

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF ILLINOIS

IN RE:	)	Chapter 11
	)	
PREVENTION LABORATORIES, LLC,	)	Case No. 09-40678
	)	
Debtor.	)	

**PLAN OF REORGANIZATION**

**ARTICLE I**  
**SUMMARY**

This Plan of Reorganization (the "Plan") under Chapter 11 of the Bankruptcy Code (the "Code") proposes to pay creditors of Prevention Laboratories, LLC (the "Debtor") from income earned through the operation of Debtor's business as a new corporation to be created as part of this plan of reorganization.

**ALL UNSECURED CREDITORS AND EQUITY OWNERS SHOULD CAREFULLY READ THIS DOCUMENT AS THE PLAN WILL PROVIDE FOR THE TERMINATION OF THE LLC AND CREATION OF A NEW ILLINOIS C CORPOARTION. UNSECURED CREDITORS WILL RECEIVE TWENTY FIVE PERCENT (25%) STOCK IN THE NEW CORPORATION AS THE NEW INVESTORS, WILL RECEIVE SEVENTY FIVE PERCENT (75%) OF STOCK.** Further details of the structure of the proposed the new corporation are contained within this Disclosure Statement.

THE PRIORITY PROVISIONS OF THE BANKRUPTCY CODE AND THE LACK OF AVAILABLE FUNDS PREVENT ANY PAYMENT TO UNSECURED CREDITORS AS CREDITORS WILL RECEIVE STOCK IN THE NEW CORPORATION TO BE FORMED UPON CONFIRMATION OF THE PLAN OF REORGANIZATION. The priority distribution allows secured creditors to receive funds generate by its collateral pursuant to a cash collateral order entered in this proceeding with any remaining unencumbered assets to be paid first to administrative claims (post bankruptcy debt); second priority claims, third general unsecured claims and fourth equity. All assets of the Debtor are encumbered.

**NEW INVESTORS AND OPPORTUNITY TO PURCHASE STOCK IN**  
**NEW COMPANY**

The post confirmation new company, an Illinois sub chapter C corporation, will offer investors the opportunity to purchase \$250,000.00 of stock in the new company. This \$250,000.00 new investment will be for 75% of the stock in the new company. Stock warrants may be purchased in increments of \$2500.00 as the initial purchase price shall be kept in an escrow account established by Antonik Law Office at the Peoples National Bank until the entire \$250,000.00 is purchased. A potential investor who wishes to purchase the entire \$250,000.00 of stock may

do so if the entire \$250,000.00 of stock warrants has not been sold. If one purchaser buys the entire \$250,000.00, the stock warrants that had been purchased will be refunded to the purchaser.

The sale of stock warrants will continue for 60 days post confirmation or until the entire \$250,000.00 stock warrants have been sold. If the entire \$250,000.00 warrants have not been issued but at least \$50,000.00 of the warrants have been purchased, stock will be issued to those who have purchased warrants on a pro-rata basis of the entire \$250,000.00 i.e. each \$2500.00 warrant issued stock in the new company equal to 1% of 75% of stock in the new company. The remaining balance of the \$250,000.00 will remain unissued until the new corporation sells the stock. Administrative claim holders who remain unpaid upon confirmation may purchase stock warrants for all or part of their claim 55 days after the warrants have been available for sale. **IF \$50,000.00 OF THE STOCK WARRANTS ARE NOT PURCHASED WITHIN THE 60 DAY OFFERING PERIOD, THE DEBTOR REQUESTS THIS BANKRUPTCY PROCEEDING BE DISMISSED.**

The 25% of the remaining stock will be issued to the unsecured creditors and possibly equity owners in accordance with this disclosure statement and plan.

This Plan provides for thirteen (13) classes of priority unsecured claims, two (2) classes of secured claims; and one (1) class of unsecured claims. This Plan also provides for the payment of administrative and priority claims.

All creditors and equity security holders should refer to Articles III through VI of this Plan for information regarding the precise treatment of their claim. A disclosure statement that provides more detailed information regarding this Plan and the rights of creditors and equity security holders has been circulated with this Plan. **Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)**

### III. DEFINITIONS

The following terms, when used in this Plan of Reorganization shall, unless the context otherwise requires, have the following meanings:

1.01. **Chapter 11** shall mean Chapter 11 of the United States Bankruptcy Code, providing for reorganization proceedings.

1.02. **Claim** shall mean indebtedness of the Debtor which has been scheduled, or as to which a Proof of Claim has been filed by the creditor prior to the claim date and either has not been objected to by the Debtors or has been allowed by the Court. Claim shall also mean any claim allowed from the adversary proceeding the debtor has filed against all its unit holders other than the original members.

1.03. **Class** shall mean any class into which allowed claims are classified.

1.04. **Confirmation** shall mean the entry of an Order by the Court confirming this Plan.

1.05. **Court** shall mean the United States Bankruptcy Court for the Southern District of Illinois.

1.06. **Debtor** shall mean the Debtor in possession herein, Prevention Laboratories, LLC.

1.07. **Effective date** shall mean that date on which the Order Confirming the

Plan becomes final and non-appealable.

1.08. **Plan** shall mean the Plan of Reorganization.

1.09. **Final Decree** shall mean the entry of an Order closing this bankruptcy estate.

1.10 **Liquidation value** shall mean the hypothetical liquidation of the Debtors' assets under a Chapter 7 bankruptcy proceeding at the time of plan confirmation which shall include all hypothetical expenses a Chapter 7 trustee would incur including Chapter 7 trustee fees and any tax obligation incurred from the liquidation of the debtor(s) assets.

1.11 **Sweat equity** shall mean LLC unit holders who did not provide monetary value for ownership units it received.

#### **POST CONFIRMATION NEW CORPORATION AND OWNERSHIP**

Prevention Laboratories will present a plan which will consist of ONE class of stock with EQUAL priority in liquidation or sale as described below.

##### **A. ISSUANCE OF COMMON STOCK:**

The creditors of this case will be issued 25% stock in the new "C" corporation to be formed upon plan confirmation. The New investor Group will be issued 75% of the stock for its agreement to purchase stock for \$250,000.00. **ALL EQUITY, AS DETERMINED BY THE BANKRUPTCY COURT, IN THE CURRENT LLC WILL BE CANCELLED AND NOT RECEIVE ANY INTEREST IN THE NEW CORPORATION.**

There is approximately \$540,000 of non-insider non investment unsecured debt which will be converted to common stock upon confirmation of the Plan. The investors monetary claims filed in this bankruptcy are \$1,945,548.39. The Debtor will file an omnibus claim objection to all "equity holders" who base a monetary claim based on equity ownership seeking to either have such claims allowed for the monetary investment or reasonable value of services performed or to have the claims denied because said claims are based on owning equity.

##### **NEW INVESTOR(S)**

The Debtor's attempts to secure a new investor (white knight) prior to this Disclosure Statement failed to provide a firm commitment. The post confirmation new company, an Illinois sub chapter C corporation, will offer investors the opportunity to purchase \$250,000.00 of stock in the new company. This \$250,000.00 new investment will be for 75% of the stock in the new company. Stock warrants may be purchased in increments of \$2500.00 as the initial purchase price shall be kept in an escrow account established by Antonik Law Office at the Peoples National Bank until the entire \$250,000.00 is purchased. A potential investor who wishes to purchase the entire \$250,000.00 of stock may do so if the entire \$250,000.00 of stock warrants has not been sold. If one purchaser buys the entire \$250,000.00, the stock warrants that had been purchased will be refunded to the purchaser.

The sale of stock warrants will continue for 60 days post confirmation or until the entire \$250,000.00 stock warrants have been sold. If the entire \$250,000.00 warrants have not been issued but at least \$50,000.00 of the warrants have been purchased, stock will be issued to those who have purchased warrants

on a pro-rata basis of the entire \$250,000.00 i.e. each \$2500.00 warrant issued stock in the new company equal to 1% of 75% of stock in the new company. The remaining balance of the \$250,000.00 will remain unissued until the new corporation sells the stock. Administrative claim holders who remain unpaid upon confirmation may purchase stock warrants for all or part of their claim 55 days after the warrants have been available for sale. IF \$50,000.00 OF THE STOCK WARRANTS ARE NOT PURCHASED WITHIN THE 60 DAY OFFERING PERIOD, THE DEBTOR REQUESTS THIS BANKRUPTCY PROCEEDING BE DISMISSED.

**ARTICLE II**  
**CLASSIFICATION OF CLAIMS AND INTERESTS**

- 2.01 Class 1. All allowed claims entitled to priority under § 507 of the Code (except administrative expense claims under § 507(a)(2), and priority tax claims under § 507(a)(8)).
- A. The priority tax claim of the Internal Revenue Service.
  - B. The priority tax claim of the Illinois Department of Revenue.
  - C. The priority tax claim of the Illinois Department of Employment Security.
  - D. The priority wage claimants.
- 2.02 Class 2. A. The secured claim of Daniel Nicolosi for the Debtor's real property mortgage as well as a blanket lien on Debtor's inventory, equipment, accounts receivable, intangible property and the majority of Debtor's other assets, to the extent allowed as a secured claim under § 506 of the Code.
- B. The secured claims of creditors whether secured in part or in whole by a lien on Debtor's real property, to the extent allowed as a secured claim under § 506 of the Code. These creditors are: Internal Revenue Service, Illinois Department of Employment Security, Illinois Department of Revenue, Roundy's Supermarkets, Inc, Smith Container Corporation, Raleigh Ready Mix, Michael and Paulette Hale, James Cristal Inc., Tim Smith, and Duane, Anne and Dianne Schroeder
- 2.03 Class 3. All unsecured claims creditors holding general unsecured claims allowed under § 502 of the Code and shall consist of all general unsecured creditors including deficiency claims from Classes 2B and 2C as well as all creditors holding

equity created unsecured claims allowed under § 502 of the Code and shall consist of all equity created unsecured creditors including all claims created from the buyback provisions.

2.04 Class 4 . The interests of the equity in the Debtor.

#### **XI. SECURITY INTEREST**

Upon Plan confirmation, Debtor will transfer its property to the new corporation and the new entity will assume the secured debt and payment terms on the collateral as provided by the Plan pursuant to each secured claimant's treatment provided for by this Plan.

The secured creditors whose liens have been retained shall retain their liens to the extent of indebtedness as provided for in this Chapter 11 Plan in the new entity being formed by this plan.

Except as provided for in this Plan, all other terms and conditions of mortgages, security agreements and promissory notes that survive confirmation and are transferred and assumed by the new corporation shall remain in effect.

#### **ARTICLE III** **TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS, U.S. TRUSTEES FEES,** **AND PRIORITY TAX CLAIMS**

3.01 Unclassified Claims. Under section §1123(a)(1), administrative expense claims are not in classes.

3.02 Administrative Expense Claims. Each holder of an administrative expense claim allowed under § 503 of the Code will be paid as stated below or upon such other terms as may be agreed upon by the holder of the claim and the Debtor. The Debtor's attorney, the unsecured creditor's committee attorney, and other professional fees approved by the Bankruptcy Court will be paid compensation upon order being entered by that Court or by such other arrangements between the claim holder and the Debtor.

The Equity Committee's attorney has incurred fees and expenses of slightly more than \$21,000 and will incur additional fees as the case progresses to confirmation. The Debtor has incurred approximately \$60,000 in unpaid fees and expenses. Debtor anticipates incurring additional attorney fees and expenses for both its and the equity committee attorney as well as its CEO and \$1500.00 per month of adequate protection payments. . Currently, the Debtor's CEO, Alfred Sanders is owed \$24,000 in unpaid post petition salary; adequate protection payments of \$6000.00 are owed to Dan Nicolosi; approximately \$20,000.00 is owed to the IRS, \$10,000.00 to the Illinois Department of Revenue and \$5,000 miscellaneous. Administrative expense claimants can require that any amount owed be paid prior to confirmation or agree to different treatment.

Although all administrative expense claimants hope to be paid prior to

confirmation, that is not likely as the Debtor will attempt to have the tax administrative claimants paid by confirmation. Any unpaid administrative expense claims shall be paid on a pro rata basis from the issuance of stock from new investors as described within the disclosure statement. Should there be insufficient new investment to pay the administrative claimants in full; the remaining balance will be paid monthly, for no more than two years, beginning 90 days after confirmation. The remaining stock unissued to new investors will be issued to a nominee for the benefit of the administrative claimants subject to a security interest in favor of the administrative claimants until the administrative claims are paid in full. The nominee shall have authority to sell the stock it holds as security in \$2500.00 increments with said stock proceeds paid to the administrative claimants as sold. Once the administrative claimants are paid in full, the nominee shall transfer back to the corporation the remaining stock it holds. The corporation will be authorized to sell that stock.

3.03 Priority Tax Claims. The Debtor owes priority tax claims to the Internal Revenue Service, the Illinois Department of Revenue, and the Illinois Department of Employment Security.

3.04 United States Trustee Fees. All fees required to be paid by 28 U.S.C. §1930(a)(6) (U.S. Trustee Fees) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or before the effective date of this Plan will be paid on the effective date.

#### **ARTICLE IV TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN**

Claims and interests shall be treated as follows under this Plan:

Class 1-Priority Claims **IMPAIRED:** Each holder of a Class 1 Priority Claims will be paid in full, with interest at the then applicable interest rate.

Class 1A-Priority Claim of the Internal Revenue Service

Debtor owes debts to the Internal Revenue Service for priority debts in the amount of \$35,999.85. The amount due will be paid monthly over sixty months at the then applicable interest rate which is currently 4%. The first payment shall be due 45 days from the date of plan confirmation.

Class 1B-Priority Claim of the Illinois Department of Revenue

Debtor owes debts to the Illinois Department of Revenue for priority debts in the amount of \$37,282.59. The amount due will be paid monthly over sixty months at the then applicable interest rate which is currently 4%. The first payment shall be due 75 days from the date of plan confirmation.

Class 1C-Priority Claim of the Illinois Department of Employment Security

Debtor owes debts to the Illinois Department of Employment Security for priority debts in the amount of \$18,622.34. The amount due will be paid monthly over sixty months at the then applicable interest rate which is currently 4%. The first payment shall be due 75 days from the date of plan confirmation.

Class 1D-Priority Claim of Allis Watson

Debtor owes a debt to Allis Watson for priority wages in the amount of \$170.52.

The amount due will be paid in equal monthly over twelve months. The first payment shall be due 75 days from the date of plan confirmation.

Class 1E-Priority Claim of April Kesterson

Debtor owes a debt to April Kesterson for priority wages in the amount of \$2,125.31. The amount due will be paid in equal monthly over twelve months. The first payment shall be due 75 days from the date of plan confirmation.

Class 1F-Priority Claim of Barry Milton

Debtor owes a debt to Barry Milton for priority wages in the amount of \$2,072.33. The amount due will be paid in equal monthly over twelve months. The first payment shall be due 75 days from the date of plan confirmation.

Class 1G-Priority Claim of Brenda Nelson

Debtor owes a debt to Brenda Nelson for priority wages in the amount of \$423.27. The amount due will be paid in equal monthly over twelve months. The first payment shall be due 75 days from the date of plan confirmation.

Class 1H-Priority Claim of Debra Wallace

Debtor owes a debt to Debra Wallace for priority wages in the amount of \$1,046.28. The amount due will be paid in equal monthly over twelve months. The first payment shall be due 75 days from the date of plan confirmation.

Class 1I-Priority Claim of Destiny Heininger

Debtor owes a debt to Destiny Heininger for priority wages in the amount of \$1,537.27. The amount due will be paid in equal monthly over twelve months. The first payment shall be due 75 days from the date of plan confirmation.

Class 1J-Priority Claim of Eryn Goldberg

Debtor owes a debt to Eryn Goldberg for priority wages in the amount of \$5,000.00. The amount due will be paid in equal monthly over twelve months. The first payment shall be due 75 days from the date of plan confirmation.

Class 1K-Priority Claim of Leslie Gummersheimer

Debtor owes a debt to Leslie Gummersheimer for priority wages in the amount of \$6,517.30. The amount due will be paid in equal monthly over twelve months. The first payment shall be due 75 days from the date of plan confirmation.

Class 1L-Priority Claim of Melissa Odle

Debtor owes a debt to Melissa Odle for priority wages in the amount of \$12,520.50. The amount due will be paid in equal monthly over twelve months. The first payment shall be due 75 days from the date of plan confirmation.

Class 1M-Priority Claim of Valerie Bethel

Debtor owes a debt to Valerie Bethel for priority wages in the amount of \$1,150.52. The amount due will be paid in equal monthly over twelve months. The first payment shall be due 75 days from the date of plan confirmation.

**CLASS 2:** Class 2 creditors shall be those creditors which hold secured claims against the Debtor. Class 2 shall only address those claims which are secured by property owned by the Debtor and not by property owned by any other entity. Each subclass of Class 2 shall be deemed a separate class as to voting and the requirements of 11 U.S.C. § 1129.

**CLASS 2A:** CLASS 2A: The Class 2A creditor shall consist of Daniel Nicolosi and is secured by a first lien on all real estate and a blanket first lien on all personal

property. The Class 2A creditor shall retain his lien post petition and in the new entity to secure the indebtedness. The Class 2A creditor's claim is approximately \$756,000.00<sup>1</sup> and will be paid in the following manner: within 90 days of confirmation, the debtor shall pay monthly an interest only payment at 6.5% (percent) per annum for a period of three years thereafter the indebtedness will be amortized to be paid monthly over a 20 year period at 6.5% with the entire remaining principal and interest due 10 years thereafter. This class is impaired.

**CLASS 2B:** The Class 2B creditor shall consist of the IRS secured claim on real and personal property by reason of the IRS liens filed in Saline County and the State of Illinois and the following lien holders based on pre petition liens they have filed against the Debtor; Illinois Department of Employment Security, Illinois Department of Revenue, Roundy's Supermarkets, Inc, Smith Container Corporation, Raleigh Ready Mix, Michael and Paulette Hale, James Cristal Inc., Tim Smith, and Duane, Anne and Dianne Schroeder. The Debtor will file an adversary proceeding to determine the value of the claim pursuant to Bankruptcy Code § 506 as the Debtor's allege the collateral has no value as to any of the above lien holders and will not be paid as a secured creditor. If the Court determines the claim has some value as defined by § 506, that secured claim will be paid over 20 years with monthly payments at the then federal judgment rate of interest with the first payment beginning 90 days after confirmation. This class is impaired.

The **Class 3** creditors shall consist of all creditors holding general unsecured claims allowed under § 502 of the Code and shall consist of all general unsecured creditors. UNSECURED CREDITORS WILL RECEIVE TWENTY FIVE PERCENT (25%) STOCK IN THE NEW CORPORATION AS THE NEW INVESTOR; GRACE VIRGIN LLC II WILL RECEIVE SEVENTY FIVE PERCENT (75%) STOCK. GRACE VIRGIN II, LLC IS SOLELY OWNED BY DANIEL NICOLSI, THE FIRST LIEN HOLDER ON THE DEBTOR'S ASSETS.

**CLASS 3A:** The Class 3A creditors shall consist of all unsecured claims as filed and allowed or as listed in Debtor bankruptcy schedule F and any amendments. The Class 3A claimants shall also include deficiency claims from Classes 2B and 2C. This class shall receive 25% of the stock in the new corporation as each holder of a claim shall receive pro rata stock based on the dollar amount of its claim. This class and each claimant shall share pro rata in the distribution of the 25% stock with the Court allowed claimants in Class 3B. This class is impaired.

**CLASS 3B:** The Class 3B creditors shall consist of all debt as determined by the Bankruptcy Court in the investors/unit holders adversary proceeding filed by the Debtor. All investors/defendants in the adversary who receive a court order determining they have a monetary claim against the debtor shall have that claim converted to common stock to share on a pro rate basis 25% of the common stock to be issued with the Class 3A general unsecured creditors. This Class is impaired.

#### **CLASS 4-Equity of the Debtor**

The Class 4 creditor shall consist of the Debtor's unit holders that are not Class

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<sup>1</sup> Within 30 days of confirmation, creditor shall provide accounting of debt owed including reduction from post petition adequate protection payments.



3B claimants and represents its current equity ownership less any adjustment per court order as to "sweat equity". The Class 4 creditor shall consist of the equity of the Debtor which is the original members of Prevention Laboratories, LLC and any other equity interest the Bankruptcy Court may determine to be equity. The equity in the Debtor shall be cancelled upon confirmation and will receive nothing.

**ARTICLE V**

**ALLOWANCE AND DISALLOWANCE OF CLAIMS**

5.01 Disputed Claim. A disputed claim is a claim that has not been allowed or disallowed [by a final non-appealable order], and as to which either: (i) a proof of claim has been filed or deemed filed, and the Debtor or another party in interest has filed an objection; or (ii) no proof of claim has been filed, and the Debtor has scheduled such claim as disputed, contingent, or unliquidated.

5.02 Delay of Distribution on a Disputed Claim. No distribution will be made on account of a disputed claim unless such claim is allowed [by a final non-appealable order].

5.03 Settlement of Disputed Claims. The Debtor will have the power and authority to settle and compromise a disputed claim with court approval and compliance with Rule 9019 of the Federal Rules of Bankruptcy Procedure.

5.04 Deadline to File Deficiency Claims. Creditors shall have thirty (30) days from the approval of the confirmed plan to file any deficiency claim and be included as an unsecured creditor to receive their pro rata payment of the unsecured claim.

**ARTICLE VI**

**PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

6.01 Assumed Executory Contracts and Unexpired Leases.

(a) The Debtor assumes the following executory contracts and/or unexpired leases effective upon the date of the entry of the order confirming this Plan:  
NONE.

(b) The Debtor will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed under section 6.01(a) above, or before the date of the order confirming this Plan, upon the date of the entry of the order confirming this Plan. A proof of a claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than one hundred eighty (180) days after the date of the order confirming this Plan.

**ARTICLE VII**

**MEANS FOR IMPLEMENTATION OF THE PLAN**

Debtor will create a new corporation under paragraph "C" of the tax code. Debtor

will transfer all of its assets and liabilities to the new corporation as described in more detail elsewhere in this Plan and in the accompanying Disclosure statement. The new corporation will continue Debtor's business operations and pay Debtor's obligations under this plan through its business profits.

#### **X. CAUSES OF ACTION**

Debtor listed several causes of action in its bankruptcy schedules. Debtor is investigating these potential causes of action to determine if pursuing these causes of action would be beneficial to the bankruptcy estate. The Debtor will transfer and assign all rights, title and interest to any and all causes of action it may have to the new corporation being formed upon confirmation. . The specific lawsuits the Debtor seeks to preserve and assign and are as follows:

Potential lawsuit for patent infringement against ViJon Laboratories and Triumph Pharmaceuticals.

Potential lawsuit for cybersquatting against Anacore for use of www.preventionlab.com website to misdirect users, fraudulent posting of website, and intentional interference with a business expectation.

Potential lawsuit against Ron Manis for former CFO's negligence and malfeasance.

Potential lawsuit against Regions Bank for shortages in bank account between 2006 to fall of 2008.

Ongoing lawsuit against Fifth Third Bank for shortage in bank account of \$31,000 over three months.

Possible Lawsuit against Bonnie Sounders for conversion of company vehicle.

**Possible lawsuit against Jerry Douglas for any and all loses sustained due to mismanagement of the company and obtaining "investors" when not legally authorized to do so.**

The Debtor will file an adversary proceeding to strip off inferior liens with no value on its real and personal property. The complaint will allege hat any and all liens other than the first lien held by Dan Nicolosi are without value and should be avoided.

#### **XII. REORGANIZED DEBTOR**

The property of the Debtor shall be transferred and revest in the new Debtor entity upon confirmation in accordance with 11 U.S.C. § 1141. Should this Chapter 11 proceeding be converted to a Chapter 7 before substantial consummation and a final decree, the property of the Chapter 11 debtor which revested in the new debtor upon plan confirmation, shall revest in the Chapter 7 estate. **The Debtor will file a motion for a final decree to be entered 60 days after confirmation of the Plan as the Debtor will transfer its property immediately upon confirmation and issue stock in the new corporation.**

#### **ARTICLE VIII GENERAL PROVISIONS**

8.01 Definitions and Rules of Construction. The definitions and rules of

construction set forth in §§ 101 and 102 of the Code shall apply when terms defined or construed in the Code are used in this Plan, and they are supplemented by the following definitions:

(a) Chapter 11 shall mean Chapter 11 of the United States Bankruptcy Code, providing for reorganization proceedings.

(b) Claim shall mean indebtedness of the Debtors which have been scheduled, or as to which a Proof of Claim has been filed by the creditor prior to the claim date and either has not been objected to by the Debtors or has been allowed by the Court.

(c) Class shall mean any class into which allowed claims are classified pursuant to Article III.

(d) Confirmation shall mean the entry of an Order by the Court confirming this Plan.

(e) Court shall mean the United States Bankruptcy Court for the Southern District of Illinois.

(f) Debtor shall mean the Debtors in possession herein, Prevention Laboratories, LLC.

(g) Effective date shall mean that date on which the Order Confirming the Plan becomes final and non-appealable.

(h) Plan shall mean the Plan of Reorganization.

(i) Final Decree shall mean the entry of an Order closing this bankruptcy case.

8.02 Effective Date of Plan. The effective date of this Plan is the eleventh business day following the date of the entry of the order of confirmation. But if a stay of the confirmation order is in effect on that date, the effective date will be the first business day after that date on which no stay of the confirmation order is in effect, provided that the confirmation order has not been vacated.

8.03 Severability. If any provision in this Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

8.04 Binding Effect. The rights and obligations of any entity named or referred to in this Plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.

8.05 Captions. The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan.

8.06 Controlling Effect. Unless a rule of law or procedure is supplied by federal law (including the Code or the Federal Rules of Bankruptcy Procedure), the laws of the State of Illinois govern this Plan and any agreements, documents, and instruments executed in connection with this Plan, except as otherwise provided in this Plan.

8.07 Reorganized Debtor. The property of the Debtor shall revert in the

Debtor upon confirmation in accordance with 11 U.S.C. § 1141. Should this chapter 11 proceeding be converted to a chapter 7 before substantial consummation, the property of the chapter 11 debtor which reverted in the debtor upon plan confirmation, shall revert in the chapter 7 estate. The Debtor will transfer its property to the new corporation upon re-vesting.

**ARTICLE X**  
**OTHER PROVISIONS**

Until all claims have been allowed and all disputes have been resolved, the Court will retain jurisdiction for at least the following purposes:

a) The classification of the claim of any creditor and the re-examination of claims which have been allowed for purposes of voting, and the determination of such objections as may be filed to claims. The failure by the Debtor to object to any claim for the purpose of voting shall not be deemed to be a waiver of the Debtor's right to object to, or re-examine, the claim in whole or in part.

b) Determination of all questions and disputes regarding title to, security interests in and liens against the assets, and determination of all causes of action, controversies, disputes, or conflicts, whether or not subject to an action pending as of Confirmation, between the Debtor and any other party, including, but not limited to, any right of the Debtor to recover assets and money pursuant to the provisions of Title 11 of the United States Code.

c) The correction of any defect, the curing of any omission, or the reconciliation of any inconsistency in this Plan or the Order of Confirmation, as may be necessary to carry out the purpose and intent of this Plan.

d) The modification of this Plan after the Confirmation pursuant to the Bankruptcy Rules and Title 11 of the United States Code.

e) Entry of any order, including injunctions, necessary to enforce the title, rights, and powers of the Debtor and to impose such limitations, restrictions, terms and conditions on such title, rights, and powers as this Court may deem necessary.

f) Entry of an Order concluding and terminating this case.

g) Debtor reserves the right to prepay any indebtedness pursuant to the confirmed Chapter 11 Plan of Reorganization. Debtor will not accrue an interest penalty for early repayment.

i) The Debtor may propose amendments to or modifications of this Plan at any time prior to or after Confirmation pursuant to the Bankruptcy Rules and Title 11 of the United States Code.

j) Upon completion of this Plan, creditors whose liens are deemed unsecured by the plan shall issue a termination statement to the Debtor to be filed in the appropriate recording office. Creditors whose mortgage obligation or payment obligation for a contract for deed on the Debtor's real estate that has been deemed unsecured by this Plan shall release their lien on the Debtor's real estate. As for creditors who retain their lien throughout and beyond the duration of the Chapter 11 Plan, the holder of these claims shall release the lien and issue the appropriate termination or release documents upon payment in full of their claim as provided by this Chapter 11 Plan or any subsequent court-approved modification pursuant to Bankruptcy

Code §1129. Except as provided for in this Plan, all other terms and conditions or mortgages, security agreements and promissory notes shall remain in effect. No pre-petition lien shall extend to post-petition after acquired property except that secured creditors may receive insurance proceeds that represents proceeds for their collateral.

k) Any ambiguity in the terms and conditions of this Plan shall be supplemented by the Disclosure Statement to resolve said ambiguity.

Respectfully submitted,

/s/ Alfred Sanders  
Alfred Sanders as CEO of Prevention  
Laboratories, LLC

By: /s/ Douglas A. Antonik  
Attorney for the Plan Proponent #06190629

ANTONIK LAW OFFICES  
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Mt Vernon, IL 62864  
Phone: (618) 244-5739  
Fax: (618) 244-9633

**CERTIFICATE OF SERVICE**

The undersigned certifies that a copy of the foregoing Prevention Laboratories, LLC Plan of Reorganization was served electronically on:

Mark Skaggs, U.S. Trustees Office, 401 Main Street, Suite 1100, Peoria, IL 61602  
Gerald M. Burke, 9 Executive Drive, # 300, Fairview Heights, IL 62208  
Mitchell A Lieberman, 105 W Adams St, Chicago, IL 60603  
Brett Fritz, 504 South 800 East, Smithfield, UT 84335  
Donald Ellis, 4641 Hwy 34 North, Harrisburg, IL 62946  
Gary Sargent, 68960 M-51 Highway, Paw Paw, MI 49079  
Glen Bahl, 909 Booster St, Evansville, IL 62242  
James A Torok, 1292 Walsh Dr, Yorkville, IL 60560  
Steve Lampley, PO Box 47 1219 W Main St, Benton, IL 62812  
Steven Leinicke, 204 Cherry St, Red Bud, IL 62278  
Taffie Helleny, 116 W Brewster Rd, Herrin, IL 62948  
Thomas Johnson, 4200 Blue Bunting Rd, Tamaroa, IL 62888  
Tom Egert, 16 Dakota Rd, Carbondale, IL 62901  
Donna Kay Brown, PO Box 114, Ridgway, IL 62979  
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via electronic noticing on the 15th day of April, 2011. The above is true and correct to the best of the undersigned's knowledge.

/s/ Nancy Antonik  
Nancy Antonik