250,000 shares of a company called "Airborne Wireless," whose shares as of February 1, 2018 traded at $2.03 each. (Disc. St. at 9) However, Airborne Wireless stock is currently trading at approximately 75c per share, resulting in a capitalization of only $187,500, assuming the stock could be sold in a thin market without devaluing the sale price.

The Disclosure Statement also contains unsupported and wildly optimistic projections regarding the reorganized debtor's prospects. According to a five line "statement of operations"

attached to the Plan, Smart Tech's 2017 sales were only $920.00, and it had a net loss of $15,815.00. Nonetheless, without any supporting discussion or documentation, Smart Tech projects that it will generate sales of $375,000 in October-December 2018; $3.75mm in 2019; $5.625mm in 2020; $7.5mm in 2021; $9mm in 2022; and $11.25mm in 2023. This sketchy financial information inserted into a disclosure statement that will be the basis for trading in Smart Tech's stock is particularly troublesome to the staff in light of the January 26, 2018 press release, apparently issued by Worthington, that touted an "exciting new direction and business expansion," by Worthington's "new leadership team" and "new officers and directors." That press release, however, did not disclose the identities of the new management team nor any information regarding the new direction and business expansion.

A cursory Google search reveals press releases dating from July 2010 that introduced the Smart Vial and Flipper by Ultra Tek. The search also reveals that Ultra Tek's principal sued the USB Implementer's Forum, Inc. for refusing to certify or test the Flipper, and that the suit was dismissed. The Disclosure Statement should discuss why those products have not had any commercial success for the past eight years, what efforts had been made to develop them, what type of competition they face, and the effect of failure to obtain certification has on the Flipper's prospects.

The Disclosure Statement states that Worthington intends to issue stock in its nine dormant subsidiaries to creditors, but contains no discussion of what businesses the subsidiaries will engage in. The Disclosure Statement should be amended to provide adequate information regarding the subsidiaries' businesses.

Finally, the Disclosure Statement does not state that the reorganized debtor will file a Form 8-K with the Securities and Exchange Commission that contains the information required in a Form 10 registration statement upon the completion of the proposed reverse merger as set forth in Item 2.01 of Form 8-K.

The Plan Provides for Illegal Shell Trafficking and is Unconfirmable

The Disclosure Statement states that Worthington intends to use the exemption from registration contained in Section 1145 of the Bankruptcy Code to issue stock and warrants in Worthington's nine dormant subsidiaries to its creditors, thereby creating nine clean public shells that will have no assets and no identified operations. (Disc. St. at 11-13) Section 1141(d)(3) of the Bankruptcy Code, however provides that a corporate debtor cannot obtain a discharge if it has liquidated all or substantially all of its assets and does not engage in business after consummation of a plan. 11 U.S.C. §1141(d)(3).[1/] This prohibition was specifically drafted to prevent trafficking in

[1] Section 1141(d)(3) provides, in relevant part, that the confirmation of a plan does not discharge a corporate debtor if:

> (A) the plan provides for the liquidation of all or substantially all of the property of the estate;
> (B) the debtor does not engage in business after consummation of the plan; and;

corporate shells. *See In re Fairchild Aircraft Corp.*, 128 B.R. 976, 982 (Bankr. W.D. Tex. 1991); H.R. Rep. No. 595, 95th Cong., 1st Sess. 384, 418-19 (1977); S. Rep. No. 989, 95th Cong., 2d Sess. 98-99, 129-130 (1978). *See also In re Goodman*, 873 F. 2d 598, 602 (2d Cir. 1989) ("Congress deliberately excluded [liquidating] corporations from eligibility for discharge … to avoid trafficking in corporate shells ….). The court in *Fairchild Aircraft* noted that the protection against trafficking in corporate shells afforded by Section 1141(d)(3) is particularly important with respect to publicly traded companies:

> Without it, entities would be tempted to pick up the shell, issue new stock, and start a new business without the dead weight of old debt, undermining not only the integrity and *bona fides* of the bankruptcy system but also the underlying salutary function of the securities laws.

Fairchild Aircraft, 128 B.R. at 982 n.6. *See also* Report of the Commission on Bankruptcy Laws of the United States, H.R. Doc. No. 93-137, 93rd Cong., 1st Sess. (1973), *reprinted in Collier On Bankruptcy*, Appendix Volume B at App. Pt. 4-703 through App. Pt. 4-704 (16th rev. ed. 2017) (Denying a corporate debtor a discharge "restricts the manipulative use of bankruptcy shells in violation of securities laws and other legislation protecting public investors in and creditors of corporations.").

In addition, Section 1129(d) of the Bankruptcy Code provides that "on request of a party in interest that is a governmental unit, the bankruptcy court may not confirm a plan if the principal purpose of the plan is the avoidance of taxes or the avoidance of the application of section 5 of the Securities Act of 1933." 11 U.S.C. § 1129(d). The principal purpose of a plan may be determined "in the context of its surrounding circumstances." *In re Scott Cable Communications, Inc.*, 227 B.R. 596, 603 (Bankr. D. Conn. 1998). Here, there can be no doubt that the principal purpose of the Plan is to traffic in corporate shells and is therefore unconfirmable.

These preliminary comments are made without prejudice to the staff's right to raise additional comments and /or objections to approval of the Disclosure Statement and/or confirmation of the Plan and to take discovery in connection with any motion by Worthington to seek approval of the Disclosure Statement and confirmation of the Plan.

Sincerely,

Neal Jacobson
Trial Counsel

> (C) the debtor would be denied a discharge under Section 727(a) of this title if the case were a case under chapter 7 of this title.

11 U.S.C. § 1141(d)(3).

Cc (via email):
Leslie Skorheim, Esq.
Office of the United States Trustee
Leslie.skorheim@usdoj.gov

Exhibit D

Motion to Withdraw Bankruptcy Case

Daniel Masters (SBN 220729)
P. O. Box 66
La Jolla, CA 92038
Telephone: (858) 459-1133
Facsimile: (858) 459-1103

Attorney for Debtor

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF CALIFORNIA

In re:	Case No.: 18-02702-CL11
WORTHINGTON ENERGY, INC.,	**MOTION BY DEBTOR TO CONVERT THE CASE TO CHAPTER 7 OR TO DISMISS THE CASE**
A NEVADA CORPORATION,	Date: July 16, 2018
	Time: 2:30 PM
	Place: 325 West F Street, Dept. 5
Debtor.	San Diego, CA 92101
	Judge: Hon. Christopher B. Latham

WORTHINGTON ENERGY, INC. the debtor and debtor-in-possession (the "Debtor") moves the Court for an order converting this case from a case under Chapter 11 to a case under Chapter 7 pursuant to 11 U.S.C. section 1112(b), or, in the alternative, for an order dismissing the case.

BACKGROUND

On May 1, 2018 the Debtor filed a voluntary petition for relief under chapter 11 of the Code [Docket Entry No. 1]. On May 21, 2018 the Court held a status conference in this case and on May 29, 2018 a 341(a) meeting of creditors meeting was held. At both the status conference and the meeting of creditors the question of the corporate status of the Debtor in Nevada and in California was raised.

The Debtor's status as a corporation has been revoked in Nevada and forfeited in California, both for failure to pay corporate fees and taxes. Management of the Debtor has determined that the fees owing are $20,625 to Nevada and $7,423 to California. Management has also attempted to negotiate with the two states to reduce the amounts owing but without success. The Debtor lacks the resources to pay these

sums and management is unwilling to pay them on behalf of the Debtor. Moreover, the SEC has indicated its intent to oppose the Debtor's plan of reorganization, making it unlikely that any other party would be willing to advance the necessary funds. Finally, the Debtor's business is not operating, thus there is no business to reorganize.

Therefore the Debtor is filing this motion to convert or dismiss.

ARGUMENT

Under the present circumstances, it is in the best interests of the Debtor and its creditors to convert this chapter 11 case to a case under chapter 7 of the Bankruptcy Code, as it appears the Debtor has no legal standing and there is no meaningful operating business to reorganize. Section 1112(b)(1) of the Bankruptcy Code provides that the court "shall" convert or dismiss the case if the movant establishes cause, unless the court determines that unusual circumstances exist such that conversion or dismissal would not be in the best interests of creditors and the estate. 11 U.S.C. § 1112(b)(1) and (2).

Section 1112(b)(4) provides a non-exhaustive list of sixteen factors from which the Court may find a showing of "cause" for purposes of paragraph (b)(1). See 11 U.S.C. § 1112(b)(4). Among the factors named, cause for conversion exists when a moving party can demonstrate the "unexcused failure to satisfy timely any filing or reporting requirement established by this title or by any rule applicable to a case under this chapter;" 11 U.S.C. §1112(b)(4)(F). Cause for conversion also exists when a moving party can demonstrate "failure timely to provide information… reasonably requested by the United States trustee" 11 U.S.C. §1112(b)(4)(H).

Here the Debtor has failed to provide the United States Trustee's office with evidence of its good standing in Nevada and California and with evidence of a debtor-in-possession bank account. The Debtor is unable to establish a bank account because of its revoked and forfeited status with Nevada and California respectively. Moreover, there is no reasonable prospect that the Debtor will be able to cure these deficiencies because the Debtor lacks the funds to pay the state fees which total approximately $28,048.

Once cause is established by the moving party, dismissal or conversion is mandatory "unless the court determines that the appointment under section 1104(a) of a trustee or an examiner is in the best interests of creditors and the estate" § 1112(b)(1). Such an appointment is not in the best interest of

creditors and the estate here because there is no ongoing business for a trustee to operate and no significant asset for a trustee to protect.

CONCLUSION

"Cause" exists for conversion of this chapter 11 case to one under chapter 7. Additionally, the Debtor is unaware of any circumstances that would constitute "unusual circumstances" that would operate as an exception to the standard set forth in section 1112(b)(1). Accordingly, it is appropriate and in the best interest of creditors and this estate for the Court to convert this chapter 11 case to a case under chapter 7 of the Bankruptcy Code or to dismiss the case. Therefore, the Debtor respectfully requests that this Court enter an order converting the Debtor's case from chapter 11 to chapter 7, or an order dismissing the case, and grant such other and further relief as it deems just and proper.

DATED: June 4, 2018

Respectfully submitted,

Worthington Energy, Inc.

/s/ Daniel Masters

By: _____
Daniel Masters
Attorney for Debtor
Worthington Energy, Inc.

DECLARATION OF CHARLES VOLK

I, Charles Volk, declare as follows:

1. I am the Chairman of Worthington Energy, Inc., debtor and debtor in possession in the above-captioned case ("Debtor"). I have personal knowledge of the facts set forth herein except those stated on information and belief, and if called as a witness, I could and would testify competently thereto. I make this declaration in support of the attached Motion by Debtor for an order converting the case from one under chapter 11 to one under chapter 7, or, in the alternative, for an order dismissing the case.

2. The Debtor is a Nevada corporation organized on June 30, 2004, however its corporate status has been revoked by Nevada for failure to pay fees.

3. The Debtor currently owes the State of Nevada $20,625 in back fees.

4. The Debtor was qualified to do business in California, however its status in California has been forfeited for failure to pay fees.

5. The Debtor currently owes the State of California $7,423 in back fees.

6. The Debtor has no funds with which to pay these fees and no one known to the Debtor is willing to advance the funds for Debtor to pay these fees.

7. The United States Trustee has requested evidence of good standing in these states and evidence of the opening of a debtor-in-possession bank account, none of which the Debtor can provide since it is not in good standing and since the bank also requires evidence of good standing to open an account.

13. Because the Debtor is unable to comply with these requirements the Court should order this chapter 11 case to be converted to a case under chapter 7 or, in the alternative, dismiss this case.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 4th day of June, 2018 at Tiburon, California.

/s/ Charles Volk

Charles Volk
Chairman of Worthington Energy, Inc.

Exhibit E

Order Dismissing Bankruptcy Case

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF CALIFORNIA
325 West "F" Street, San Diego, California 92101-6991

In re:	BANKRUPTCY NO. 18-02702-CL11
WORTHINGTON ENERGY, INC.	Date of Hearing: 07/16/2018
	Time of Hearing: 2:30 PM
Debtor(s).	Name of Judge: Christopher B. Latham

ORDER DISMISSING CASE

IT IS HEREBY ORDERED as set forth on the continuation page(s) attached, numbered two (2) through two (2).

DATED: July 16, 2018

Judge, United States Bankruptcy Court

The court affirms and adopts its tentative ruling at ECF No. 36 as the ruling of the court on Debtor's unopposed motion to dismiss or convert this case to another chapter (ECF No. 32). The motion is accordingly **granted**, and the case is hereby **dismissed**.

IT IS SO ORDERED.

Signed by Judge Christopher B. Latham July 16, 2018