

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

In re:) Chapter 11
)
TWG CAPITAL, INC.,) Case No. 12-11019-BHL-11
)
Debtor.)

NOTICE OF MOTION TO SETTLE, OBJECTION DEADLINE AND HEARING

A *Motion For Approval Of Settlement Of Claims Pursuant To Rule 9019* (the "Motion") (Docket No. 123) was filed by TWG Capital, Inc. ("TWG" or the "Debtor") on November 5, 2012. A brief summary of the Motion is as follows:

1. Settlement of the Claim. The Motion seeks court approval of the Settlement¹ of the Claim under the terms and conditions of the parties and as evidenced by the Term Sheet and to be incorporated into a settlement agreement to be filed with the Court prior to the hearing on the Motion. The Claim consists of (i) certain claims against the Debtor's estate (the majority scheduled as "disputed") in the approximate sum of \$1,198,000, (ii) the rejection damage claim under 11 U.S.C. §365(g), which Long Term Preferred Care, Inc., LION 2004 Receivables Trust ("LION Trust"), and Imagine International Reinsurance Limited ("Imagine") would be entitled to assert upon the Debtor's rejection of the LION Trust Agreements pursuant to the Rejection Motion filed on October 3, 2012, and (iii) post-petition claims of the Downlines and/or LION Trust or Imagine as subrogee of the Downlines pending rejection of the LION Trust Agreements, which according to the Debtor, are in the aggregate approximate sum of \$170,000. Further, the Settlement will resolve all issues related to the Disputed Senior Payment.

2. Key Provisions of the Settlement. The key provisions of the Settlement, as set forth in more detail in the Motion and the Term Sheet, include:

- a) TWG agrees to convey, transfer, assign and deliver the Materials (identified as "Excluded Assets" per the Amended APA) to LION Trust, which shall be the exclusive property of the LION Trust, for an aggregate payment to TWG in the sum of \$60,000;
- b) TWG agrees to provide access to LION Trust to the Materials for the interim period between filing the Motion up to and through the entry of a final and non-appealable order approving the Settlement;
- c) TWG and Carmel Funding, the stalking buyer under the Amended APA (and any successful overbidder for the Assets) agree to continue to perform those certain Transitional Services on terms previously committed to by TWG for the period set forth in the Term Sheet;
- d) LION Trust agrees to warrant to TWG as of the closing of the Settlement that LION Trust shall have paid in full the commissions to the Downlines covered by the LION Trust Agreements in such sums as previously specified by TWG to LION Trust during the course of TWG's performance of the Assignment and Assumption Agreement and the Transitional Services (as defined in the Term Sheet), which shall consist of shortfalls for the months of agreement from October 2011 through May 2012 and monthly payments for the months of agreement from June 2012 through September 2012;

¹ Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Motion.

- e) LION Trust shall recite in the final settlement agreement it is entering into the Settlement with the intention and for the purpose of determining and causing to be paid commissions to the Downlines incurred on or after the closing date of the Settlement, as and when due, subject to all rights, defenses and claims of LION Trust or Imagine; and
- f) TWG, Carmel Funding, the stalking buyer under the Amended APA (and any successful overbidder for the Assets), LION Trust, Imagine and other related parties execute a mutual general release of all claims arising under the Materials or the LION Trust Agreements, exclusive solely of certain specified claims of TWG against LTPC and the claims, rights or defenses that the LION Trust or Imagine may have against third parties.

3. Copies of the Motion. Copies of the Motion can and will be made available upon request directed to counsel for the Debtor at the address noted below.

NOTICE IS GIVEN that any objection to the relief requested in the Motion must be filed in writing in accordance with Local Rule S.D. Ind. B-9013-1 with the Clerk's Office and served on the attorney for the moving party before **5:00 p.m. EST on November 13, 2012**. Those not required or not permitted to file electronically must deliver any objection by U.S. mail, courier, overnight/express mail, or in person at:

Clerk, U.S. Bankruptcy Court
116 U.S. Courthouse
46 E. Ohio Street
Indianapolis, IN 46204

The objecting party must ensure delivery of the objection to the party filing the Motion. **If an objection is NOT timely filed, the requested relief may be granted.**

The Court will hold a hearing on the Motion on:

Date: November 16, 2012
Time: 10:00 a.m. EST
Place: 121 W. Spring Street, Room 103, New Albany, Indiana 47150

The dial-in telephone number for interested parties to participate in the hearing by conference call is 1-888-399-7768; passcode 787195, followed by the pound ("#") key.

Respectfully submitted,

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