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CENTRAL DISTRICT OF CALIFORNIA
BY

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In Re
ATLAS EQUITY INC,

Case No. 98-27044-RA

Chapter 11

COMMISSION
CLERK

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CMP _____
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SEC 1
OTH Grant

Debtor(s).

Date: September 01, 2004
Time: 01:30 pm
Place: Courtroom 6C

ORDER APPROVING DISCLOSURE STATEMENT, FIXING TIME FOR OBJECTING TO CONFIRMATION, FIXING TIME FOR FILING ACCEPTANCES AND REJECTIONS OF PROPOSED PLAN OF REORGANIZATION, APPROVING BALLOTS FOR ACCEPTING OR REJECTING PLAN AND FIXING DATE OF HEARING ON CONFIRMATION OF PLAN, COMBINED WITH NOTICE THEREOF

It having been determined on September 01, 2004 at a hearing upon notice that the proposed disclosure statement (the "Statement") of a proponent (the "Proponent") of a plan of reorganization (the "Plan") more particularly described and identified below contains "adequate information" as contemplated by Section 1125 of the Bankruptcy Code to enable hypothetical reasonable investors, typical of holders of claims or interests in the above-captioned Chapter 11 case (the "Case"), to make informed judgments about the Plan,

Scanned
By: *[Signature]*

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

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[Signature]

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1 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

2 1. The Statement filed by the Proponents, Vincent Galewick and Atlas Equity, Inc. (collectively,
3 the "Proponent") on 8/10/04, as further modified in open Court on 9/1/04, is approved as
4 containing adequate information;

5 2. All ballots accepting or rejecting the Plan must be submitted to A. Kenneth Hennesay, Jr.,
6 Esq. of Allen Matkins Leck Gamble & Mallory LLP, 1900 Main St., 5th Floor, Irvine, CA
7 92614-7321 (the "Tabulator") so as to be received not later than 10/5/04 at 5:00 p.m., local time,
8 and ballots received after such time shall not be counted;

9 3. The Proponent shall not later than 9/7/04 transmit by first class mail true copies of the Plan,
10 the Statement, this Order and Notice, and a ballot conforming to Official Form 14, to the U.S.
11 Trustee for the Central District of California, all creditors and all equity security holders in this
12 case, and file a proof of service thereof with the Clerk of this Court not later than five Court days
13 thereafter;

14 4. Any objections to the confirmation of the Plan must be served and filed so as to be received
15 by the intended recipients not later than 10/5/04 at 5:00 p.m., local time, and any party failing to
16 so serve and file such objections shall be barred from raising such objections at the confirmation
17 hearing;

18 5. An evidentiary hearing on confirmation of the Plan shall be held on 10/22/04 at 3:00 p.m. in
19 Courtroom 6C, Ronald Reagan Federal Building and U.S. Courthouse, 411 West Fourth St.,
20 Santa Ana, California;

21 6. The Tabulator shall tabulate all timely acceptances and rejections of the Plan and report the
22 results of such tabulation in a writing filed with the Clerk of this Court not later than five Court
23 days prior to the hearing on confirmation of the Plan;

24 7. File-stamped courtesy copies of the aforementioned proof of service, objections and
25 tabulation shall be delivered to the chambers of the undersigned immediately after the filing of
26 the originals thereof; and

27 NOTICE IS HEREBY GIVEN that:
28

1 A. The Plan can be confirmed by this Court if the Plan is accepted by the holders of two-
2 thirds in amount and more than one-half in number of claims in each impaired class of claims
3 voting on the Plan, and if it is accepted by the holders of two-thirds in amount of interests in each
4 impaired class of equity security holders voting on the Plan;

5 B. In the event the requisite acceptances are not obtained, this Court may nevertheless
6 confirm the Plan pursuant to Section 1129(b) of the Bankruptcy Code if the Court finds that the
7 Plan does not discriminate unfairly and accords fair and equitable treatment to the class or classes
8 rejecting it;

9 C. Holders of claims or interests which are "impaired" (as defined in Section 1124 of the
10 Bankruptcy Code) under the Plan are entitled to vote (1) if their claims or interests have been
11 scheduled by the Debtor in the Debtor's Schedules on file in the office of the Clerk of this Court
12 and have not been scheduled as disputed, contingent or unliquidated or (2) if they have timely
13 filed a proof of claim or interest to which no objection has been filed; and

14 D. With respect to any proofs of claim or interest to which an objection is filed, upon
15 timely motion of a party in interest this Court may nevertheless temporarily allow a holder
16 thereof to vote pursuant to Bankruptcy Rule 3018(a).

17 Dated: September 1, 2004

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20 ROBERT W. ALBERTS
21 Bankruptcy Judge
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NOTE TO USERS OF THIS FORM:
Physically attach this form as the last page of the proposed Order or Judgment.
Do **not** file this form as a separate document.

In re ATLAS EQUITY, INC.	CHAPTER <u>11</u> Debtor. CASE NUMBER: SA98-27044-RA
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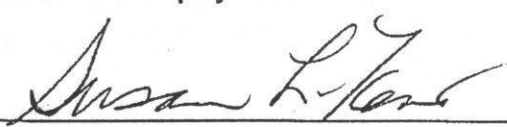
**NOTICE OF ENTRY OF JUDGMENT OR ORDER
AND CERTIFICATE OF MAILING**

TO ALL PARTIES IN INTEREST ON THE ATTACHED SERVICE LIST:

1. You are hereby notified, pursuant to Local Bankruptcy Rule 9021-1(a)(1)(E), that a judgment or order entitled (specify):
ORDER (1) APPROVING JOINT DISCLOSURE STATEMENT OF DEBTOR AND INTEREST HOLDER VINCENT E. GALEWICK DESCRIBING FIRST AMENDED CHAPTER 11 PLAN (2) SCHEDULING VOTING DEADLINE AND HEARING ON PLAN; AND (3) APPROVING FORM OF BALLOT AND NOTICE OF HEARING
was entered on (specify date): **SEP 2 2004**
2. I hereby certify that I mailed a copy of this notice and a true copy of the order or judgment to the persons and entities on the attached service list on (specify date): **SEP 2 2004**

Dated: **SEP 2 2004**

JON D. CERETTO
Clerk of the Bankruptcy Court

By: 
Deputy Clerk

1 In re Atlas Equity, Inc.
USBC Case No. SA98-27044RA

2

3 NOTICE OF ENTRY OF ORDER SERVICE LIST

3

4 Debtor

4 Atlas Equity, Inc.
Attention: Mr. Vincent Galewick
5 c/o PDI, Inc.
6 625 The City Drive South, Ste. 150
Orange, CA 92868

7 Counsel for Debtor

7 Madison S. Spach, Jr., Esq.
8 Spach, Capaldi & Waggaman, LLP
4675 MacArthur Court, Suite 550
9 Newport Beach, CA 92660

10 U.S. Trustee

10 Michael Hauser, Esq.
11 Office of the United States Trustee
411 West 4th Street, #9041
12 Santa Ana, CA 92701-8000

13 Counsel for Interest Holder Vincent E. Galewick

14 Vincent M. Coscino, Esq.
Allen Matkins Leck Gamble & Mallory LLP
15 1900 Main Street, 5th Floor
Irvine, CA 92614

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19

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21

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27

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1 MADISON S. SPACH, JR. (BAR NO. 94405)
2 SPACH, CAPALDI & WAGGAMAN, LLP
3 3675 MacArthur Court, Suite 550
4 Newport Beach, CA 92660
5 Telephone: (949) 852-0710
6 Facsimile: (949) 852-0714

7 [Proposed] Attorneys for Debtor in
8 Possession Atlas Equity, Inc.

9 JINCENT M. COSCINO (BAR NO. 122086)
10 A. KENNETH HENNESAY, JR. (BAR NO. 187531)
11 ALLEN MATKINS LECK GAMBLE & MALLORY LLP
12 1900 Main Street, 5th Floor
13 Irvine, CA 92614-7321
14 Telephone: (949) 553-1313
15 Facsimile: (949) 553-8354

16 Attorneys for Interest Holder
17 Vincent E. Galewick

18 UNITED STATES BANKRUPTCY COURT
19 CENTRAL DISTRICT OF CALIFORNIA
20 SANTA ANA DIVISION

21 In re

22 ATLAS EQUITY, INC., dba
23 PERFORMANCE TELECOM, dba
24 PERFORMANCE COMMUNICATIONS
25 SERVICES, dba ALLEN RICHARDS &
26 ASSOCIATES, a California
27 corporation,

28 Debtor.

29 Fax I.D. No. 33-0296182

Case No. SA98-27044-RA

Chapter 11

**NOTICE OF: (1) COURT APPROVAL OF
DISCLOSURE STATEMENT OF DEBTOR AND
INTEREST HOLDER VINCENT GALEWICK
DESCRIBING SECOND AMENDED JOINT
CHAPTER 11 PLAN, AS MODIFIED
SEPTEMBER 1, 2004; (2) VOTING AND
OBJECTION DEADLINE; AND (3) HEARING
ON PLAN CONFIRMATION**

Plan Confirmation Hearing:

Date: October 22, 2004

Time: 3:00 p.m.

Ctrm: 6C
411 West Fourth Street
Santa Ana, CA

Judge: Hon. Robert W. Alberts

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1 TO THE UNITED STATES TRUSTEE, ALL CREDITORS AND EQUITY
2 SECURITY HOLDERS, AND ALL OTHER PARTIES IN INTEREST SPECIFIED IN
3 FEDERAL RULE OF BANKRUPTCY PROCEDURE 2002:

4 Pursuant to its Order Approving Disclosure Statement, Fixing
5 Time for Objecting to Confirmation, Fixing Time for Filing
6 Acceptances and Rejections of Proposed Plan of Reorganization,
7 Approving Ballots for Accepting or Rejecting Plan and Fixing Date
8 of Hearing on Confirmation of Plan, Combined with Notice Thereof
9 (the "Order"), the Court has approved the Joint Disclosure
10 Statement of Debtor and Interest Holder Vincent Galewick
11 Describing Second Amended Chapter 11 Plan, as Modified on
12 September 1, 2004 (the "Disclosure Statement") and, among other
13 things, authorized Atlas Equity, Inc., the above-referenced
14 debtor and debtor in possession ("Atlas") and interest holder
15 Vincent E. Galewick ("Galewick") to disseminate the Disclosure
16 Statement to creditors, interest holders, and other parties in
17 interest. Pursuant to the Order,

18 **NOTICE IS HEREBY GIVEN** that on October 22, 2004, at 3:00
19 p.m., or as soon thereafter as the matter may be heard (the
20 "Confirmation Hearing"), in Courtroom 6C of the above-entitled
21 Court, located at 411 West Fourth Street, Santa Ana, California,
22 Atlas and Galewick will move the Court for entry of an
23 order confirming their Second Amended Joint Chapter 11 Plan, as
24 Modified on September 1, 2004 (the "Plan") pursuant to 11 U.S.C.
25 § 1129. The request for confirmation will be based on a ballot
26 summary, accompanying documents, and such other evidence and

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1 argument as may properly be presented at or before the
2 Confirmation Hearing.

3 **PLEASE TAKE FURTHER NOTICE THAT:**

4 1. Ballot Deadline. The last date for receipt of ballots
5 accepting or rejecting the Plan shall be no later than 5:00 p.m.
6 on October 5, 2004 (the "Voting Deadline"). For a ballot to be
7 counted, it must be received prior to the Voting Deadline by A.
8 Kenneth Hennesay, Jr., Esq., Allen Matkins Leck Gamble & Mallory
9 LLP, 1900 Main Street, Fifth Floor, Irvine, California 92614-
10 7321.

11 2. Deadline for Objections to Plan. If you wish to object
12 to confirmation of the Plan, you must file a written response
13 with the Bankruptcy Court and serve a copy of it so that it is
14 received by the undersigned no later than 5:00 p.m. on October 5,
15 2004. If you fail to file and serve a written response within
16 that time period, the Court may treat your failure as a waiver of
17 your right to oppose confirmation of the Plan. You should also
18 refer to the Local Bankruptcy Rules regarding additional
19 requirements for any such objection.

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1 If you have not already received a copy of the Plan,
2 Disclosure Statement, a ballot, and the Order, upon written
3 notice to Allen Matkins Leck Gamble & Mallory LLP, Attention:
4 Vincent M. Coscino, Esq., setting forth your status as a party in
5 interest, the Plan, Disclosure Statement, a ballot (where
6 appropriate), and a copy of said documents shall be transmitted
7 to you.

8 Dated: September 7, 2004

SPACH, CAPALDI & WAGGAMAN, LLP

9
10
11 By: 

MADISON S. SPACH, JR.
[Proposed] Attorneys for
Debtor in Possession,
Atlas Equity Inc.

12
13
14
15 Dated: September 7, 2004

ALLEN MATKINS LECK GAMBLE &
MALLORY LLP

16
17
18 By: 

A. KENNETH HENNESAY, JR.
Attorneys for Interest Holder
Vincent E. Galewick

NOTICE OF PROCEDURES FOR MOTIONS BEFORE JUDGE ALBERTS

1. The form Certificate Re Notice on the reverse side of this Notice **must** be completed by Movant's attorney (or, if Movant is not represented by an attorney, by Movant), appended to and filed with the Proof of Service for the Motion. The Certificate Re Notice form for all E-filed motions shall be filed at the time of the E-filing.

2. Movant is to bring to the hearing completed Notice Of Entry forms and postage-paid, addressed envelopes necessary to enable the Court Clerk's office to give notice of entry of the Order respecting the Motion in accordance with Federal Rule of Bankruptcy Procedure 9022 and Local Bankruptcy Rule 9021-1(1)(a)(v).

3. The Notice Of Entry forms are to be entitled "Notice Of Entry Of Order Re (insert name of motion here)". Where applicable, please include the following information on the Notice Of Entry forms: names of Debtor(s), Movant, Respondent, Plaintiff, Defendant, bankruptcy case number, adversary number and date of hearing. Please attach a complete service list and complete set of addressed, postage-paid mailing envelopes to the Notice Of Entry forms. Please submit an original and enough copies of the Notice of Entry Forms for each entity entitled to notice of entry.

4. Unless otherwise announced by the Court at the hearing, the Court will prepare the orders respecting all motions determined by Judge Alberts.

5. In all stay relief motions involving foreclosure of real estate, Movant, **IN THE MOTION PAPERS**, is to provide the relevant county recorder's recorded document number for the deed of trust or mortgage sought to be foreclosed.

6. In all stay relief motions involving foreclosure of tangible personal property, Movant, **IN THE MOTION PAPERS**, is to provide the legal description (e.g. vehicle identification number or vessel registration number), if any, of such property.

7. For all motions requiring notice to the debtor, the trustee, and all creditors, movant is encouraged to attach to the proof of service a current copy of the master matrix as the service list for the motion. A copy of the master matrix is available either through pacer or at the Intake Desk on the 2nd floor of the Bankruptcy Court located at 411 W. Fourth Street, Santa Ana, CA.

8. Copies of this Notice must be served with the Motion.

9. Motions to which no written, timely opposition has been served and filed may be included by the Court on default calendars, which are announced, called and granted at the beginning of each calendar call, in advance of contested motions scheduled for the same time, if the relief requested in such motions is relief to which the Court determines the Movant is clearly entitled under applicable law.

10. All proposed Orders, other than those specifically set forth in FRCP 58(A), must be set forth on a separate document. Any and all proposed orders submitted to the court which contain findings of fact or conclusions of law or do not otherwise conform with Bankruptcy rule 9021 and FRCP 58 shall be rejected.

FAILURE TO COMPLY WITH THE FOREGOING MAY RESULT IN CONTINUANCE
OF THE HEARING OR DENIAL OF THE MOTION

1 MADISON S. SPACH, JR., (BAR NO. 94405)
2 SPACH, CAPALDI & WAGGAMAN, LLP
3 4675 MacArthur Court, Suite 550
4 Newport Beach, CA 92660
5 Telephone: (949) 852-0710
6 Facsimile: (949) 852-0714

7 [Proposed] Attorneys for Debtor in
8 Possession Atlas Equity, Inc.

9 VINCENT M. COSCINO (BAR NO. 122086)
10 A. KENNETH HENNESAY, JR. (BAR NO. 187531)
11 ALLEN MATKINS LECK GAMBLE & MALLORY LLP
12 1900 Main Street, Fifth Floor
13 Irvine, California 92614-7321
14 Telephone: (949) 553-1313
15 Facsimile: (949) 553-8354

16 Attorneys for Interest Holder
17 Vincent E. Galewick

18 UNITED STATES BANKRUPTCY COURT
19 CENTRAL DISTRICT OF CALIFORNIA
20 SANTA ANA DIVISION

21 In re

Case No. SA98-27044RA

22 ATLAS EQUITY, INC., dba
23 PERFORMANCE TELECOM, dba
24 PERFORMANCE COMMUNICATIONS
25 SERVICES, dba ALLEN RICHARDS &
26 ASSOCIATES, a California
27 corporation

Chapter 11

In a Case Under Chapter 11 of
the Bankruptcy Code (11 U.S.C.
§ 1101, et seq.)

Debtor.

DISCLOSURE STATEMENT OF DEBTOR
AND INTEREST HOLDER VINCENT
GALEWICK DESCRIBING SECOND
AMENDED JOINT CHAPTER 11 PLAN,
AS MODIFIED ON SEPTEMBER 1, 2004

Tax I.D. No. 33-0296182

Disclosure Statement Hearing:
Date: September 1, 2004
Time: 1:30 p.m.
Ctrm: 6C
Judge: Hon. Robert W. Alberts

Plan Confirmation Hearing:
Date: October 22, 2004
Time: 3:00 p.m.
Ctrm: 6C
Judge: Hon. Robert W. Alberts

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1 I. INTRODUCTION

2 Atlas Equity, Inc., dba Performance Telecom, dba Performance
3 Communications Services, dba Allen Richards & Associates ("Atlas"
4 or the "Debtor") is the Debtor in a Chapter 11 bankruptcy case.
5 On December 22, 1998, Atlas commenced a bankruptcy case by filing
6 its voluntary Chapter 11 petition under the United States
7 Bankruptcy Code ("Code"), 11 U.S.C. § 101 et seq. (the
8 "Bankruptcy Code").¹

9 Chapter 11 allows the debtor and, under some circumstances,
10 creditors and others parties in interest to propose a plan of
11 reorganization ("Plan").² The Plan may provide for the debtor to
12 reorganize by continuing to operate, to liquidate by selling
13 assets of the estate, or a combination of both. Atlas and its
14 sole interest holder Vincent E. Galewick ("Galewick") are the
15 parties jointly proposing (the "Proponents") the Plan sent to you
16 in the same envelope as this document. THE DOCUMENT YOU ARE
17 READING IS THE DISCLOSURE STATEMENT FOR THE ENCLOSED PLAN.

18 The Plan is both a liquidating plan and an operating plan.
19 In other words, the Proponents seek to (i) accomplish payments
20 under the Plan by making distributions from cash on hand in the
21 estate as a result of the previous liquidation of Atlas' assets
22 and (ii) reorganize its business affairs as set forth below in
23 order to recover some value for its Interest Holder based on the
24 availability of substantial "net operating loss" ("NOL")
25 carryover deductions.

26 ¹ As set forth below, Atlas' bankruptcy case was converted to a
27 case under Chapter 7 and later re-converted to a case under
28 ² Capitalized terms not defined herein shall have the meaning set
forth in the Plan.

Allen Matkins Leck
Gamble & Mallory LLP
Attorneys at Law

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1 The Effective Date of the proposed Plan shall be the date of
2 entry of an order confirming the Plan or, if any objection is
3 filed with respect to confirmation of the Plan, the Effective
4 Date shall be the second business day after the tenth day after
5 the order confirming the Plan is entered by the Court (the
6 "Effective Date").

7 A. Purpose of This Document

8 This Disclosure Statement summarizes what is in the Plan,
9 and tells you certain information relating to the Plan and the
10 process the Court follows in determining whether or not to
11 confirm the Plan.

12 READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO KNOW

13 ABOUT:

- 14 (1) WHO CAN VOTE OR OBJECT,
- 15 (2) WHAT THE TREATMENT OF YOUR CLAIM IS (i.e., what your
16 claim will receive if the Plan is confirmed), AND HOW
17 THIS TREATMENT COMPARES TO WHAT YOUR CLAIM WOULD
18 RECEIVE IN LIQUIDATION,
- 19 (3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING
20 THE BANKRUPTCY,
- 21 (4) WHAT THINGS THE COURT WILL LOOK AT TO DECIDE WHETHER OR
22 NOT TO CONFIRM THE PLAN,
- 23 (5) WHAT IS THE EFFECT OF CONFIRMATION, AND
- 24 (6) WHETHER THE PLAN IS FEASIBLE.

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

Allen Matkins Leck
Gamble & Mallory LLP
Attorneys at Law

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1 Be sure to read the Plan as well as the Disclosure
2 Statement. If there are any inconsistencies between the Plan and
3 the Disclosure Statement, the Plan provisions will govern.

4 The Code requires a Disclosure Statement to contain
5 "adequate information" concerning the Plan. Pursuant to Rule
6 3017 of the Federal Rules of Bankruptcy Procedure, the Bankruptcy
7 Court ("Court") has approved this document as an adequate
8 Disclosure Statement, containing enough information to enable
9 parties affected by the Plan to make an informed judgment about
10 the Plan. Notwithstanding the foregoing, the Court has not
11 determined the accuracy of the statements and contentions set
12 forth in this Disclosure Statement, but may do so in connection
13 with the hearing on Plan confirmation. The Court's approval of
14 this Disclosure Statement is predicated upon the accuracy of the
15 statements and contentions set forth in this Disclosure
16 Statement, as may be determined at the hearing on Plan
17 confirmation. Any party can now solicit votes for or against the
18 Plan.

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

21 THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS
22 DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE
23 NOT YET BINDING ON ANYONE. HOWEVER, IF THE COURT LATER CONFIRMS
24 THE PLAN, THEN THE PLAN WILL BE BINDING ON THE DEBTOR AND ON ALL
25 CREDITORS AND INTEREST HOLDERS IN THIS CASE.

26 1. Time and Place of the Confirmation Hearing

27 The hearing where the Court will determine whether or not to
28 confirm the Plan will take place on October 22, 2004,

Allen Matkins Leck
Gamble & Mallory LLP
Attorneys at Law

709437.03/00

1 at 3:00 p.m., in Courtroom 6C, United States Bankruptcy Court for
2 the Central District of California, Santa Ana Division, 411 West
3 Fourth Street, Santa Ana, California, 92701.

4 2. Deadline For Voting For or Against the Plan

5 If you are entitled to vote, it is in your best interest to
6 timely vote on the enclosed ballot and return the ballot in the
7 enclosed envelope to:

8 A. Kenneth Hennesay, Jr., Esq.
9 Allen Matkins Leck Gamble & Mallory LLP
10 1900 Main Street, Fifth Floor
Irvine, CA 92614-7321

11 Your ballot must be received by October 5, 2004 at 5:00 p.m.
12 or it will not be counted.

13 3. Deadline For Objecting to the Confirmation of the
14 Plan

15 Objections to the confirmation of the Plan must be filed
16 with the Court and served upon (i) Vincent M. Coscino, Esq.,
17 Allen Matkins Leck Gamble & Mallory LLP, 1900 Main Street, Fifth
18 Floor, Irvine, California 92614-7321; (ii) Madison S. Spach, Jr.,
19 Esq., Spach, Capaldi & Waggaman, LLP, 4675 MacArthur Court, Suite
20 550, Newport Beach, California 92660; and (iii) the Office of the
21 U.S. Trustee, Ronald Reagan Federal Building, 411 West Fourth
22 Street, Suite 9041, Santa Ana, California 92701-8000, by
23 October 5, 2004 at 5:00 p.m.

24 4. Identity of Person to Contact for More Information
25 Regarding the Plan

26 Any interested party desiring further information about the
27 Plan may contact Vincent M. Coscino, Esq., Allen Matkins Leck
28

Allen Matkins Leck
Gamble & Mallory LLP
Attorneys at Law

709437.03/00

1 Gamble & Mallory LLP, 1900 Main Street, Fifth Floor, Irvine,
2 California 92614-7321.

3 **C. Disclaimer**

4 The financial data relied upon in formulating the Plan is
5 based on Atlas' records and primarily the records of the
6 liquidation of most of the Debtor's assets. The information
7 contained in this Disclosure Statement is provided by Atlas. The
8 Plan Proponents represent that everything stated in the
9 Disclosure Statement is true to the Proponents' best knowledge.
10 The Court has not yet determined whether or not the Plan is
11 confirmable and makes no recommendation as to whether or not you
12 should support or oppose the Plan.

13 **II. BACKGROUND**

14 **A. Description and History of the Debtor's Business**

15 Atlas is a California corporation. As of the time of its
16 initial bankruptcy filing, Atlas operated a long distance
17 telephone service reseller business. Atlas also developed
18 billing and collection software related to the telecom industry,
19 provided billing and collection services for consumer telephone
20 accounts, and marketed collection and related services to the
21 debt buying industry. Atlas was also developing computer
22 software, known internally as "Predator," for the purpose of
23 managing and collecting portfolio of purchased consumer debt for
24 its own account, and to be marketed to others. Concurrently with
25 the downturn in the long distance reseller industry, Atlas'
26 business was adversely affected by the general decline in the
27 profitability of the long distance reseller business.

1 Atlas' assets included computer equipment and other
2 furniture, fixtures, and equipment with a book value of almost
3 \$500,000 as of the Petition Date.

4 **B. Principals, Affiliates and Management of Debtor's**
5 **Business**

6 At the time of the filing of each of their jointly
7 administered cases, Galewick was the 100% shareholder of Atlas,
8 Performance Development, Inc. ("PDI"), Vision Capital Services
9 Corporation ("VCS"), and Income Network Company, Inc. ("INC"), as
10 well as 98.5% shareholder of Performance Capital Management, Inc.
11 ("PCM"). PDI was the general partner of each of Performance
12 Asset Management Fund, Ltd. ("PAM I"), Performance Asset
13 Management Fund II, Ltd. ("PAM II"), Performance Asset Management
14 Fund III, Ltd. ("PAM III"), Performance Asset Management Fund IV,
15 Ltd. ("PAM IV"), Performance Asset Management Fund V, Ltd.
16 ("PAM V"), and PAM VI (collectively, PAM I, PAM II, PAM III, PAM
17 IV, PAM V, and PAM VI are referred to herein collectively as the
18 "PAM Funds").

19 In general, the PAM Funds were formed to acquire various
20 distressed assets (primarily portfolio of credit card account
21 receivables) from federal banking and savings and loan
22 institutions, the Federal Deposit Insurance Corporation, the
23 Resolution Trust Corporation, as well as other sources, and to
24 generate income by collecting, selling, or otherwise disposing of
25 such assets. INC acted as placement manager and solicited
26 investments on behalf of the PAM Funds. PDI, as general partner
27 of the PAM Funds, contracted with PCM to, among other things,
28 manage, service and collect on the PAM Funds' account assets.

1 PCM, in turn, contracted with VCS for the provision of office
2 facilities, human resources and services in connection with PCM's
3 services to PDI. VCS also provided Atlas with an accounting and
4 customer service staff in connection with Atlas' operations.

5 **C. Events Leading to Chapter 11 Filing**

6 Atlas and the above-described affiliates were defendants in
7 a regulatory enforcement proceeding commenced by the Department
8 of Corporations for the State of California ("DOC"), People v.
9 Vincent E. Galewick, et al., case number BC 200771 pending in the
10 Superior Court of the State of California for the County of Los
11 Angeles (the "DOC Action"). In the DOC Action, the DOC sought an
12 injunction that, if put into effect, would have severely
13 disrupted the business of Atlas and its affiliates, causing
14 irreparable harm to Atlas, its affiliates and their respective
15 creditors and interest holders. Atlas and Galewick believe that
16 the DOC Action was without merit.

17 **D. The Bankruptcy Cases of Atlas and Affiliates**

18 On December 22, 1998, VCS, INC, PDI, PCM, and Atlas filed
19 voluntary petitions for relief under chapter 11, title 11, United
20 States Code (the "Bankruptcy Code"). On December 23, 1998,
21 PAM I, PAM II, PAM III, PAM IV, and PAM V each filed their own
22 voluntary chapter 11 petitions.

23 **E. Significant Events During the Bankruptcy**

24 **1. Trustee Appointment**

25 On December 30, 1998, James J. Joseph was appointed as the
26 chapter 11 trustee (the "Trustee") for the bankruptcy estates of
27 each of the above-named debtors.

1 **2. Joint Administration**

2 Pursuant to this Court's order entered on January 20, 1999,
3 the chapter 11 cases of VCS, INC, PDI, PCM, Atlas, PAM I, PAM II,
4 PAM III, PAM IV, and PAM V were jointly administered.

5 **3. Committee Formation in Jointly Administered Cases**

6 In or about March 1999, an Official Committee of Equity
7 Security Holders (the "Equity Committee") was formed with respect
8 to the chapter 11 cases of PAM I, PAM II, PAM III, PAM IV, and
9 PAM V.³

10 **4. Claims Bar Date**

11 During the course of the chapter 11 case initially commenced
12 by the Debtor, on July 16, 1999, the Court entered its order
13 setting September 17, 1999, as the last day to file proofs of
14 claims and proofs of interest (the "Bar Date"). On September 17,
15 1999, the Court entered its order extending the Bar Date to
16 November 17, 1999.

17 **5. The DOC Settlement**

18 On October 27, 1999, the Court entered its Order Approving
19 Compromise Of Claims Among James J. Joseph, As Chapter 11
20 Trustee, California Department of Corporations, Vincent E.
21 Galewick And Others (the "DOC Settlement"). By the DOC
22 Settlement, the DOC's claims against the Debtors and Galewick as
23 asserted in the DOC Action were resolved and the DOC Action was
24 dismissed as to all parties, including Atlas and Galewick.

27
28 ³ Since this case has been re-converted to a case under
chapter 11, no official committee of unsecured creditors of
Atlas has been appointed.

6. Joseph's Operation of Atlas

After his appointment, Joseph discontinued Atlas' long distance telephone reseller business. The software development or "Predator" portion of Atlas' business was continued for several months, but was ultimately discontinued by Joseph. Joseph operated Atlas to support the operations of PCM, utilizing Atlas' computer equipment and certain software developed by Atlas in connection with PCM's management of the PAM Funds.

7. Galewick's Compromise with the Trustee and the Equity Committee

On October 6, 2000, the Court entered its Order on Joint Motion of Chapter 11 Trustee and the Official Committee of Equity Security Holders for Order Approving Compromise of Claims with Vincent E. Galewick, Purchase of Property and Withdrawal of Claims (the "Galewick Compromise"). Among other things, pursuant to the Galewick Compromise, Galewick transferred all his stock in PCM to the Pam Funds and has no continuing role as shareholder, director or officer of PCM. Galewick has, however, retained his ownership interest in Atlas, PDI and INC. The Trustee has resigned as trustee of PDI and INC, each of which was restored to debtor in possession status in their respective chapter 11 cases. The effective date of the Galewick Compromise was October 17, 2000. By order entered on January 30, 2001, the Court dismissed PDI's chapter 11 case. By order entered on February 25, 2002, the INC chapter 11 case (Case No. 98-27041) was converted to a case under chapter 7.

8. Confirmation of Chapter 11 Plan of PCM and the PAM

Funds

On January 24, 2002, the Court entered its Order Confirming Joint Chapter 11 Plan Proposed By Chapter 11 Trustee And The Official Committee Of Equity Security Holders As Modified At Hearing (the "Confirmation Order"), confirming the joint chapter 11 plan of PCM and the PAM Funds.

9. Conversion of the Atlas Case to Chapter 7

In February 2002, the Atlas chapter 11 case was converted to a case under chapter 7 and Joseph was appointed as trustee in the chapter 7 case for the Atlas estate. Joseph employed an auctioneer and liquidated Atlas' tangible assets in April 2002. The Atlas estate has approximately \$42,300 in cash on hand as a result of the auction of Atlas' assets.

10. Re-Conversion of the Atlas Case to Chapter 11

On December 18, 2003, on the motion filed by Galewick, the Court entered its Order Granting Motion To Convert Chapter 7 Case Of Atlas Equities, Inc. (Case No. SA98-27044) To Chapter 11 (the "Re-Conversion Order"). Pursuant to the Re-Conversion Order, Atlas is now a debtor in possession pursuant to Bankruptcy Code sections 1107 and 1108. The Re-Conversion Order provides, among other things, that Atlas shall not disburse any of the cash on hand in its estate without further order of the Court and that Joseph is authorized to file his final report. As of the date of the filing of this Disclosure Statement, Joseph has not filed his final report. Joseph has delivered to Atlas approximately \$42,300, which Atlas has deposited into its debtor-in-possession

bank account (the "Restricted Account") and may only use or disburse with Court approval.

On January 15, 2004, the Court entered its Order Granting chapter 7 Trustee's Motion To De-Consolidate The Case Of Atlas Equities, Inc., Case No. SA 98-27044-RA From Joint Administration (the "De-Consolidation Order"). Pursuant to the De-Consolidation Order, the Atlas chapter 11 case is now administered as a separate case and the Clerk of the Court has been directed to update the Atlas proof of claims register by re-filing proofs of claim against Atlas that were filed in the jointly administered lead case of VCS.

Atlas has engaged Spach, Capaldi & Waggaman, LLP as its general reorganization counsel. Atlas has filed its notice of application to employ Spach, Capaldi & Waggaman, LLP. Atlas anticipates that Galewick, in his capacity as sole shareholder of Atlas, will fund payment of Atlas' attorneys' fees and costs incurred in this chapter 11 case.

On December 31, 2003, the Clerk of the Court issued its Notice of Initial Meeting of Creditors pursuant to Bankruptcy Code section 341(a). The initial meeting of creditors was held and concluded on January 26, 2004.

In June 2004, Joseph's counsel notified counsel for Atlas and Galewick that Joseph asserts an administrative claim for fees and costs in the total aggregate amount of \$6,622.77 and Joseph's counsel asserts an administrative claim for fees and costs in the total aggregate amount of \$10,770.14. Atlas and Galewick have not received any documentation of such claims and reserve their rights to object to such claims.

Currently, there are no adversary proceedings or motions pending in the Atlas case. Notwithstanding the foregoing, Atlas intends to file a number of objections to claims in the near future and likely before the hearing on confirmation of the Plan.

11. Other Legal Proceedings

Currently, the Debtor is not involved in any nonbankruptcy legal proceedings.

12. Actual and Projected Recovery of Preferential or Fraudulent Transfers

At this time, Atlas does not anticipate receiving proceeds of any actions to avoid and recover fraudulent and preferential transfers. Indeed, the deadline to commence any such action(s) would have expired in December 2000. Atlas is not aware of any avoidance actions that remain pending in which it may have an interest.

13. Procedures Implemented to Resolve Financial Problems

As set forth above, Atlas' business has been disaggregated from its affiliates and Atlas' tangible assets have been liquidated by Joseph before this case was re-converted to chapter 11.

14. Current and Historical Financial Conditions

As set forth above, Atlas currently has approximately \$42,300 in cash on hand as a result of the liquidation of its tangible assets. During the course of Joseph's administration of the Debtors' chapter 11 cases, Joseph terminated Atlas' long distance telephone services business and generally treated the Debtors' businesses as a unified enterprise.

The Debtors' operating reports on file with the Office of the United States Trustee disclose the financial results of Joseph's operations of the Debtors' estates. Parties interested in examining those documents are referred to those sources. Alternatively, parties in interest entitled to vote upon the Plan may submit a written request for copies of these reports to Atlas' bankruptcy counsel; a reasonable charge for copies so requested may be required.

Atlas' last historical, financial statements were dated prior to the Petition Date. Because these financial documents are outdated and likely would be more misleading than informative about the current financial condition of Atlas, they are not attached to this Disclosure Statement.

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 interests in various classes according to their right to priority. The Plan states whether each class of claims or interests is impaired or unimpaired. The Plan provides the treatment each class will receive.

B. 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 Proponents have not placed the following claims in a class.

Additionally, Joseph has recently notified Atlas and Galewick that he and his counsel assert pre-conversion administrative expenses. After the Disclosure Statement was filed, Joseph's counsel asserted an additional amount of fees and expenses as administrative expenses. Joseph has not filed his final report with respect to the chapter 7 case nor any request for payment of such administrative expenses. Atlas and Galewick reserve their rights to object to any request for payment of administrative expenses by Joseph and his counsel ("Pre-Conversion Administrative Expenses").

2. Priority Tax Claims

Priority tax claims are certain unsecured income, employment and other taxes described by Code Section 507(a)(8). The Louisiana Department of Revenue is the only entity that filed a proof of claim asserting a priority tax claim pursuant to Bankruptcy Code Section 507(a)(8). Atlas and Galewick have confirmed that the Louisiana Department of Revenue has withdrawn its claim.

C. Classified Claims and Interests

1. Classes of Secured Claims

Secured claims are claims secured by liens on property of the estate. Atlas believes that it has no allowable secured claims. (Only one proof of claim was filed asserting a secured claim, but that claim on its face indicates that it is actually a proof of interest in affiliates of Atlas - PAM IV and Telwest Income Fund, Ltd. Accordingly, Atlas intends to file its objection to said claim.)

1. Administrative Expenses

Administrative expense claims are claims for costs or expenses of administering the Debtor's chapter 11 case which are allowed under Code section 507(a)(1). The 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)(1) administrative claims and their treatment under the Plan:

Name	Amount Owed	Treatment
Spach, Capaldi & Waggaman, LLP	\$20,000 (estimated)	Paid in full on Effective Date through contributions by Galewick
James J. Joseph	\$6,622.77	Paid in full on Effective Date
Danning GH Diamond and Koltitz LLP	\$13,659.45	Paid in full on Effective Date
Clerk's Office Fees	Unknown	Paid in full on Effective Date
Office of the U.S. Trustee Fees	\$0	Paid in full on Effective Date
TOTAL \$40,282.22		

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 Clerk's Office fees and 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 the Plan.

As indicated above, Atlas will need to pay approximately \$40,282.22 worth of administrative claims on the Effective Date of the Plan unless the claimant has agreed to be paid later or the Court has not yet ruled on the claim. As indicated elsewhere in this Disclosure Statement, Atlas will fund payment of the post-conversion administrative expenses through capital contributions by Galewick on the Effective Date.

2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in Code Sections 507(a)(3), (4), (5), (6), and (7) are required to be placed in classes. These types of claims are entitled to priority treatment as follows: the 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 following chart lists all classes containing Debtor's sections 507(a)(3), (a)(4), (a)(5), (a)(6), and (a)(7) priority unsecured claims and their treatment under the Plan (see Exhibit "A" for more detailed information about each priority unsecured claim).

CLASS	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
1	Priority unsecured claims pursuant to Bankruptcy Code section 507(a)(3) • Total amount of claims = \$1,338.22	Y	• Paid in full in cash on the first Business Day that is 30 days after entry of an order of this Court allowing or disallowing the last of any request for payment of Pre-Conversion Administrative Expenses.

3. Class of General Unsecured Claims

General unsecured claims are unsecured claims not entitled to priority under Code Section 507(a). The following chart identifies the Plan's treatment of the class containing all of Debtor's general unsecured claims (see Exhibit "B" for detailed information about each general unsecured claim):

CLASS	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
2	General unsecured claims • Total amount of claims = \$148,500 (estimate of total aggregate amount of Allowed Claims)	Y	<ul style="list-style-type: none"> • Payment interval = N/A • Payment mat/interval = N/A • Begin date = Distributions paid in cash on the first business day that is 30 days after entry of an order of this Court allowing or disallowing the last of any request for payment of Pre-Conversion Administrative Expenses. • End date = Distributions paid in cash on the first business day that is 30 days after entry of an order of this Court allowing or disallowing the last of any request for payment of Pre-Conversion Administrative Expenses. • Interest rate % = N/A • Begin date = N/A • Total Payout = \$23,807.09 (approximate; Payout equals cash on hand as of the Effective Date, less the amount necessary to satisfy all unclassified Priority Tax Claims, Allowed Priority Claims in Class 1 and all Allowed Pre-Conversion Administrative Expenses)

Galewick has conducted an initial review of the scheduled claims and the proofs of claims filed in the Atlas case. The vast majority of the proofs of claims filed in the Atlas case do not represent existing claims against Atlas, but arise from interests of the alleged claimants in certain entities related to Atlas. Accordingly, it does not appear that such proofs of claim assert allowable claims against Atlas. Moreover, the majority of the unsecured nonpriority claims originally scheduled in the Atlas case were for notice purposes only, and the Proponents assert that a number of substantial claims listed as disputed are now barred based on the disputed creditor's failure to timely file a proof of claim. Based on Galewick's initial review of the claims scheduled and filed against Atlas, it appears that the total amount of allowable claims against Atlas will be less than \$150,000. Atlas has filed its amended Schedule F, which lists

unsecured nonpriority claims in the total aggregate amount of \$904,408.17, of which \$755,901.14 are listed as disputed.

4. Class of Interest Holder

Interest holders are the parties who hold an ownership interest (i.e., equity interest) in Atlas. As a corporation, Atlas' sole interest holder is Galewick - the holder of all of its stock. The following chart identifies the Plan's treatment of the class of interest holder:

CLASS	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
3	Interest holder Galewick	N	Retains interest as 100% shareholder of Reorganized Debtor, which will be merged with Vision Nevada, Inc., a Nevada corporation, on the Effective Date of the Plan

D. Means of Effectuating the Plan

The purpose of the Plan is two-fold: (1) to make distributions to creditors that are greater than they would have received through administration of the previous chapter 7 case; and (2) to allow Atlas to reorganize and preserve certain of its tax attributes (in particular, its NOL's to offset future income tax liability to the benefit of Galewick, Atlas' sole interest holder.

Prior to re-conversion of this case, Atlas' assets had been liquidated and Joseph held approximately \$42,000 in cash on hand. The costs of administration of the chapter 7 case would have further reduced the amount of cash on hand and likely would have prevented any (or, at least, any meaningful) distribution to creditors of Atlas. In contrast, the Plan provides that Galewick will bear the cost of the remaining administration of the Atlas

estate by paying all allowed post-re-conversion administrative claims in full. Consequently, rather than have the remaining estate funds exhausted by administrative expenses, all of the funds on hand will be used to make distributions to creditors holding claims as of the re-conversion of this case (i.e., any allowed fees of Joseph and his counsel accrued as of the time of re-conversion and unsecured creditors). As a result, under chapter 11, Atlas' creditors and interest holders will receive more in distributions and other benefits than they would if the case were fully administered in a chapter 7.

In addition to the Plan's benefit to creditors, the Plan will also benefit Galewick as an interest holder of Atlas. The Plan provides for the merger of Atlas with another entity to enable the post-merger Atlas to utilize substantial NOL's to offset future income tax liability. Galewick and Atlas have determined that there exists an opportunity for Atlas to continue its software development and collection services businesses to provide collection services related to previously charged-off consumer telecom debt. To provide this service, Atlas' management believes it would benefit Atlas to merge with a company with a charged-off consumer debt portfolio. In this regard, Atlas has identified Vision Nevada, Inc. ("VNI"), a corporation wholly-owned by Galewick, as an appropriate merger partner. VNI's business has traditionally involved acquisition and collection of charged-off debt (other than telecom-related debt). VNI is interested in expanding its business to include acquisition and collection of telecom-related debt.

Effective as of the Effective Date of the Plan, Atlas will merge with VNI. Atlas shall acquire all of VNI's assets and liabilities in a tax-free reorganization pursuant to Internal Revenue Code section 368(a)(1)(C). Galewick shall receive 100% of the authorized and issued stock of the merged company. VNI will be dissolved. Atlas will continue operations of VNI's business.

It is important to note that the application of NOL's is restricted in the event of a change of ownership of Atlas. In effect, only Atlas, as owned by Galewick, may take full advantage of the NOL's. The NOL's may not be sold or otherwise liquidated to pay creditors. Any change of ownership in Atlas (such as by an auction of the equity interests in the company) would also destroy the value of the NOL's under applicable tax law.

1. Funding for the Plan

As set forth above, distributions under the Plan will be funded by the cash on hand available in the Restricted Account and by capital contributions by Galewick for payment of post-conversion chapter 11 administrative expenses.

2. Post-confirmation Management and Operations

As of the Effective Date, Atlas, as merged with VNI, will be the Reorganized Debtor. Galewick will be the 100% owner of the Reorganized Debtor. The Reorganized Debtor will continue to operate its business of acquiring distressed assets (primarily portfolio of credit card accounts) and generating income by collecting, selling, or otherwise disposing of such assets.

3. Disbursing Agent

The Reorganized Debtor shall act as the disbursing agent for the purpose of making all distributions provided for under the Plan. The Disbursing Agent shall serve without bond and shall receive no compensation for distribution services rendered and expenses incurred pursuant to the Plan.

E. Risk Factors

The proposed Plan substantially limits risks to Claimants because distributions will be made directly from the Restricted Account. The Reorganized Debtor will not rely on post-confirmation performance to fund Plan distributions.

F. Other Provisions of the Plan

1. Executory Contracts and Unexpired Leases

Atlas is not a party to any unexpired leases and executory contracts to be assumed or rejected under the Plan.

2. Changes in Rates Subject to Regulatory Commission Approval

Atlas is not subject to governmental regulatory commission approval of any rates.

3. Retention of Jurisdiction

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

G. Tax Consequences of Plan

NO REPRESENTATIONS ARE MADE TO ANY PARTY CONCERNING THE DEBTOR'S TAX ATTRIBUTES AND/OR ANY EFFECTS OF THE PLAN. FOR ANY TAX ISSUES, YOU ARE ASKED TO CONSULT YOUR OWN TAX ADVISOR.

1. Scope and Limitations

Under the Internal Revenue Code of 1986, as amended (the "Tax Code"), there may be significant federal income tax issues arising under the Plan described in this Disclosure Statement. It is not practical to present a detailed explanation of all of the possible federal income tax ramifications of the Plan. The following is only a summary discussion of certain of the significant consequences that may affect the Debtor or Claimants. This summary is based upon laws, regulations, rulings and decisions now in effect and upon proposed regulations, all of which are subject to change (possibly with retroactive effect) by legislation, administrative action or judicial decision.

Under present law, there is uncertainty surrounding many of the tax consequences discussed below. For such reason or otherwise, the tax consequences of certain aspects of transactions involving the Debtor or the Plan may be subject to administrative or judicial interpretations that differ from the discussion below. Further, this summary does not discuss all aspects of the Tax Code or of federal taxation that may be relevant to the Debtor or a particular Claimant. The federal income tax consequences to the Debtor or any particular Claimant may be affected by special considerations not discussed below. In addition to the federal income tax consequences discussed below, the transactions contemplated in the Plan may have significant state and local tax consequences that are not discussed herein. Neither a ruling from the Internal Revenue Service (the "IRS") nor an opinion of counsel has been requested with respect to the federal income tax consequences of the Plan.

ACCORDINGLY, ALL CLAIMANTS ARE URGED TO CONSULT THEIR TAX ADVISORS CONCERNING THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF THE PLAN ON THEIR CLAIM(S) OR INTEREST(S). NEITHER THE DEBTOR, GALEWICK NOR THEIR COUNSEL OR ACCOUNTANTS MAKE ANY REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND CONSUMMATION OF THE PLAN AS TO ANY CLAIMANT. THE DEBTOR, GALEWICK AND THEIR COUNSEL AND ACCOUNTANTS ARE NOT RENDERING ANY FORM OF LEGAL OR OTHER OPINION AS TO ANY TAX CONSEQUENCES OF THE DEBTOR'S PLAN TO THE DEBTOR OR ANY OR ALL CLAIMANTS.

2. Federal Income Tax Consequences to the Debtor

(a) Regular Tax Purposes

(i) Discharge of Indebtedness

Under the Tax Code, a taxpayer must generally include in gross income the amount of any indebtedness discharged during the taxable year, except to the extent payment of the indebtedness would have given rise to a deduction.

Under section 108 of the Tax Code, when the discharge of indebtedness is pursuant to a plan approved by the court in a case under chapter 11 of the Bankruptcy Code, the amount of discharged indebtedness otherwise required to be included on income is instead applied to reduce certain tax attributes of the taxpayer, in the following order: NOL's, certain credit carryovers, capital loss carryovers, the basis of the taxpayer's property, passive activity loss and credit carryovers and foreign tax credit carryovers.

Under the Plan, unsecured creditors will not likely be paid in full, resulting in a discharge of indebtedness of the Debtor.

To the extent that a discharge of indebtedness occurs, Atlas' tax attributes will be reduced by the difference between the consideration received by the creditors and the amount of the discharged indebtedness, unless the claims discharged would have given rise to a deduction to Atlas if they had been paid in full by Atlas.

(ii) The Debtor's Tax Attributes

Atlas shall retain all of its tax attributes after confirmation of the Plan. Atlas notes that Atlas' tax attributes (including the amount of NOL's that are available to Atlas after the Effective Date) may be reduced as a result of the discharge granted to Atlas under the Plan. Since Atlas is unaware of the amount of debt forgiveness which may be realized by Atlas under the Plan, Atlas has no determination of the precise effect that confirmation of the Plan will have on the amount or availability of Atlas' tax attributes.

3. Federal Income Tax Consequences to Creditors

(a) In General

The federal, state, local and other tax consequences of the Plan may vary depending upon the individual circumstances of each holder of a Claim.

(b) Character of Gain or Loss

The character of gain or loss recognized by a Claimant as capital or ordinary gain or loss and, in the case of capital gain or loss, as short term or long term, will depend on a number of factors. Those factors include: (i) the nature and origin of the Claim; (ii) the tax status of the holder of the Claim; (iii) whether the holder is a financial institution; (iv) whether the

1 Claim is a capital asset in the hands of the holder; (v) whether
2 the Claim has been held for more than one year; and (vi) the
3 extent to which the holder previously claimed a loss or bad debt
4 deduction.

5 (c) Receipt of Interest

6 The Bankruptcy Tax Act of 1980 reversed prior law by
7 providing that income attributable to accrued and unpaid interest
8 will be treated as ordinary income, regardless of whether the
9 Claimant's existing Claims are capital assets in its hands.

10 Claimant's should consult their own tax advisors to
11 determine the amount of consideration received under the Plan
12 that is allocable to interest, if any. Generally, however, it is
13 unlikely that unsecured Claimants will receive payment in full of
14 their Allowed Claims plus interest under the Plan.

15 **IV. CONFIRMATION REQUIREMENTS AND PROCEDURES**

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

24 Many requirements must be met before the Court can confirm a
25 Plan. Some of the requirements include that the Plan must be
26 proposed in good faith, acceptance of the Plan, whether the Plan
27 pays creditors at least as much as creditors would receive in a
28

1 Chapter 7 liquidation, and whether the Plan is feasible. These
2 requirements are not the only requirements for confirmation.

3 **A. Who May Vote or Object**

4 1. Who May Object to Confirmation of the Plan

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

8 2. Who May Vote to Accept/Reject the Plan

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

13 (a) What Is an Allowed Claim/Interest

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

22 THE BAR DATE FOR FILING A PROOF OF CLAIM IN ATLAS' ORIGINAL
23 CHAPTER 11 CASE WAS NOVEMBER 17, 1999. PURSUANT TO RULE 3002(c)
24 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE, THE LAST DAY TO
25 FILE CLAIMS IN ATLAS' CONVERTED CHAPTER 7 CASE WAS JUNE 25, 2002.
26 The Proponents contend that such bar date is now applicable. A
27 creditor or interest holder may have an allowed claim or interest
28 even if a proof of claim or interest was not timely filed. A

1 claim is deemed allowed if (1) it is scheduled on the Debtor's
2 schedules and such claim is not scheduled as disputed,
3 contingent, or unliquidated, and (2) no party in interest has
4 objected to the claim. An interest is deemed allowed if it is
5 scheduled and no party in interest has objected to the interest.
6 Consult Exhibits "A" and "B" to this Disclosure Statement to see
7 how the Proponent has characterized your claim or interest.

8 (b) What Is an Impaired Claim/Interest

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

16 In this case, the Proponents believe that Class 1 and Class
17 2 are impaired and that holders of claims and/or interests in
18 each of these classes are therefore entitled to vote to accept or
19 reject the Plan. Parties who dispute the Proponents'
20 characterization of their claim or interest as being impaired or
21 unimpaired may file an objection to the Plan contending that the
22 Proponents have incorrectly characterized the class.

23 3. Who is Not Entitled to Vote

24 The following four types of claims are not entitled to vote:
25 (1) claims that have been disallowed; (2) claims in unimpaired
26 classes; (3) claims entitled to priority pursuant to Code
27 sections 507(a)(1), (a)(2), and (a)(8); and (4) claims in classes
28 that do not receive or retain any value under the Plan. Claims

1 in unimpaired classes are not entitled to vote because such
2 classes are deemed to have accepted the Plan. Claims entitled to
3 priority pursuant to Code sections 507(a)(1), (a)(2), and (a)(7)
4 are not entitled to vote because such claims are not placed in
5 classes and they are required to receive certain treatment
6 specified by the Code. Claims in classes that do not receive or
7 retain any value under the Plan do not vote because such classes
8 are deemed to have rejected the Plan. EVEN IF YOUR CLAIM IS OF
9 THE TYPE DESCRIBED ABOVE, YOU MAY STILL HAVE A RIGHT TO OBJECT TO
10 THE CONFIRMATION OF THE PLAN.

11 4. Who Can Vote in More Than One Class

12 A creditor whose claim has been allowed in part as a secured
13 claim and in part as an unsecured claim is entitled to accept or
14 reject a Plan in both capacities by casting one ballot for the
15 secured part of the claim and another ballot for the unsecured
16 claim. The Proponents do not believe that any Allowed Claims fit
17 this description.

18 5. Votes Necessary to Confirm the Plan

19 If impaired classes exist, the Court cannot confirm the Plan
20 unless (1) at least one impaired class has accepted the Plan
21 without counting the votes of any insiders within that class, or
22 (2) all impaired classes have voted to accept the Plan. In this
23 case, the Proponents contend that Class 1 and Class 2 are
24 impaired classes that are eligible to vote on the Plan.

25 6. Votes Necessary for a Class to Accept the Plan

26 A class of claims is considered to have accepted the Plan
27 when more than one-half (1/2) in number and at least two-thirds
28 (2/3) in dollar amount of the claims which actually voted, voted

1 in favor of the Plan. A class of interests is considered to have
2 accepted the Plan when at least two-thirds (2/3) in amount of the
3 interest-holders of such class which actually voted, voted to
4 accept the Plan.

5 7. Treatment of Nonaccepting Classes

6 As noted above, if at least one impaired class accepts the
7 proposed Plan, the Court may confirm the Plan if the nonaccepting
8 classes are treated in the manner required by the Code. The
9 process by which nonaccepting classes are forced to be bound by
10 the terms of the Plan is commonly referred to as "cramdown." The
11 Code allows the Plan to be "crammed down" on nonaccepting classes
12 of claims or interests if it meets all consensual requirements
13 except the voting requirements of 1129(a)(8) and if the Plan does
14 not "discriminate unfairly" and is "fair and equitable" toward
15 each impaired class that has not voted to accept the Plan as
16 referred to in 11 U.S.C. § 1129(b) and applicable case law.

17 Section 1129(b)(2) provides that for a plan to be "fair and
18 equitable" with respect to an objecting class of unsecured
19 claims, the plan must provide either (i) that each holder of a
20 claim of such class receive or retain on account of such claim
21 property of a value, as of the effective date of the plan, equal
22 to the allowed amount of such claim; or (ii) the holder of any
23 claim or interest that is junior to the claims of such class will
24 not receive or retain under the plan on account of such junior
25 claim or interest any property. This provision is described in
26 applicable case law as the "absolute priority rule." See Bank of
27 America Nat. Trust and Sav. Ass'n v. 203 North LaSalle Street
28 Partnership, 526 U.S. 434, 119 S.Ct. 1411 (U.S. 1999). In

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1 La Salle, the Supreme Court assumed that the section 1129(b)(2)
2 absolute priority rule contains a "new value" corollary or
3 exception, such that a debtor's prebankruptcy equity holders may
4 contribute new value to the bankruptcy estate and retain their
5 interests, but held that such a plan must allow others to compete
6 for that equity or to propose a competing reorganization plan.

7 Id.

8 Because the Plan provides for Galewick to retain his
9 interest in Atlas without payment in full to senior classes, the
10 absolute priority rule may be implicated in this case. At this
11 time, however, it has not yet been determined whether any Class
12 of creditors object to the Plan. Only in the event that a Class
13 votes to reject the Plan will the absolute priority rule be at
14 issue.

15 In the event that a Class objects to the Plan, however,
16 Galewick and Atlas assert that the Plan complies with the
17 absolute priority rule under the new value exception, and that
18 cramdown would be permissible. As set forth above, Galewick is
19 contributing and will contribute substantial funds to pay for the
20 administration of this chapter 11 case to ensure that unsecured
21 creditors receive a distribution. To date, Galewick has incurred
22 over \$70,000 in attorneys' fees and expenses in connection with
23 this chapter 11 case, and reasonably expects to incur at least
24 \$30,000 more. Additionally, Galewick will fund payment of Atlas'
25 counsel's fees and expenses, which are estimated to be
26 approximately \$20,000. Accordingly, given the amount of assets
27 and claims in this case, Galewick asserts that he is making a
28 substantial contribution of new value.

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1 Moreover, no party has attempted to present an alternative
2 plan in this case, notwithstanding the fact that Atlas lost its
3 exclusivity rights within the first week of its original
4 chapter 11 case and that exclusivity expired in this case in June
5 2004. It is extremely unlikely that any third party would bid on
6 the equity interests in Atlas, given the fact that the primary
7 "asset" of Atlas - its NOL's - would not be of any value to any
8 new ownership. Accordingly, Galewick submits that the absolute
9 priority rule would be satisfied, if indeed it is ever implicated
10 in this case.

11 B. Liquidation Analysis

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

20 In a chapter 7 case, the debtor's assets are usually sold by
21 a chapter 7 trustee. Secured creditors are paid first from the
22 sales proceeds of properties on which the secured creditor has a
23 lien. Administrative claims are paid next. Next, unsecured
24 creditors are paid from any remaining sales proceeds, according
25 to their rights to priority. Unsecured creditors with the same
26 priority share in proportion to the amount of their allowed claim
27 in relationship to the amount of total allowed unsecured claims.
28

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1 Finally, interest holders receive the balance that remains after
2 all creditors are paid, if any.

3 For the Court to be able to confirm the Plan, the Court must
4 find that all creditors and interest holders who do not accept
5 the Plan will receive at least as much under the Plan as such
6 holders would receive under a chapter 7 liquidation. The Plan
7 Proponents maintain that this requirement is met because
8 Claimants will receive distributions in the full, gross amount of
9 the funds in the Restricted Account (less Pre-Conversion
10 Administrative Expenses), rather than the net amount of such
11 funds after accounting for additional chapter 7 administrative
12 expenses.

13 Below is a demonstration, in balance sheet format, that all
14 creditors and interest holders will receive at least as much
15 under the Plan as such creditor or interest holder would receive
16 under a chapter 7 liquidation.

17 //
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1	ASSETS VALUED AT LIQUIDATION VALUES:	
2	CURRENT ASSETS	
3	a. Cash on hand	\$42,300.00
4	b. Accounts receivable	\$0.00
5	c. Inventories	\$0.00
6	TOTAL CURRENT ASSETS	\$42,300.00
7	FIXED ASSETS	
8	a. Office furniture & equipment	\$0.00
9	b. Machinery & equipment	\$0.00
10	c. Automobiles	\$0.00
11	d. Buildings & land	\$0.00
12	TOTAL FIXED ASSETS	\$0.00
13	OTHER ASSETS	
14	a. Customer list	
15	b. Other intangibles	
16	TOTAL OTHER ASSETS	\$0.00
17	TOTAL ASSETS AT LIQUIDATION VALUE	\$42,300.00
18	Less: Secured creditor's recovery	\$0.00
19	Less: chapter 7 trustee fees and expenses	\$17,392.91
20	Less: chapter 11 administrative expenses	\$0.00 (Payment funded by Galewick, not bankruptcy estate)
21	Less: Priority claims, excluding administrative expense claims	\$1,332.81
22	Less: Debtor's claimed exemptions	\$0.00
23	(1) Balance for unsecured claims	\$23,574.20
24	(2) Total amount of unsecured claims	\$150,000.00

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1 % OF THEIR CLAIMS WHICH UNSECURED CREDITORS WOULD RECEIVE OR
RETAIN IN A CH. 7 LIQUIDATION⁴: = 0%

2 % OF THEIR CLAIMS WHICH UNSECURED CREDITORS WOULD RECEIVE OR
RETAIN UNDER THE PLAN⁵: = 15.7%

3

4 Below is a demonstration, in tabular format, that all

5 creditors and interest holders will receive at least as much

6 under the Plan as such creditor or holder would receive under a

7 chapter 7 liquidation.

Claims & Classes	Payout Percentage Under the Plan	Payout Percentage in chapter 7 Liquidation
Administrative Claims	100%	100%
Priority Tax Claims	100%	0%
Class 1 - Unsecured Priority Claims	100%	0%
Class 2 - Unsecured Nonpriority Claims	15.7%	0%
Class 3 - Interest Holder	Obtains 100% interest in Reorganized Debtor	0%

13 As demonstrated above, holders of Allowed Class 2 Claims

14 shall receive roughly double what they would otherwise be likely

15 to receive through a chapter 7 liquidation.

17 **C. Feasibility**

18 In order for the Court to confirm the Plan, the Court must

19 find that confirmation is not likely to be followed by the

20 liquidation or need for further financial reorganization of the

21 Debtor other than what is provided for under the Plan. This is

22 commonly referred to as the "feasibility test." The Plan

23 Proponents believe that the Plan is feasible as it provides for

4 Note: If this percentage is greater than the amount to be paid to the unsecured creditors on a "present value basis" under the Plan, the Plan is not confirmable unless the Proponents obtain acceptance by every creditor in an impaired class.

5 Assumes that the Pre-Conversion Administrative Expense claims of Joseph and his counsel are allowed in full. Atlas and Galewick reserve their rights to object to such claims.

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1 the orderly liquidation of the existing Property of the Estate,

2 the distribution of funds from the Restricted Account and the

3 continued corporate existence of the Debtor. Payments to

4 Claimants are not dependent upon the Debtor's post-Effective Date

5 operations. Because, as it pertains to Claimants, the Plan is

6 primarily a liquidating Plan, there is no substantial feasibility

7 issue.

8 **V. EFFECT OF CONFIRMATION OF PLAN**

9 **A. Discharge**

10 The Plan provides that upon the Effective Date, Debtor shall

11 be discharged of liability for payment of debts incurred before

12 confirmation of the Plan, to the extent specified in 11

13 U.S.C. § 1141. However, the discharge will not discharge any

14 liability imposed by the Plan.

15 **B. Revesting of Property in the Debtor**

16 Except as provided elsewhere in the Plan, the confirmation

17 of the Plan revests all of the Property of the Estate in the

18 Reorganized Debtor including, without limitation, all of the tax

19 attributes of the Debtor.

20 **C. Modification of Plan**

21 The Proponents of the Plan may modify the Plan at any time

22 before confirmation. However, the Court may require a new

23 disclosure statement and/or revoting on the Plan.

24 The Proponents of the Plan may also seek to modify the Plan

25 at any time after confirmation only if (1) the Plan has not been

26 substantially consummated and (2) the Court authorizes the

27 proposed modifications after notice and a hearing.

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1 **D. Post-Confirmation Status Report**

2 Within 120 days of the entry of the order confirming the

3 Plan, the Plan Proponents shall file a status report with the

4 Court explaining what progress has been made toward consummation

5 of the confirmed Plan. The status report shall be served on the

6 United States Trustee, the twenty largest unsecured creditors,

7 and those parties who have requested special notice. Further

8 status reports shall be filed every 120 days and served on the

9 same entities.

10 **E. Post-Confirmation Conversion/Dismissal**

11 A creditor or party in interest may bring a motion to

12 convert or dismiss the case under § 1112(b), after the Plan is

13 confirmed, if there is a default in performing the Plan. If the

14 Court orders the case converted to chapter 7 after the Plan is

15 confirmed, then all property that had been property of the

16 chapter 11 estate, and that has not been disbursed pursuant to

17 the Plan, will revert in the chapter 7 estate. The automatic

18 stay will be reimposed upon the revested property, but only to

19 the extent that relief from stay was not previously authorized by

20 the Court during this case.

21 The order confirming the Plan may also be revoked under very

22 limited circumstances. The Court may revoke the order if the

23 order of confirmation was procured by fraud and if the party in

24 interest brings an adversary proceeding to revoke confirmation

25 within 180 days after the entry of the order of confirmation.

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F. Final Decree

Once the estate has been fully administered as referred to in Bankruptcy Rule 3022, the Plan Proponent, or 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.

Dated: September 7, 2004
 SPACH, CAPALDI & WAGGAMAN, LLP
 By: *[Signature]*
 MADISON S. SPACH, JR.
 [Proposed] Attorneys for Debtor in Possession Atlas Equity, Inc.

Dated: September 7, 2004
 ALLEN MATKINS LECK GAMBLE & MALLORY LLP
 By: *[Signature]*
 A. KENNETH HENNESSY, JR.
 Attorneys for Interest Holder Vincent E. Galewick

104431-21/01

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EXHIBIT A

Form 39E - (Rev. 04/04)

200 USC, Court District of California

Form 39E - Continued (Rev. 04/04)

200 USC, Court District of California

In re: Atlas Equity, Inc. Debtor Case No. SA98-27044-BA

In re: Atlas Equity, Inc. Debtor Case No. SA98-27044-BA

SCHEDULE E. CREDITORS HOLDING UNSECURED PRIORITY CLAIMS

SCHEDULE E. CREDITORS HOLDING UNSECURED PRIORITY CLAIMS
 (Continuation Sheet)

A complete list of claims entitled to priority, listed separately by type of priority, is to be set forth on the sheets provided. Only holders of unsecured claims entitled to priority should be listed in this schedule. In the boxes provided on the attached sheets, state the name, mailing address, including zip code, and last four digits of the account number, if any, of all entities holding priority claims against the debtor or the property of the debtor, as of the date of the filing of the petition.

If any entity other than a spouse in a joint case may be jointly liable on a claim, place an "X" in the column labeled "Codebtor", include the entity on the appropriate schedule of creditors, and complete Schedule H-Codebtors. If a joint petition is filed, state whether husband, wife, both of them or the marital community may be liable on each claim by placing an "H", "W", "J", or "C" in the column labeled "Husband, Wife, Joint, or Community".

If the claim is contingent, place an "X" in the column labeled "Contingent". If the claim is unliquidated, place an "X" in the column labeled "Unliquidated". If the claim is disputed, place an "X" in the column labeled "Disputed". (You may need to place an "X" in more than one of these three columns.)

Report the total of claims listed on each sheet in the box labeled "Subtotal" on each sheet. Report the total of all claims listed on this Schedule E in the box labeled "Total" on the last sheet of the completed schedule. Repeat this total also on the Summary of Schedules.

Check this box if debtor has no creditors holding unsecured priority claims to report on this Schedule E.

TYPES OF PRIORITY CLAIMS (Check the appropriate box(es) below if claims in that category are listed on the attached sheets.)

Extensions of credit in an involuntary case
 Claims arising in the ordinary course of the debtor's business or financial affairs after the commencement of the case but before the earlier of the appointment of a trustee or the order for relief. 11 U.S.C. § 507(a)(2).

Wages, salaries, and commissions
 Wages, salaries, and commissions, including vacation, severance, and sick leave pay owing to employees and commissions owing to qualifying independent sales representatives up to \$4,925* per person earned within 90 days immediately preceding the filing of the original petition, or the cessation of business, whichever occurred first, to the extent provided in 11 U.S.C. § 507(a)(3).

Contributions to employee benefit plans
 Money owed to employee benefit plans for services rendered within 180 days immediately preceding the filing of the original petition, or the cessation of business, whichever occurred first, to the extent provided in 11 U.S.C. § 507(a)(4).

Certain farmers and fishermen
 Claims of certain farmers and fishermen, up to \$4,925* per farmer or fisherman, against the debtor, as provided in 11 U.S.C. § 507(a)(5).

Deposits by individuals
 Claims of individuals up to \$2,225* for deposits for the purchase, lease, or rental of property or services for personal, family, or household use, that were not delivered or provided. 11 U.S.C. § 507(a)(6).

Alimony, Maintenance, or Support
 Claims of a spouse, former spouse, or child of the debtor for alimony, maintenance, or support, to the extent provided in 11 U.S.C. § 507(a)(7).

Taxes and Certain Other Debts Owed to Governmental Units
 Taxes, customs duties, and penalties owing to federal, state, and local governmental units as set forth in 11 U.S.C. § 507(a)(8).

Commitments to Maintain the Capital of an Insured Depository Institution
 Claims based on commitments to the FDIC, RTC, Director of the Office of Thrift Supervision, Comptroller of the Currency, or Board of Governors of the Federal Reserve System, or their predecessors or successors, to maintain the capital of an insured depository institution. 11 U.S.C. § 507(a)(9).

*Amounts are subject to adjustment on April 1, 2007, and every three years thereafter with respect to cases commenced on or after the date of adjustment.

Wages, salaries, and commissions

CREDITOR'S NAME AND MAILING ADDRESS INCLUDING ZIP CODE	C O D E H W J C R O T C O N T U N L I Q D I S P	Mark with "spouse" or "Community"	DATE CLAIM WAS INCURRED AND CONSIDERATION FOR CLAIM	TYPE OF PRIORITY	
				TOTAL AMOUNT OF CLAIM	AMOUNT ENTITLED TO PRIORITY
Last four digits of Account No. Bralthwalte Trevor 1855 Sherrington Place, #M-120 Newport Beach, CA 92663			11/98-12/98 Commissions	33.13	33.13
Last four digits of Account No. Brown Winress 14160 Redhill Avenue, #27 Tustin, CA 92780			12/21/98 Commissions 10/31/98 47.00 12/21/98 92.00	139.00	139.00
Last four digits of Account No. Cummings Alan 200 E 16th A Costa Mesa, CA 92627			11/98-12/98 Commissions	480.37	480.37
Last four digits of Account No. Dameswood Doug 22448 Echo Canyon Court Corona, CA 91719			11/98-12/98 Commissions	16.09	16.09
Last four digits of Account No. DiSerro Lynn 14 Donatello Alliso Viejo, CA 92656			11/98-12/98 Commissions	2.40	2.40
Subtotal				670.99	670.99

Sheet 1 of 3 continuation sheets attached to Schedule of Creditors Holding Unsecured Priority Claims (Total of this page)

In re Atlas Equity, Inc.

Case No. SA98-27044-BA

Debtor

SCHEDULE E. CREDITORS HOLDING UNSECURED PRIORITY CLAIMS (Continuation Sheet)

Wages, salaries, and commissions

Table with columns: CREDITOR'S NAME AND MAILING ADDRESS INCLUDING ZIP CODE, DATE CLAIM WAS INCURRED AND CONSIDERATION FOR CLAIM, TYPE OF PRIORITY, TOTAL AMOUNT OF CLAIM, AMOUNT ENTITLED TO PRIORITY. Includes entries for Kroesker Todd, Lund David, Matthews James, Neal Marche, and Reymar Jason.

Sheet 2 of 3 continuation sheets attached to Schedule of Creditors Holding Unsecured Priority Claims

Subtotal (Total of this page) 721.51

EXHIBIT A PAGE 40

In re Atlas Equity, Inc.

Case No. SA98-27044-BA

Debtor

SCHEDULE E. CREDITORS HOLDING UNSECURED PRIORITY CLAIMS (Continuation Sheet)

Wages, salaries, and commissions

Table with columns: CREDITOR'S NAME AND MAILING ADDRESS INCLUDING ZIP CODE, DATE CLAIM WAS INCURRED AND CONSIDERATION FOR CLAIM, TYPE OF PRIORITY, TOTAL AMOUNT OF CLAIM, AMOUNT ENTITLED TO PRIORITY. Includes entries for Semprini Joseph, Stout Keith, Waniger Mark, and Neal Marche.

Sheet 3 of 3 continuation sheets attached to Schedule of Creditors Holding Unsecured Priority Claims

Subtotal (Total of this page) 246.72

Total 1,639.22 (Report on Summary of Schedules)

EXHIBIT A PAGE 41

In re Atlas Equity, Inc.

Case No. SA98-27044-BA

Debtor

AMENDED SCHEDULE F. CREDITORS HOLDING UNSECURED NONPRIORITY CLAIMS

State the name, last four digits of account number, including zip code, and last four digits of the account number, if any, of all creditors holding unsecured claims without priority against the debtor or the property of the debtor, as of the date of filing of the petition. Do not include claims listed in Schedules D and E. If all creditors will not fit on this page, use the continuation sheet provided.

If any entity other than a spouse in a joint case may be jointly liable on a claim, place an "X" in the column labeled "Codebtor". If a joint petition is filed, state whether husband, wife, both of them, or the marital community may be liable on each claim by placing an "H", "W", "J", or "C" in the column labeled "Husband, Wife, Joint, or Community". If the claim is contingent, place an "X" in the column labeled "Contingent". If the claim is unliquidated, place an "X" in the column labeled "Unliquidated". If the claim is disputed, place an "X" in the column labeled "Disputed". (You may check more than one of these three columns.)

Report the total of all claims listed on this schedule in the box labeled "Total" on the last sheet of the completed schedule. Report this total also on the Summary of Schedules.

Check this box if debtor has no creditors holding unsecured claims to report on this Schedule F.

Table with columns: CREDITOR'S NAME AND MAILING ADDRESS INCLUDING ZIP CODE, DATE CLAIM WAS INCURRED AND CONSIDERATION FOR CLAIM, IF CLAIM IS SUBJECT TO SETOFF, SO STATE, AMOUNT OF CLAIM. Includes entries for About Face Graphics, Advance Surfaces, Alabama Public Service Comm, and B&D Feed Fair.

19 continuation sheets attached

Subtotal (Total of this page) 64.86

EXHIBIT B PAGE 42

EXHIBIT B

In re Atlas Equity, Inc.

Case No. SA98-27044-BA

Debtor

AMENDED SCHEDULE F. CREDITORS HOLDING UNSECURED NONPRIORITY CLAIMS (Continuation Sheet)

Table with columns: CREDITORS NAME AND MAILING ADDRESS INCLUDING ZIP CODES, DATE CLAIM WAS INCURRED AND CONSIDERATION FOR CLAIM, AMOUNT OF CLAIM. Includes entries for Balfors, Billcoft Inc., Bransky Personnel Inc., Compumail, and Cybertekids Ltd I.

Sheet no. 1 of 10 sheets attached to Schedule of Creditors Holding Unsecured Nonpriority Claims

Subtotal (Total of this page) 81,591.84

EXHIBIT B PAGE 43

In re Atlas Equity, Inc.

Case No. SA98-27044-BA

Debtor

AMENDED SCHEDULE F. CREDITORS HOLDING UNSECURED NONPRIORITY CLAIMS (Continuation Sheet)

Table with columns: CREDITORS NAME AND MAILING ADDRESS INCLUDING ZIP CODES, DATE CLAIM WAS INCURRED AND CONSIDERATION FOR CLAIM, AMOUNT OF CLAIM. Includes entries for Dalepross Inc., Department of Commerce State of Utah, Dept. of Commerce/Consumer Affairs, Directions on Microsoft, and Dizon, Carlito.

Sheet no. 2 of 10 sheets attached to Schedule of Creditors Holding Unsecured Nonpriority Claims

Subtotal (Total of this page) 7,853.18

EXHIBIT B PAGE 44

In re Atlas Equity, Inc.

Case No. SA98-27044-BA

Debtor

AMENDED SCHEDULE F. CREDITORS HOLDING UNSECURED NONPRIORITY CLAIMS (Continuation Sheet)

Table with columns: CREDITORS NAME AND MAILING ADDRESS INCLUDING ZIP CODES, DATE CLAIM WAS INCURRED AND CONSIDERATION FOR CLAIM, AMOUNT OF CLAIM. Includes entries for Epoch Networks, First Union National Bank, Florida Public Service Comm, Franchise Tax Board, and Galewick, Vince.

Sheet no. 3 of 10 sheets attached to Schedule of Creditors Holding Unsecured Nonpriority Claims

Subtotal (Total of this page) 25,712.91

EXHIBIT B PAGE 45

In re Atlas Equity, Inc.

Case No. SA98-27044-BA

Debtor

AMENDED SCHEDULE F. CREDITORS HOLDING UNSECURED NONPRIORITY CLAIMS (Continuation Sheet)

Table with columns: CREDITORS NAME AND MAILING ADDRESS INCLUDING ZIP CODES, DATE CLAIM WAS INCURRED AND CONSIDERATION FOR CLAIM, AMOUNT OF CLAIM. Includes entries for Hanson Publications, Inc., ICG Telecom Group, Inc., Illinois Commerce Commission, Internal Revenue Service, and Internal Revenue Service.

Sheet no. 4 of 10 sheets attached to Schedule of Creditors Holding Unsecured Nonpriority Claims

Subtotal (Total of this page) 4,727.98

EXHIBIT B PAGE 46

In re Atlas Equity, Inc. Debtor Case No. SA98-27044-BA

In re Atlas Equity, Inc. Debtor Case No. SA98-27044-BA

AMENDED SCHEDULE F. CREDITORS HOLDING UNSECURED NONPRIORITY CLAIMS (Continuation Sheet)

AMENDED SCHEDULE F. CREDITORS HOLDING UNSECURED NONPRIORITY CLAIMS (Continuation Sheet)

Table with columns: CREDITOR'S NAME AND MAILING ADDRESS INCLUDING ZIP CODE, H W J C, AMOUNT OF CLAIM, and Subtotal (Total of this page) 9,105.42

Table with columns: CREDITOR'S NAME AND MAILING ADDRESS INCLUDING ZIP CODE, H W J C, AMOUNT OF CLAIM, and Subtotal (Total of this page) 1,971.07

EXHIBIT B PAGE 47

EXHIBIT B PAGE 48

In re Atlas Equity, Inc. Debtor Case No. SA98-27044-BA

In re Atlas Equity, Inc. Debtor Case No. SA98-27044-BA

AMENDED SCHEDULE F. CREDITORS HOLDING UNSECURED NONPRIORITY CLAIMS (Continuation Sheet)

AMENDED SCHEDULE F. CREDITORS HOLDING UNSECURED NONPRIORITY CLAIMS (Continuation Sheet)

Table with columns: CREDITOR'S NAME AND MAILING ADDRESS INCLUDING ZIP CODE, H W J C, AMOUNT OF CLAIM, and Subtotal (Total of this page) 2,234.42

Table with columns: CREDITOR'S NAME AND MAILING ADDRESS INCLUDING ZIP CODE, H W J C, AMOUNT OF CLAIM, and Subtotal (Total of this page) 10,714.42

EXHIBIT B PAGE 49

EXHIBIT B PAGE 50

In re Atlas Equity, Inc.

Debtor

Case No. SA98-27044-BA

AMENDED
SCHEDULE F. CREDITORS HOLDING UNSECURED NONPRIORITY CLAIMS
(Continuation Sheet)

CREDITOR'S NAME AND MAILING ADDRESS INCLUDING ZIP CODE	Last four digits of Account No.	Husband, Wife, Joint, or Community	DATE CLAIM WAS INCURRED AND CONSIDERATION FOR CLAIM. IF CLAIM IS SUBJECT TO SETOFF, SO STATE.	AMOUNT OF CLAIM	C O N T R I B U T O R	C O N T R I B U T O R	C O N T R I B U T O R	C O N T R I B U T O R	C O N T R I B U T O R
State of California Franchise Tax Board 8745 Folsom Blvd., #150 Sacramento, CA 95826-3700			For noticing purposes only	0.00					
State of Hawaii 1010 Richards Street Honolulu, HI 96810			11/06/98 Fee	380.00					
State Tax Resources Group LLP 18008 Skyspark Cir., Suite 106 Irvine, CA 92614			Fee	2,750.00					
Talon Electers, Inc. 11377 Robinwood Drive, #201 Hagerstown, MD 21742			Vendor	88.88					
Toad Mike 6512 San Hernandez Way Buena Park, CA 90620			11/30/98 Employee Reimbursement	54.80					
Subtotal (Total of this page)				3,273.58					

Sheet no. 9 of 10 sheets attached to Schedule of Creditors Holding Unsecured Nonpriority Claims

EXHIBIT 8 PAGE 51

In re Atlas Equity, Inc.

Debtor

Case No. SA98-27044-BA

AMENDED
SCHEDULE F. CREDITORS HOLDING UNSECURED NONPRIORITY CLAIMS
(Continuation Sheet)

CREDITOR'S NAME AND MAILING ADDRESS INCLUDING ZIP CODE	Last four digits of Account No.	Husband, Wife, Joint, or Community	DATE CLAIM WAS INCURRED AND CONSIDERATION FOR CLAIM. IF CLAIM IS SUBJECT TO SETOFF, SO STATE.	AMOUNT OF CLAIM	C O N T R I B U T O R	C O N T R I B U T O R	C O N T R I B U T O R	C O N T R I B U T O R	C O N T R I B U T O R
Universal Service Admin. Co. PO Box 371719 Pittsburg, PA 15261-7719			Vendor	1,476.12					
Vermont Dept. of Taxes 109 State Street Montpelier, VT 05609-1401			12/22/98 Fee	20.00					
VolcoLog LLC 846 Whispering Wind Court Gellithersburg, MD 20877			Vendor	407.41					
Worldcom Technologies PO Box 730288 Dallas, TX 75273-0298			12/20/98 898.72 12/22/98 27,129.47 12/22/98 727,874.95 Vendor	755,901.14					X
ZD Journals PO Box 35720 Louisville, KY 40232-6720			12/15/98 Vendor	89.00					
Subtotal (Total of this page)				757,899.67					
Total (Report on Summary of Schedules)				803,243.17					

Sheet no. 10 of 10 sheets attached to Schedule of Creditors Holding Unsecured Nonpriority Claims

Subtotal
(Total of this page)
Total
(Report on Summary of Schedules)

EXHIBIT 8 PAGE 52

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Attorneys for Interest Holder
 Vincent E. Galewick

UNITED STATES BANKRUPTCY COURT
 CENTRAL DISTRICT OF CALIFORNIA
 SANTA ANA DIVISION

In re

Case No. SA98-27044-RA

Atlas Equity, Inc., dba
 Performance Telecom, dba
 Performance Communication
 Services, dba Allen Richards &
 Associates,

Chapter 11

In a Case Under Chapter 11 of
 the Bankruptcy Code (11 U.S.C.
 § 1101 et seq.)

Debtor.

**SECOND AMENDED JOINT
 CHAPTER 11 PLAN, AS MODIFIED ON
 SEPTEMBER 1, 2004**

Tax I.D. No. 33-0296182

Disclosure Statement Hearing:

Date: September 1, 2004

Time: 1:30 p.m.

Ctrm: 6C

Judge: Hon. Robert W. Alberts

Plan Confirmation Hearing:

Date: October 22, 2004

Time: 3:00 p.m.

Ctrm: 6C

Judge: Hon. Robert W. Alberts

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1 I. INTRODUCTION

2 Atlas Equity, Inc., dba Performance Telecom, dba Performance
3 Communications Services, dba Allen Richards & Associates ("Atlas"
4 or the "Debtor") is the Debtor in a Chapter 11 bankruptcy case.
5 On December 22, 1998, Atlas commenced a bankruptcy case by filing
6 its voluntary Chapter 11 petition under the United States
7 Bankruptcy Code ("Code"), 11 U.S.C. § 101 et seq. (the
8 "Bankruptcy Code").¹

9 This document is the Chapter 11 Plan ("Plan") jointly
10 proposed by Atlas and its sole interest holder Vincent E.
11 Galewick ("Galewick") (Atlas and Galewick may be referred to
12 collectively herein as "Plan Proponents"). Sent to you in the
13 same envelope as this document is the Disclosure Statement which
14 has been approved by the Court, and which is provided to help you
15 understand the Plan.

16 This is a reorganizing plan. The Plan Proponents seek to
17 accomplish payments under the Plan by making distributions of all
18 of the estate's cash on hand and to continue Atlas' business
19 through a merger with a non-debtor company, Vision Nevada, Inc.
20 ("VNI"), on the Effective Date of the Plan. The Effective Date
21 of the proposed Plan shall be the date of entry of an order
22 confirming the Plan or, if any objection is filed with respect to
23 confirmation of the Plan, the Effective Date shall be the second
24 business day after the tenth day after the order confirming the
25 Plan is entered by the Court (the "Effective Date").

26
27
28 ¹ As set forth in the accompanying Disclosure Statement, Atlas' bankruptcy case was converted to a case under chapter 7 and later re-converted to a case under chapter 11.

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Gambles & Matlock LLP
Attorneys at Law
702249-0670C

1 Tax Claims, a Claim is Allowed, in whole or part, to the extent
2 that: (a) (i) a proof of claim was timely and properly filed with
3 the Court in accordance with the Federal Rules of Bankruptcy
4 Procedure and applicable local rules prior to the Bar Date; or
5 (ii) it was listed in the Debtor's schedules filed pursuant to
6 section 521(1) of the Code as liquidated in amount and not
7 disputed or contingent, provided that a timely filed proof of
8 claim supersedes the scheduling of such Claim; or (b) based on an
9 application of a Professional Person or request for payment of an
10 Administrative Expense Claim to the extent such application or
11 request is filed and served on the Disbursing Agent on or before
12 the Administrative Bar Date and is subsequently approved by an
13 Order of the Court (whether before or after the Administrative
14 Bar Date). A Claim, however, is not "Allowed" if, (a) an
15 objection to the allowance thereof has been timely filed on or
16 before any applicable period of limitation fixed by the Court;
17 and (b) any such objection has not been withdrawn or overruled,
18 in whole or in part, by a Final Order of the Court. Nothing in
19 the Plan may be construed to imply or mean that any Claim is
20 deemed Allowed under the Plan.

21 With respect to an Interest, an Interest is allowed to the
22 extent that (a) it was listed in the list of equity security
23 holders filed by the Debtor pursuant to Federal Rule of
24 Bankruptcy Procedure 1007(a)(3), provided that a timely-filed
25 proof of Interest shall supersede such listing; or (b) a proof of
26 Interest was filed with the Court prior to the Bar Date; and in
27 either case, an Interest as to which (i) no objection to the
28 allowance thereof has been timely filed on or before the Claims

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1 II. OPERATIVE TERMS

2 A. Definitions

3 1. Administrative Bar Date

4 The first Business Day that is thirty (30) days after the
5 Confirmation Date. Except as otherwise set forth in the Plan,
6 any request for payment of an administrative expense (see
7 11 U.S.C. § 503(a)) which is filed with the Court and/or served
8 on the Disbursing Agent after the Administrative Bar Date will
9 not be allowed and will have no effect upon the Plan, and the
10 holder of such late filed Administrative Expense Claim will have
11 no right to participate in any distributions under the Plan.

12 2. Administrative Expense Claims

13 Any cost or expense of administration of the Case that is
14 entitled to priority in accordance with sections 503(b) and
15 507(a)(1) of the Code and any fees and charges assessed against
16 the estate under chapter 123 of Title 28 of the United States
17 Code. Under the Plan, Administrative Expense Claims must be
18 filed and served on the Disbursing Agent on or before the
19 Administrative Bar Date in order to become Allowed Administrative
20 Expense Claims.

21 3. Allen Matkins

22 Allen Matkins Leck Gamble & Mallory LLP, a limited liability
23 partnership including professional corporations, its partners,
24 employees, agents, predecessors, successors, assigns, and
25 affiliates.

26 4. Allowed

27 With respect to any Claim including, without limitation,
28 Administrative Expense Claims, Priority Claims and/or Priority

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Gambles & Matlock LLP
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702249-0670C

1 Objection Date or such other applicable period of limitation
2 fixed by the Court, or (ii) any objection has been overruled, in
3 whole or part, by a Final Order of the Court.

4 5. Atlas

5 Atlas Equity, Inc., dba Performance Telecom, dba Performance
6 Communications Services, dba Allen Richards & Associates, a
7 California corporation.

8 6. Bankruptcy Code, or Code

9 Title 11 of the United States Code, 11 U.S.C. § 101 et seq.

10 7. Bar Date

11 As established by court order, the bar date is the last day
12 for filing proofs of Claims or Interests. The bar date in Atlas'
13 original chapter 11 case was November 17, 1999. Pursuant to Rule
14 3002(c) of the FRBP, the bar date in Atlas' converted chapter 7
15 case was June 25, 2002 (the "Bar Date"). No additional bar date
16 has been set by the Court in Atlas' re-converted chapter 11 case.
17 No proof of Claim or Interest filed after the Bar Date will be
18 Allowed or will have any effect upon the Plan. The holder of
19 such late filed proof of Claim or Interest will have no right to
20 participate in any distributions under the Plan.

21 8. Business Day

22 Any day that is not a Saturday, Sunday, or legal holiday as
23 identified in Federal Rule of Bankruptcy Procedure 9006.

24 9. Case

25 The chapter 11 case commenced by Atlas on the Petition Date
26 and pending before the Court as Case No. SA 98-27044-RA.

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10. Cash

Lawful currency of the United States and equivalents thereof, including, but not limited to, bank deposits, wire transfers, checks, or other similar items.

11. Causes Of Action

All Causes of Action of any kind held by the Debtor whether or not such Causes of Action are the subject of presently pending lawsuits, adversary proceedings or appeals, including, without limitation, (a) Causes of Action belonging to the Debtor as of the Petition Date, (b) Causes of Action belonging to the Debtor that arose after the Petition Date; and (c) rights exercisable by the Debtor as Debtor in Possession, a trustee, and/or the Disbursing Agents pursuant hereto and/or pursuant to section 506, 510, 544, 545, 547, 548, 549, 550, or 553 of the Code.

12. Claim

A claim as such term is defined in section 101(5) of the Code.

13. Class

A class of Claims or Interests as classified in section III.C of this Plan.

14. Code

The Bankruptcy Code, as defined above.

15. Confirmation Date

The date upon which the Court enters the Confirmation Order.

16. Confirmation Order

The order (other than a minute order) entered by the Court confirming the Plan pursuant to section 1129 of the Code.

Allen Mathias Loch
Clerk of the Court
Attorney at Law

702269-06/02

17. Contested Claim (Or Interest)

A Claim (or Interest) as to which a proof of Claim (or Interest) has been timely filed on or before the Bar Date or has been deemed filed and that is not an Allowed Claim (or Allowed Interest).

18. Court

The United States Bankruptcy Court for the Central District of California, Santa Ana Division, in which the Case is pending, or such other court of competent jurisdiction in which the Case may be pending.

19. Creditor

Any entity that is the holder of (i) a Claim that arose on or before the Petition Date; or (ii) a Claim of the kind specified in section 502(g), 502(h), or 502(i) of the Code to the extent that such Claim has not been disallowed by Court order.

20. Debtor

Atlas, as defined above.

21. Debtor In Possession

The Debtor, when exercising its rights, powers, and duties under section 1107 of the Code.

22. Disbursing Agent

Atlas or any other person or entity who is approved by the Court at or after the Confirmation Date to act as and undertake the duties and responsibilities of Disbursing Agent pursuant to the provisions of this Plan.

23. Disclosure Statement

The "Disclosure Statement of Debtor and Interest Holder Vincent Galewick Describing Second Amended Joint Chapter 11 Plan,

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Clerk of the Court
Attorney at Law

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as Modified on September 1, 2004" in its present form or as it may be modified from time to time.

24. Effective Date

The Effective Date of the proposed Plan shall be the date of entry of an order confirming the Plan or, if any objection is filed with respect to confirmation of the Plan, the Effective Date shall be the date that is the second business day after the tenth day after the Confirmation Date.

25. Final Order

"Final Order" means an order or judgment of the Bankruptcy Court, or of any court of competent jurisdiction where there is pending an action in which the Debtor is a party, which has not been reversed, stayed, modified, or amended, and as to which: (a) the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceeding for reargument or rehearing shall then be pending; or (b) any right to appeal, petition for certiorari, reargument, or rehearing shall have been waived in writing in form and substance satisfactory to the Debtors; or (c) any appeal, petition for certiorari, reargument or rehearing has been resolved by the highest court to which the order or judgment was appealed timely or from which certiorari, reargument, or rehearing was sought.

26. Galewick

Vincent E. Galewick, the sole Interest Holder of Atlas.

27. Interest

The legal, equitable, and contractual rights resulting from being a holder of any equity interest in Atlas.

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Attorney at Law

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28. Interest Holder

Any person or entity holding an Interest in Atlas (Galewick is the only Interest Holder).

29. Petition Date

December 22, 1998, the date on which the Debtor filed its voluntary petition for relief under chapter 11 of the Code that commenced this Case.

30. Plan

The "Second Amended Joint Chapter 11 Plan, as Modified on September 1, 2004" filed jointly by the Debtor and Galewick, in its present form or as it may be amended or modified from time to time.

31. Plan Proponents

The Debtor and Galewick are the Plan Proponents.

32. Priority Claim

Any Claim, other than an Administrative Expense Claim or Priority Tax Claim, to the extent entitled to priority in payment under section 507(a) of the Code.

33. Priority Creditor

Any Creditor that is the holder of a Priority Claim, to the extent of such Priority Claim.

34. Priority Tax Claim

Certain unsecured income, employment and other taxes described by Code Section 507(a)(8).

35. Professional Person

Any person employed or to be compensated pursuant to section 326, 327, 328, 330, 331, 503(b), 1103, or 1107(b) of the Code.

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Attorney at Law

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36. Property Of The Estate

All of the Debtors' respective assets and property of the respective estates as defined by section 541 of the Code.

37. Reorganized Debtor

Atlas, as reorganized pursuant to the Plan, as of the Effective Date.

38. Restricted Account

Atlas' debtor-in-possession bank account, with respect to which approximately \$42,300 is currently on deposit and may only be used or disbursed with Court approval.

39. Secured Claim

A Claim to the extent such Claim is secured as defined in section 506 of the Code.

40. Unsecured Claim

Any Claim that is not a Secured Claim, Administrative Expense Claim, Priority Tax Claim, or Priority Claim.

41. Unsecured Creditor

Any Creditor that is the holder of an Unsecured Claim, to the extent of such Unsecured Claim.

42. VNI

Vision Nevada, Inc., a Nevada corporation.

III. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

A. General Overview

As required by the Bankruptcy Code, the Plan classifies claims and interests in various classes according to their right to priority of payments as provided in the Bankruptcy Code. The Plan states whether each class of claims or interests is impaired

or unimpaired. The Plan provides the treatment each class will receive under the Plan.

B. 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. The treatment of these claims is provided below.

1. Administrative Expense Claims

Administrative Expense Claims are claims for costs or expenses of administering the Debtor's Chapter 11 case which are allowed under Code Section 507(a)(1), including claims of Professional Persons. The Code requires that all Administrative Expense 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)(1) Administrative Expense Claims and their treatment under the Plan:

Name	Amount Owed	Treatment
Spach, Capaldi & Waggaman, LLP	\$20,000 (estimated)	Paid in full on Effective Date through contributions by Galewick
James J. Joseph	\$6,822.77	Paid in full on Effective Date
Danning Gill Diamond and Kollitz LLP	\$13,659.45	Paid in full on Effective Date
Clerk's Office Fees	Unknown	Paid in full on Effective Date
Office of the U.S. Trustee Fees	\$0	Paid in full on Effective Date
TOTAL	\$40,282.22	

Court Approval of Fees Required:

The Court must approve all professional fees listed in this chart. For all fees except Clerk's Office fees and U.S. Trustee's fees, the professional in question must file and serve

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a properly noticed fee application and the Court must rule on the application. Only the amount of fees allowed by the Court will be required to be paid under this Plan.

As indicated above, the Debtor will need to pay approximately \$40,282.22 worth of Administrative Expense Claims on the Effective Date of the Plan unless the claimant has agreed to be paid later or the Court has not yet ruled on the Claim. As indicated in the Disclosure Statement and below in Section III.D. Means of Performing the Plan, Atlas will fund payment of post-conversion chapter 11 administrative expenses through capital contributions by Galewick on the Effective Date.

Additionally, Joseph has recently notified Atlas and Galewick that he and his counsel assert pre-conversion administrative expenses. Joseph has not filed his final report with respect to the chapter 7 case nor any request for payment of such administrative expenses. Atlas and Galewick reserve their rights to object to any request for payment of administrative expenses by Joseph and his counsel ("Pre-Conversion Administrative Expenses").

2. Priority Tax Claims

Priority Tax Claims are certain unsecured income, employment and other taxes described by Code Section 507(a)(8). Atlas has no Priority Tax Claims.

C. Classified Claims and Interests

1. Classes of Secured Claims

Atlas believes that it has no allowable Secured Claims. (Only one proof of claim was filed asserting a Secured Claim, but

that claim on its face indicates that it is actually a proof of Interest in affiliates of Atlas - PAM IV and Telwest Income Fund, Ltd. Accordingly, Atlas intends to file its objection to said proof of claim.)

2. Classes of Priority Unsecured Claims

Certain Priority Claims that are referred to in Code Sections 507(a)(3), (4), (5), (6), and (7) are required to be placed in classes. These types of claims are entitled to priority treatment as follows: the 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 Priority Creditors may vote to accept deferred cash payments of a value, as of the Effective Date, equal to the allowed amount of such claims.

The following chart lists all classes containing Debtor's 507(a)(3), (4), (5), (6), and (7) Priority Claims and their treatment under this Plan:

CLASS	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
1	Priority unsecured claims pursuant to Bankruptcy Code section 507(a)(3) • Total amount of claims = \$1,639.22	Y	• Paid in full in cash on the first Business Day that is 30 days after entry of an order of this Court allowing or disallowing the least of any request for payment of Pre-Conversion Administrative Expenses.

3. Class of General Unsecured Claims

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

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CLASS	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
2	General unsecured Claims • Total amount of claims = \$148,500 (estimate of total aggregate amount of Allowed Claims)	Y	<ul style="list-style-type: none"> • Payment interval = N/A • Payment mat/interval = N/A • Begin date = Paid in full in cash on the first business day that is 30 days after entry of an order of this Court allowing or disallowing the last of any request for payment of Pre-Conversion Administrative Expenses • End date = Paid in full in cash on the first business day that is 30 days after entry of an order of this Court allowing or disallowing the last of any request for payment of Pre-Conversion Administrative Expenses • Interest rate % = N/A • Begin date = N/A • Total Payout = \$23,807.09 (approximate; Payout equals cash on hand as of the Effective Date, less the amount necessary to satisfy all unclassified Priority Tax Claims, Allowed Priority Claims in Class 1 and all Allowed Pre-Conversion Administrative Expenses)

4. Class of Interest Holder

Interest Holders are the parties who hold an ownership interest (i.e., equity interest) in the Debtor. As a corporation, Atlas' sole interest holder is Galewick - the holder of all of its stock. The following chart identifies the Plan's treatment of the class of interest holder:

CLASS	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
3	Interest holder Galewick	N	Retains interest as 100% shareholder of Reorganized Debtor, which will be merged with Vision Nevada, Inc., a Nevada corporation, on the Effective Date of the Plan

D. Means of Performing the Plan

The purpose of this Plan is two-fold: (1) to make distributions to creditors that are greater than they would have received through administration of the previous chapter 7 case;

1 and (2) to allow Atlas to reorganize and preserve certain of its tax attributes (in particular, its net operating loss carryovers "NOL's") to offset future income tax liability to the benefit of Galewick, Atlas' sole interest holder.

Prior to re-conversion of this case, Atlas' assets had been liquidated and Joseph held approximately \$42,000 in cash on hand. The costs of administration of the chapter 7 case would have further reduced the amount of cash on hand and likely would have prevented any (or, at least, any meaningful) distribution to creditors of Atlas. In contrast, the Plan provides that Galewick will bear the cost of the remaining administration of the Atlas estate by paying all allowed post-re-conversion administrative claims in full. Consequently, rather than have the remaining estate funds exhausted by administrative expenses, all of the funds on hand will be used to make distributions to creditors holding claims as of the re-conversion of this case (i.e., any allowed fees of Joseph and his counsel accrued as of the time of re-conversion and general unsecured creditors). As a result, under chapter 11, Atlas' creditors and interest holders will receive more in distributions and other benefits than they would if the case were fully administered in a chapter 7.

In addition to the Plan's benefit to creditors, the Plan will also benefit Galewick as an interest holder of Atlas. The Plan provides for the merger of Atlas with another entity to enable the post-merger Atlas to utilize substantial NOL's to offset future income tax liability. Galewick and Atlas have determined that there exists an opportunity for Atlas to continue its software development and collection services businesses to

provide collection services related to previously charged-off consumer telecom debt. To provide this service, Atlas' management believes it would benefit Atlas to merge with a company with a charged-off consumer debt portfolio. In this regard, Atlas has identified Vision Nevada, Inc. ("VNI"), a corporation wholly-owned by Galewick, as an appropriate merger partner. VNI's business has traditionally involved acquisition and collection of charged-off debt (other than telecom-related debt). VNI is interested in expanding its business to include acquisition and collection of telecom-related debt.

Effective as of the Effective Date of the Plan, Atlas will merge with VNI. Atlas shall acquire all of VNI's assets and liabilities in a tax-free reorganization pursuant to Internal Revenue Code section 368(a)(1)(C). Galewick shall receive 100% of the authorized and issued stock of the merged company. VNI will be dissolved. Atlas will continue operations of VNI's business.

It is important to note that the application of NOL's is restricted in the event of a change of ownership of Atlas. In effect, only Atlas, as owned by Galewick may take full advantage of the NOL's. The NOL's may not be sold or otherwise liquidated to pay creditors. Any change of ownership in Atlas (such as by an auction of the equity interests in the company) would also destroy the value of the NOL's under applicable tax law.

1. Funding for the Plan

As set forth above, distributions under the Plan will be funded by the Cash on hand available in the Restricted Account

and by capital contributions by Galewick for payment of post-conversion chapter 11 Administrative Expense Claims.

2. Post-confirmation Management

As of the Effective Date, Atlas, as merged with VNI, will be the Reorganized Debtor. Galewick will be the 100% owner of the Reorganized Debtor. The Reorganized Debtor will continue to operate its business of acquiring distressed assets (primarily portfolios of credit card accounts) and to generating income by collecting, selling, or otherwise disposing of such assets.

3. Disbursing Agent

The Reorganized Debtor shall act as the Disbursing Agent for the purpose of making all distributions provided for under the Plan. The Disbursing Agent shall serve without bond and shall receive no compensation for distribution services rendered and expenses incurred pursuant to the Plan.

IV. TREATMENT OF MISCELLANEOUS ITEMS

A. Executory Contracts and Unexpired Leases

Atlas is not a party to any unexpired leases and executory contracts to be assumed or rejected under this Plan.

B. Changes in Rates Subject to Regulatory Commission Approval

Atlas is not subject to governmental regulatory commission approval of any rates.

C. Retention of Jurisdiction

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

1 V. EFFECT OF CONFIRMATION OF PLAN

2 A. Discharge

3 This Plan provides that upon the Effective Date, Debtor
4 shall be discharged of liability for payment of debts incurred
5 before confirmation of the Plan, to the extent specified in 11
6 U.S.C. § 1141. However, the discharge will not discharge any
7 liability imposed by the Plan.

8 B. Revesting of Property in the Debtor

9 Except as provided elsewhere in the Plan, the confirmation
10 of the Plan revests all of the Property of the Estate including,
11 without limitation, all of the tax attributes of the Debtor.

12 C. Modification of Plan

13 The Plan Proponents may modify the Plan at any time before
14 confirmation. However, the Court may require a new disclosure
15 statement and/or revoting on the Plan if the Proponents modify
16 the Plan before confirmation.

17 The Plan Proponents may also seek to modify the Plan at any
18 time after confirmation so long as (1) the Plan has not been
19 substantially consummated and (2) if the Court authorizes the
20 proposed modifications after notice and a hearing.

21 D. Post-Confirmation Status Report

22 Within 120 days of the entry of the order confirming the
23 Plan, Plan Proponents shall file a status report with the Court
24 explaining what progress has been made toward consummation of the
25 confirmed Plan. The status report shall be served on the United
26 States Trustee, the twenty largest unsecured creditors, and those
27 parties who have requested special notice. Further status
28

1 reports shall be filed every 120 days and served on the same
2 entities.

3 E. Post-Confirmation Conversion/Dismissal

4 A creditor or party in interest may bring a motion to
5 convert or dismiss the case under § 112(b), after the Plan is
6 confirmed, if there is a default in performing the Plan. If the
7 Court orders the case converted to Chapter 7 after the Plan is
8 confirmed, then all property that had been property of the
9 Chapter 11 estate, and that has not been disbursed pursuant to
10 the Plan, will revert in the Chapter 7 estate, and the automatic
11 stay will be reimposed upon the revested property only to the
12 extent that relief from stay was not previously granted by the
13 Court during this case.

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1 F. Final Decree

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

7 Dated: September 7, 2004

SPACH, CAPALDI & WAGGAMAN, LLP

8
9
10 By: 

MADISON S. SPACH, JR.
Attorneys for Debtor in
Possession
Atlas Equity, Inc.

13 Dated: September 7, 2004

ALLEN MATKINS LECK GAMBLE &
MALLORY LLP

14
15
16 By: 

E. KENNETH HENNESAY, JR.
Attorneys for Interest Holder
Vincent E. Galewick

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA DIVISION

Debtor	Case Number
ATLAS EQUITY, INC., dba PERFORMANCE TELECOM, dba PERFORMANCE COMMUNICATIONS SERVICES, dba ALLEN RICHARDS & ASSOCIATES, a California corporation	SA98-27044-RA

BALLOT FOR ACCEPTING OR REJECTING PLAN

PLAN: SECOND AMENDED JOINT CHAPTER 11 PLAN, AS MODIFIED ON
SEPTEMBER 1, 2004

PLAN PROPONENTS: DEBTOR ATLAS EQUITY, INC.
INTEREST HOLDER VINCENT E. GALEWICK

**TO HAVE YOUR VOTE ON THE PLAN COUNT, YOU MUST COMPLETE AND RETURN THIS
BALLOT NOT LATER THAN 5:00 P.M. CALIFORNIA TIME ON OCTOBER 5, 2004, AS SET FORTH
BELOW. THE BALLOT MUST BE SIGNED. FAXES WILL NOT BE ACCEPTED. (SEE INSTRUCTIONS
ON THE OTHER SIDE.)**

[If you are a creditor:] The undersigned, a creditor of Atlas Equity, Inc., in the unpaid
principal amount of \$ _____, classified as Class ____ under the plan,

[If you are an equity security holder:] The undersigned, the holder of a _____% equity interest in
Atlas Equity, Inc., classified as Class ____ under the plan,

COMPLETE IN FULL

- ACCEPTS Plan.
- REJECTS Plan.

Name: _____

Address: _____

Authorized Signature

Print Name and Title (if any)

Dated

RETURN BALLOT TO:

Allen Matkins Leck Gamble & Mallory LLP
Attention: A. Kenneth Hennesay, Jr., Esq.
1900 Main Street, Fifth Floor
Irvine, California 92614-7321
(949) 553-1313

The plan referred to in this ballot may be confirmed by the court and thereby made binding on you if it is accepted by the holders of two-thirds in amount and more than one-half in number of claims in each class and the holders of two-thirds in amount of equity security interests in each class voting on the plan. In the event that fewer than all classes accept the plan, the court may nevertheless confirm the plan if the court finds that the plan accords fair and equitable treatment to the class or classes rejecting it and otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

INSTRUCTIONS

1. Identify the "allowed amount" of your Claim or Interest. This amount will probably come from the schedules or lists that the debtor filed or from your proof of Claim or Interest, if you filed one. If you cannot determine this amount, make your best estimate. In all events, the "allowed amount" will be determined in accordance with the Bankruptcy Code, including §§ 502 and 1111, and the Federal Rules of Bankruptcy Procedure, including Rules 3003, 3007, and 3018.
2. Mark your class. You will need to review the plan and disclosure statement carefully to determine into which class your claim or interest falls. In all events, the classification is governed by the plan itself, as determined by the plan proponents, and not by your guesstimate.
3. You must check **either** the "ACCEPTS Plan" box **or** the "REJECTS Plan" box. Failure to check either box may result in your vote on the Plan not being counted. Do not check both boxes.
4. If you hold Claims or Interests in more than one Class, fill out a separate ballot for each one. You may not combine different classes on the same ballot.
5. This ballot is not a proof of claim and will not be considered an informal proof of claim. The only function of this ballot is to tally an acceptance or rejection of the plan.
6. Absent a court order to the contrary, the plan proponents' determination of how your Claim or Interest should be counted will control. Suppose, for example, the debtor's schedules indicate you have a Claim for \$10,000 which is not contingent, unliquidated or disputed. You have, for the time being at least, an allowed Claim of \$10,000. If you state on your ballot that you have a Claim for \$17,000, the debtors will still count your claim at \$10,000.
7. On or before **October 5, 2004, at 5:00 p.m. California time**, return ballot to:

Allen Matkins Leck Gamble & Mallory LLP
Attention: A. Kenneth Hennesay, Jr., Esq.
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