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COUNSEL TO GUIDEPOST GLOBAL EDUCATION, INC.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	Chapter 11
Higher Ground Education, Inc.,[1]	§	Case No. 25-80121-11 (MVL)
Reorganized Debtor.	§	

GUIDEPOST GLOBAL EDUCATION, INC.'S WITNESS AND EXHIBIT LIST FOR HEARING SCHEDULED ON SEPTEMBER 1, 2026

Guidepost Global Education, Inc. ("GGE") respectfully submits this witness and exhibit list in connection with GGE's *Motion to Enforce the Plan of Reorganization Against California Plaintiffs* [Doc. 916] which has been scheduled for hearing on September 1, 2026 at 2:00 pm. (prevailing Central time).

WITNESS LIST

- Gregory Dickenson, GGE General Counsel;
- Any person listed or called as a witness by any other party;
- Any impeachment witness; and

[1] The last four digits of the Reorganized Debtor's federal tax identification number are 7265. A complete list of each of the Reorganized Debtors whose claims are being administered in this Chapter 11 case may be obtained on the website of the Reorganized Debtors' claims and noticing agent at https://www.veritasglobal.net/higherground.

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- Any rebuttal witness

EXHIBIT LIST

Mey may offer into evidence any one or more of the following exhibits at the time of the hearing:

Exhibit	Description	Offered	Objection	Admitted
1	Third Amended Complaint filed in the Superior Court of the State of California, Orange County dated August 26, 2021			
2	Excerpts of Order (I) Approving the Debtors' Disclosure Statement and (II) Confirming the Modified Second Amended Joint Plan of Reorganization of Higher Ground Education, Inc, Its Affiliated Debtors, and the Official Committee of Unsecured Creditors and attachments [Doc. No. 708]			
3	Proof of Claim filed by Carl Barney individually and as trustee of The Carl Barney Living Trust [Claim No. 289]			
4	Objection of Carl Barney to Disclosure Statement [Doc. No. 285]			
5	Carl Barney Objection to Restructuring Support Agreement [Doc. No. 309]			
6	Carl Barney Withdrawal of Disclosure Statement Objection [Doc. No. 547]			
7	Complaint filed in the Superior Court of the State of California, Orange County dated May 13, 2026			
8	GGE Letter dated June 17, 2026			
9	GGE Answer to Complaint filed in the Superior Court of the State of California, Orange County dated July 24, 2026			

Dated: August 28, 2026

KANE RUSSELL COLEMAN LOGAN PC

By: */s/ Jason Binford*
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CERTIFICATE OF SERVICE

I certify that on August 28, 2026, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Northern District of Texas and on the parties appearing below and on the attached service list via electronic mail.

/s/ Jason Binford
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EXHIBIT 1

Electronically Filed by Superior Court of California, County of Orange, 08/26/2021 04:11:00 PM.
30-2018-01006531-CU-FR-CJC - ROA # 750 - DAVID H. YAMASAKI, Clerk of the Court By Kari Frumento, Deputy Clerk.

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Attorneys for Plaintiff CARL BARNEY,
as Trustee of the CARL BARNEY LIVING TRUST

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF ORANGE - CENTRAL JUSTICE CENTER

CARL BARNEY, AS TRUSTEE OF THE CARL BARNEY LIVING TRUST, AND LEPORT EDUCATIONAL INSTITUTE, INC.

Plaintiffs,

v.

LUKAS PIETER, PETER LEPORT, M.D., MONICA LEPORT, FRANCISCO LEPORT, RAMANDEEP GIRN, REBECCA GIRN, HIGHER GROUND EDUCATION, INC. and DOES 4 through 50, inclusive,

Defendants.

LUKAS PIETER, an individual,

Cross-Complainant,

v.

LEPORT EDUCATIONAL INSTITUTE, INC., a California corporation, and ROES 1 through 20, inclusive,

Cross-Defendants.

CASE NO.: 30-2018-01006531-CU-FR-CJC
[Unlimited Jurisdiction]
Assigned for all purposes to the
Hon. Lon F. Hurwitz, Dept. C20

THIRD AMENDED COMPLAINT FOR DAMAGES, ACCOUNTING, RESTITUTION AND INJUNCTIVE RELIEF

[DEMAND FOR JURY TRIAL]

1. **Breach of Contract**
2. **Breach of Fiduciary Duty**
3. **Misappropriate of Trade Secrets**
4. **Conversion**
5. **Tortious Interference with Contract**
6. **Intentional Interference with Contract**
7. **Legal Malpractice**
8. **Unfair Competition / Business Practices**
9. **Disgorgement of Salary and Benefits**
10. **Fraud by Intentional Misrepresentation**
11. **Fraud by Intentional Concealment**
12. **Duress and Coercion**

Action Filed: July 18, 2018
Trial Date: May 16, 2022

I. GENERAL ALLEGATIONS RELATING TO PARTIES AND RELATIONSHIPS

1. Plaintiff, CARL BARNEY ("BARNEY") as the Trustee of the CARL BARNEY LIVING TRUST ("TRUST") is, and at all times herein mentioned was, a duly formed and maintained living trust, and BARNEY is expressly authorized to bring this action on behalf of the TRUST as its trustee. The TRUST is, and has been since 2014, a shareholder of LEPORT EDUCATIONAL INSTITUTE, INC., and which owns nearly two million shares of stock of said corporation. Plaintiff therefore sues Defendants herein as an injured shareholder and as the assignee of the damages and injuries suffered by said corporation.

2. Plaintiff, LEPORT EDUCATIONAL INSTITUTE, INC. ("LEI") is, and at all times herein mentioned was, a corporation organized and existing under the laws of the State of California. Prior to the filing of this pleading, LEI duly and lawfully assigned all of its assignable rights, claims and interests against and involving the Defendants herein to the TRUST. LEI also authorized the TRUST to pursue LEI'S claims directly in LEI'S name on behalf of LEI. The TRUST therefore sues in its own capacity and as the legal and beneficial owner, and assignee and transferee, of all assignable claims, rights, and interests which belonged to and were owned by LEI as alleged herein. LEI also sues in its own capacity as to the seventh cause of action for legal malpractice.

3. Defendant LUKAS PIETER ("PIETER") is, and at all times herein mentioned was, a resident of the State of California in the County of Orange. Defendant PIETER was the Chief Financial Officer of LEI between the approximate time period of October 5, 2015 through on or about December 9, 2016.

4. Defendant, PETER LEPORT, M.D. ("PETER LEPORT") is, and at all relevant times herein mentioned was, a resident of the State of California in the County of Orange. PETER LEPORT was the Founder of LEI. At various times since LEI was founded, PETER LEPORT has been and is an LEI shareholder, board member, Chairman of the Board, and its Chief Executive Officer.

5. Defendant, MONICA LEPORT ("MONICA") is, and at all relevant times herein mentioned was, a resident of the State of California in the County of Orange. MONICA is the sister of PETER LEPORT and was formerly an employee, Corporate Secretary, and a Board of Directors

member of LEI, positions from which she previously resigned. MONICA is also currently a shareholder of LEI.

6. Defendant, FRANCISCO LEPORT ("FRANCISCO") is, and at all relevant times herein mentioned was, a resident of the State of California in the County of San Francisco. FRANCISCO is the son of PETER LEPORT and formerly a member of the Board of Directors of LEI between the approximate dates of January 2016 and April 2017. Francisco is also a current shareholder of LEI.

7. PETER LEPORT, MONICA and FRANCISCO shall be collectively referred to and alleged herein as the "LEPORT Defendants". Said Defendants collectively own a majority of the shares of LEI stock and actively participated in a conspiracy to injure and damage Plaintiff and LEI as more particularly alleged herein.

8. Prior to the filing of the Second Amended Complaint, Plaintiff BARNEY ascertained the true name, capacity, and identity of DOE no. 1 herein, RAMANDEEP GIRN ("RAY"), who is individually named and sued herein as a Defendant. Defendant RAY is, and at all relevant times was, an individual residing in the State of California, County of Orange. Defendant RAY has been a shareholder in LEI at all relevant times alleged herein including through the present.

9. Prior to the filing of the Second Amended Complaint, Plaintiff BARNEY ascertained the true name, capacity, and identity of DOE no. 2 herein, HIGHER GROUND EDUCATION, INC. ("HGE"), which is individually named and sued herein as a Defendant. Defendant HGE is a Delaware corporation doing business and with its headquarters in the State of California, County of Orange. RAY and REBECCA GIRN own, control and operate Defendant HGE and have from its inception as their alter ego.

10. Prior to the filing of the Second Amended Complaint, Plaintiff BARNEY ascertained the true name, capacity, and identity of DOE no. 3 herein, REBECCA GIRN ("REBECCA") who is individually named and sued herein as a Defendant. Defendant REBECCA is, and at all relevant times was, an individual residing in the State of California, County of Orange. Defendant REBECCA is the wife of RAY and, at all relevant times herein, was a licensed attorney admitted to practice law

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in the State of California. Defendant REBECCA has been a shareholder in LEI at all relevant times alleged herein including through the present.

11. Defendants RAY, REBECCA and HGE shall be collectively referred to and alleged herein as the "GIRN Defendants". Said Defendants actively participated in a conspiracy together to injure and damage Plaintiff BARNEY and Plaintiff LEI as more particularly alleged herein.

12. Plaintiff is not aware of the true names and/or capacities and/or liability of those parties named herein as DOES 4-50, and therefore sues these potential defendants by their fictitious names. Plaintiff will seek leave of Court to amend this Third Amended Complaint or file DOE amendments when the same is ascertained.

13. Unless otherwise specified herein, those fictitious potential Defendants or Defendants named herein as DOES 4 through 50 were in some manner controlled, or in association with the named Defendants in this Third Amended Complaint, and, together, conspired and planned to defraud, injure, and damage Plaintiff BARNEY and Plaintiff LEI.

14. LEI was, until recently, an owner and operator of numerous private Montessori schools located in San Francisco, Los Angeles, Orange County, San Diego, Brooklyn, and Northern Virginia. These Montessori schools provide an excellent private school education for day care, preschool, elementary, and middle school students. LEI has recently sold and divested itself of ownership of all of its schools except the Brooklyn school.

15. On February 9, 2000, PETER LEPORT incorporated LePort & Van Damme Educational Institute, Inc., a California corporation. PETER LEPORT was the President and Chief Executive Officer of the corporation as well as the Chairman of the Board of Directors.

16. On October 3, 2000, PETER LEPORT amended the Articles of Incorporation of LePort & Van Damme Educational Institute, Inc., changing the name of the corporation to LePort Educational Institute, Inc. ("LEI").

17. On June 22, 2011, LEI filed a Restated Articles of Incorporation. PETER LEPORT remained the Chairman of the Board of Directors. The restated articles provided for issuance of 30,000,000 shares of common stock, with 10,000,000 shares being voting stock and 20,000,000 being non-voting stock.

18. On April 17, 2015, LEI's Board of Directors caused to be filed with the California Secretary of State a Certificate of Dissolution. The Certificate of Dissolution was filed because LEI was recklessly mismanaged by the LEPORT Defendants and was sometimes therefore not able to meet its payroll obligations for its employees. The LEPORT Defendants, RAY and REBECCA were the driving forces behind the filing of the Certificate of Dissolution which was physically prepared by REBECCA as General Counsel. Two boxes were fraudulently checked on the Certificate of Dissolution, stating: (a) "The corporation's known debts and liabilities have been paid"; and (b) "The known assets have been distributed to the persons entitled thereto."

19. On February 18, 2016, LEI, then represented by the law firm of Stradling Yocca Carlson & Rauth, filed a Petition for Reinstatement of LEI with the County of Orange Superior Court in Case No. 30-2016-00835690. The LEPORT Defendants were the driving force behind the filing of this Petition for Reinstatement of LEI. LEI's attorney from the Stradling firm admitted that LEI's general counsel, REBECCA, had lied in her filing of the Certificate of Dissolution in that the corporation's known debts and liabilities had not been paid as represented and that the known assets of the corporation had not been distributed to the stockholders as also falsely represented. This intentional conduct was known to and concealed by all Defendants and caused injury and damages to LEI which Plaintiffs only discovered within two years of filing this action.

20. On March 8, 2016, the court granted the Petition for Reinstatement of LEI at great time, trouble and expense to LEI which damaged LEI in an amount to be proved at trial.

21. On September 29, 2016, the LEPORT Defendants, aided by PIETER, caused Amended and Restated Articles of Incorporation of LEI to be filed with the California Secretary of State. The purpose of these Restated Articles was to change the total number of voting shares of Common Stock to 8,471,298. At the time, the LEPORT Defendants were all directors of LEI, PIETER was the CFO, and BARNEY was the CEO of LEI by virtue of loan documents for large loans that he had made to LEI.

22. On May 9, 2017, LEI filed a Statement of Information with the California Secretary of State. BARNEY, who had been the CEO of LEI since on or about August 26, 2016, was incorrectly

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listed as both the CEO and CFO of LEI on this document. PETER LEPORT was listed as a Director of LEI on the Statement of Information.

23. On or about October 27, 2017, LEI filed another Statement of Information with the California Secretary of State. PETER LEPORT was listed as the CEO and a Director of LEI.

24. Plaintiff BARNEY is suing each of the Defendants herein, except REBECCA, whom Plaintiff LEI sues as an attorney, based solely on, and solely for, their intentional, malicious, fraudulent, oppressive, or willful misconduct and not for any form of negligence or negligent or other conduct that could arguably require LEI to indemnify any of them under any contract or the California Labor Code and/or under California public policy prohibiting indemnification of intentional wrongful conduct. Plaintiff BARNEY therefore expressly disclaims, except as to REBECCA, any right to any relief from the conduct alleged herein which is not intentional, fraudulent, malicious, oppressive, or willful.

II. GENERAL ALLEGATIONS RELATING TO CLAIMS FOR RELIEF AGAINST RAY, THE LEPORT DEFENDANTS AND PIETER

25. In or about April 2014, BARNEY was approached by PETER LEPORT to make an investment through the purchase of LEI shares. BARNEY had known PETER LEPORT for many years and, at the time, considered him a friend who, like BARNEY, was in the private school education business. PETER LEPORT then represented to BARNEY that the LEI share price at the time was $1.90; that it was a good value; and that LEI was "flourishing." Also, at the time, LEI was being managed by RAY and his appointed executive team. Unbeknownst to Plaintiff, PETER LEPORT was largely absent from involvement in LEI affairs since he spent about 80-90% of his time operating and managing his bariatric surgery office. Instead RAY, listed as LEI's CEO, was the person who was actually managing and running LEI's operations. At that time, and prior to making its investment, RAY represented to BARNEY that the TRUST's investment was "sound" and that the value of its to-be-acquired stock would increase. Based on RAY's and PETER LEPORT's superior knowledge and positions within LEI as Founder/Chairman of the Board and CEO, respectively, Plaintiff trusted and relied on RAY's and PETER LEPORT's representations.

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26. Based on the aforementioned representations by PETER LEPORT and RAY, in or about April 2014, BARNEY, by way of his TRUST, invested in LEI through the purchase and loan conversion of 1,838,980 shares of common stock for $3.5 million, or $1.90 per share. However, through no fault of Plaintiff BARNEY, it was not until in or about September of 2016 that Plaintiff first learned through the belated disclosure of financial information that the value of LEI's shares was nowhere near $1.90 per share but was actually worth approximately $0.10 per share in April of 2014. Plaintiff only learned of these facts after he loaned an additional $15 million to LEI, as described below, and became its Chief Executive Officer with access to LEI historical financial information and records for the first time. Plaintiff BARNEY also learned at or about that time that LEI was not in fact "flourishing," as represented by PETER LEPORT, nor "sound" and would increase in value as represented by RAY, but had instead been in considerable financial distress that was spiraling out of control through massive cash flow problems created by a host of circumstances including RAY and REBECCA's injurious departure from LEI, as described below. In or about April 2014, when Plaintiff purchased/converted nearly $3.5 million of the seriously over-valued and misrepresented shares, PETER LEPORT and RAY concealed from Plaintiff BARNEY that LEI was having difficulty in meeting its obligations to its creditors, lenders, and employees, and instead represented to BARNEY that PETER LEPORT wanted Plaintiff BARNEY to invest in LEI through the acquisition of shares of stock in order to pay bonuses to LEI employees.

27. On or about August 19, 2015, the LEPORT Defendants caused a loan financing transaction to be negotiated and entered into with Leeds Equity Partners V, LP ("Leeds") for the principal amount of $5 million. The loan had to be re-paid in one year or by August 19, 2016. The loan was at a high interest rate of 13% and a default interest rate of 20%. The note evidencing the $5 million loan transaction contained provisions that could trigger a default, which would accelerate payment and interest on the loan at the default interest rate. The Leeds loan documents contained provisions that the default interest rate of 20% would apply in the event that any senior executives of LEI increased their compensation package without its consent.

28. The LEPORT Defendants concealed from Plaintiff BARNEY, then a substantial shareholder, the Leeds $5 million loan at the time of the transaction.

29. In or about the summer of 2015, LEI desperately needed a Chief Financial Officer (CFO) to help manage its financial affairs. RAY, as CEO of LEI, put out a job posting for the CFO position with executive recruiting agencies at or about the time of the Leeds $5 million loan to LEI. This job posting for the CFO position included the following qualifications:

Primary Duties and Accountabilities Include:

- Strategic partner to the CEO
- Building a world class finance organization
- Designing and implementing the corporate infrastructure to grow from the current 12 locations to 100 locations
- Treasury function including CAPEX planning, funding, insurance, banking relations, and taxes
- Articulate the company's message to institutional investors and investor relations
- Forecasting and modeling
- Accounting department management
- Information technology
- Human resources would eventually report to the CFO
- Supervising and training staff

Desired Skills and Experience:

- CFO position required a Bachelors degree in business/ finance or accounting
- A CPA license was required
- An MBA was a plus
- Multi-locations and expansion
- At least 5 years of experience as the CFO of a growing company
- Institutional capital raising experience required
- Investor relations experience required
- Expertise in managing IT functions and ERP systems
- Proven ability to evangelize a product or concept
- Demonstrated leadership is a must
- Collaborator and team builder
- Passion for education and a lifelong learner
- Outstanding references.

30. In or about August 2015, Jessica Reister, a recruiter for the Hardesty agency which contracted with LEI to locate a CFO as its agent, contacted PIETER about the available CFO position at LEI and advised him about the aforementioned qualifications. PIETER, at the time, was working for a company known as GenMark, a publicly traded company located in Carlsbad, California. PIETER reported to a CFO at GenMark and did not have many of the essential "desired skills and

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experience" for the advertised CFO position at LEI. PIETER was also living in Orange County at the time and was making the daily commute to Carlsbad.

31. PIETER was immediately interested in the CFO opportunity at LEI for a variety of reasons including the fact that he was "unhappy" with his position and lack of upward career mobility at GenMark. PIETER therefore falsely represented to Ms. Reister, knowing his misrepresentations would be communicated to LEI by her as its agent, the nature of his position at GenMark, including intentionally misrepresenting that his compensation package would be in the $500,000 annual range in the next 30-60 days when he would be promoted at GenMark to its Vice-President of Strategic Finance. PIETER further specifically misrepresented that, in the soon to be promoted title of Vice-President, his compensation package would consist of a $200,000 annual salary, a 30% bonus of $60,000, and 100% of his salary in stock compensation. He estimated the total value of his salary, bonus, and stock options to be in the annual range of $460,000. Based on this asserted and impending promotion to the Vice-President position at GenMark, PIETER represented to Ms. Reister that he wanted compensation in the annual range of $500,000 to $700,000 to leave GenMark and to join a company like LEI at the CFO level. PIETER's misrepresentations, including those hereinbelow, were not discovered until 2018 when formal discovery was conducted in a lawsuit filed by PIETER against LEI.

32. PIETER concealed from Ms. Reister that his current compensation at GenMark in the position had an actual value of $346,000, at most, including an annual base salary of only $185,000, an as yet unreceived and non-vested bonus of $37,000, and possible stock option compensation of $124,000. However, as to his reported $124,000 value in stock compensation, PIETER concealed from Ms. Reister that his vested GenMark options and unvested options were essentially worthless because the strike price of his options was considerably higher than the GenMark stock was publicly trading for at the time. Further, PIETER deliberately misrepresented to Ms. Reister that a promotion to the Vice-President position at GenMark was forthcoming, i.e., given his circumstances at GenMark, he had no reasonable expectation that he in fact would be promoted under the current management at GenMark.

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33. In response to the facts represented to her by PIETER, Ms. Reister repeated PIETER's representations to LEI's CEO, RAY, and recommended that PIETER was a viable candidate for the CFO position.

34. In early September 2016, PIETER was interviewed by, among, others, RAY and PETER LEPORT. During those interviews, PIETER affirmed to RAY and PIETER LEPORT his earlier misrepresentations to Ms. Hardesty regarding the nature of his employment and the amount of his compensation. On September 8, 2015, RAY authored an email to Defendant PIETER in which he informed PIETER that he could have the position of LEI's CFO. In that email, among other items, RAY stated the following:

> "Bonus: No bonus in the 2015-2016 fiscal year. A competitive bonus plan for leadership, one that rewards handsomely for real and tangible success, will be developed and introduced for FY 2016-2017, to be paid at the close of that year. Whatever the parameters of that plan, you will be eligible for the highest level of bonus aside from the CEO."
> "Ongoing equity—TBD: We will be implementing an employee equity/ options plan as soon as possible. The parameters of this plan, and how it will relate to the bonus plan have yet to be determined. You will have whatever eligibility is consistent with that plan, starting no earlier than the second year of your employment."

35. On September 9, 2015, PIETER replied to RAY's September 8, 2015 email, indicating that he would be "thrilled" to accept an LEI offer with certain adjustments that, as asserted by PIETER, would bring him closer to his total 2015-2016 compensation at GenMark. PIETER, among other things, represented the following in his email:

A) PIETER wanted a $60,000-$100,000 signing bonus because he would lose his 2015 bonus at GenMark and would not be eligible for a cash bonus at LEI until the end of FY 2016-2017 (i.e. on or before August 31, 2017).

B) PIETER wanted the initial stock grant to be increased from $200,000 to $250,000 because that $250,000 was 0.5% of total LEI equity value at $2.40 per share. As to the implementation of the stock option plan, which he knew was not yet in existence at LEI, PIETER

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wanted to know if he would be eligible for the grant in his second year with LEI in September 2016 and not at the end of his second year in September 2017.

36. On September 14, 2015, REBECCA responded to Defendant PIETER's email of September 9, 2015 in which she stated, among other things, as follows:

A) REBECCA rejected PIETER's request for a signing bonus.

B) REBECCA raised the initial stock grant to $250,000.

C) REBECCA advised PIETER that LEI's intention was to put the stock option plan in place at the beginning of the fall in the 2016-2017 FY; however, she expressed uncertainty whether the plan would be performance-based with the results awarded at the end of that fiscal year, or whether it would be a fixed amount that would be a percentage of his base annual salary and award would be made dependent on what LEI management determined.

37. PIETER responded to REBECCA's email as follows:

A) PIETER agreed that a signing bonus was not necessary. He claimed the decision was not ideal, but it would be an outcome he would be "happy to accept given how excited I am about joining your team, helping you achieve your mission and building sustainable value in the future."

B) PIETER acknowledged his appreciation in the raise of his initial stock grant from $200,000 to $250,000.

C) PIETER asked that, "to bridge the gap" in his leaving a bonus of $60,000 to $100,000 at GenMark if he were to become employed at LEI, he would like to add to the initial stock grant value of $250, 000.

38. On September 17, 2015, REBECCA sent an email reply to PIETER's new demand in his email of September 14, 2015. In essence, REBECCA advised PIETER that LEI could not do anything more than what she had previously stated. She essentially told PIETER that her last concession in the email of September 14, 2015 regarding raising the initial stock grant's value from $200,000 to $250,000 was "take it or leave it." She promised that an Offer Letter conveying the agreed-upon terms would be prepared and sent to him on the next day.

39. On September 17, 2015, an Offer Letter was submitted to Defendant PIETER by LEI. PIETER was told he would be hired as the LEI CFO. His effective starting date would be on or about

October 5, 2015. The Offer Letter indicated PIETER's employment would be on an "at will" basis, and it summarized the following essential terms of the job offer:

- Starting base annual salary of $200,000 and ordinary benefits of the position at set forth in the LEI employment handbook.
- A grant of restricted LEI stock with a dollar value of $250,000, with stock in the amount of $62,500 vesting each year tied to his starting employment date of October 5, 2015.
- The offered restricted stock would be awarded to PIETER at a 10% discount from the company's valuation employed in its next capital raise of at least $5,000,000 and would be issued in conjunction with such transaction.
- In the event that a capital raise event of at least $5,000,000 did not occur within a year of PIETER's starting date of $5,000,000, then the restricted stock would be issued to him on his one year anniversary based on the restricted price of $2.40 per share.
- PIETER's employment would be on an "at will" basis unless there was a written agreement with the CEO of LEI for a specified period of time.
- PIETER's benefits package at LEI also included a 100% employee tuition discount for up to two children (including free extended care) worth approximately $40,000 at LEI's Irvine school(s).
- The Offer Letter did not contain any bonus provision nor did it include a severance provision.
- Once starting, PIETER would be monitored on a 90-day probationary period—at the end of this 90-day period, PIETER would receive a performance evaluation to determine whether his employment at LEI would continue beyond this period.

40. On September 19, 2015, Defendant PIETER signed and agreed to the terms of the Offer Letter creating an employment agreement between the parties. LEI's Board never approved PIETER's "at will" employment contract, as required by its Bylaws and charter which was known to PIETER, RAY, REBECCA and PETER LEPORT. PIETER was therefore never legally entitled to the compensation he received from LEI which should be repaid and restored to LEI and Plaintiff BARNEY under principles of equity and the Corporations Code which was violated by PIETER.

41. RAY and PETER LEPORT had previously informed PIETER of the Leeds $5,000,000 loan to LEI, which was due to mature and be paid off on or before August 19, 2016, before PIETER signed and agreed to the Offer Letter.

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42. PIETER, as agreed, started his employment as LEI's CFO on October 5, 2015. Over the next 90 days, prior to the end of 2015, PIETER learned of major issues which included, but were not limited to, the following:

A) That a power struggle for control of LEI was occurring between RAY and his management team including REBECCA, on the one hand, and PETER LEPORT, on the other;

B) That LEI's plan to expand its schools from about 12 to at least 100 was a pipe dream, and that LEI was becoming mired in debt;

C) That PETER LEPORT was essentially an absentee founder and Chairman of the Board (Note: Peter was listed as CEO from time to time with state of California but he never had a valid employment agreement and was never paid "salary" from the company – the only payment he received was for founder agreement) and that he spent 80-90% of his time managing and operating his bariatric surgery medical practice;

D) That Plaintiff BARNEY was a substantial minority shareholder in LEI, and that he/it was a potential source of investment/ loan funds;

E) That LEI would, in the absence of additional investment/ loan funding, likely become bankrupt;

F) That PETER LEPORT wanted to obtain further investment/loan funding from Leeds Equity to the exclusion of other investors/ lenders; and

G) That LEI was a suspended California corporation because of errors and omissions by RAY and REBECCA.

43. PIETER seized upon the power struggle and intentionally took advantage of the executive management void left by the later departure of RAY and REBECCA. Among other things, PIETER advised PETER LEPORT of RAY's mismanagement and openly admitted to Plaintiff that he "outed Ray to PETER LEPORT and got RAY fired." PIETER had also come to recognize that PETER LEPORT was an "absentee" management executive and was spending a substantial amount of his time managing and operating his medical practice. Although PETER LEPORT had himself appointed as the LEI CEO after RAY's departure, nevertheless, he was absent most of the time, did not attend to LEI's burgeoning financial distress, and essentially let PIETER handle his CEO duties

as well as PIETER's CFO duties. PIETER seized upon and intentionally took advantage of the executive management void left by the departure of most of the executive management team.

44. LEI began a search for RAY's replacement with the assistance of PETER LEPORT and PIETER. They did locate a temporary replacement, Jim Treleaven, who accepted the CEO position on a short-term basis. During Treleaven's short tenure as the LEI CEO, he spent most of his time in Chicago far from the Company's headquarters in Orange County.

45. Therefore, pursuant to their conspiracy to defraud Plaintiff, on or about April 20, 2016, PETER LEPORT and PIETER persuaded Plaintiff BARNEY to loan $500,000 to LEI with a very modest 6.5% interest rate and a maturity date of October 20, 2016. This $500,000 loan was made by Plaintiff BARNEY in good faith without conducting any due diligence. This $500,000 loan was made at about the time that LEI had retained bankruptcy counsel and was contemplating bankruptcy as a solution to avoid paying its debts, including, but not limited to, the looming debt of approximately $7 million on the Leeds $5 million plus interest due on the note which was due to mature and require repayment on or about August 19, 2016, all of which was concealed by the LEPORT Defendants and PIETER from Plaintiff BARNEY. Also, the note on Plaintiff's loan contained a provision: "Except as obligated under any (current) employment agreement, LEI could not increase the cash or non-compensation terms payable to any senior executives without the approval of non-interested directors of the LEI Board." The LEPORT Defendants and PIETER were fully aware of this note provision prohibiting them and any other executives to increase the cash or non-compensation terms of their own oral or written executive employment contracts.

46. On or about June 2, 2016, PETER LEPORT terminated Jim Treleaven's contract for the CEO position at LEI. During Mr. Treleaven's short stint as CEO, PIETER had been performing CEO duties on a de facto basis in Mr. Treleaven's frequent physical absence from the Company. PIETER continued to perform de facto the CEO duties as well as his CFO responsibilities after Mr. Treleaven's employment was terminated. PIETER performed these de facto CEO duties until on or about August 26, 2016, at which time BARNEY assumed the acting CEO position for LEI. Plaintiff was officially appointed to the CEO position by the LEI Board of Directors on or about October 5, 2016.

47. After RAY and REBECCA were out of the picture, the LEPORT Defendants and PIETER each wanted to enrich themselves at the expense of a financially struggling LEI and Plaintiff BARNEY, and therefore entered into a conspiracy to enrich themselves at the expense of LEI and Plaintiff BARNEY. Commencing on or about June 2, 2016, PETER LEPORT and PIETER engaged in email discussions and in face-to-face meetings with each other about changing PIETER's "at will" employment agreement and increasing his compensation package. Among other things, in the back and forth email correspondence, PIETER again falsely represented that he had been earning $500,000 annually in cash and stock in his employment prior to LEI and, further, that by accepting LEI employment, he had forfeited a $200,000 bonus from his prior employer. In fact, PIETER's salary at his prior employment was $185,000 and his bonus was $37,500.

48. Based partly on PIETER's false representations as to the terms of his employment contract at his prior job, and after intentionally and recklessly failing to duly investigate PIETER's representations, in an email of on or about June 6, 2016, PETER LEPORT approved a "200,000 bonus and a new contract" for PIETER on the quid pro quo condition that his sister MONICA's salary be doubled. Further, PETER LEPORT wanted to have his dormant Founder's Agreement reactivated so that he could collect on a $200,000 annual salary moving forward even though LEI could not afford to do so as it was facing bankruptcy. This clandestine agreement between PETER LEPORT and PIETER was deliberately concealed from Plaintiff BARNEY and from Leeds because of the terms in their loan documents which prohibited these compensation increases without their express approval.

49. PIETER then, without LEI's approval and at LEI's expense, enlisted LEI's outside counsel to act on his behalf in drawing up a new employment contract. PIETER presented outside counsel with the terms he wanted to be included, and outside counsel prepared the new employment contract without anyone representing LEI in its drafting. This new employment agreement drawn up by LEI's outside counsel for PIETER, who was purely acting in a self-dealing capacity inimical to the interests of LEI and Plaintiff BARNEY, contained more favorable terms than those in his initial "at will" employment agreement. These new terms included the following:

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A) PIETER's salary was increased to $250,000 from $200,000. The increase in salary was conditional either upon the sale of LEI or the consummation of "qualified financing".

B) PIETER would receive a $200,000 bonus triggered by the occurrence of transactions which were not specifically identified.

C) PIETER would receive 25 paid vacation days annually, which would carry forward from year-to-year subject to a 40-day accrual cap.

D) The initial "at will" provision in PIETER's prior employment agreement was changed to one of "for cause" in the event of termination. In essence, significant restrictions were placed on the ability of LEI to terminate PIETER, including (1) written notice of intent to terminate; (2) the termination notice had to specify particular acts or failure to act as the basis for termination; (3) LEI must provide written notice once it learned of acts or omissions to act, and (4) PIETER would have 30 days after the receipt of the written notice within which to cure performance issues.

E) If LEI wished to terminate PIETER on an "at will" basis, LEI had to provide 30 days written notice and, thereafter, PIETER would be entitled to four months of severance pay and benefits.

F) If PIETER wished to voluntarily resign, subject to conditions not specifically noted, PIETER would also be entitled to four month's severance pay and benefits from LEI.

50. PETER LEPORT "approved" of PIETER's new employment agreement despite the fact that it lacked consideration and was therefore invalid, because he, acting in a self-dealing manner and on behalf of his sister MONICA, also received benefits from the arrangement at the expense of LEI and Plaintiff. First, PETER LEPORT, who then was not an employee of LEI, used PIETER's new employment agreement as an impetus to activate his own dormant employment agreement in order to get paid a salary going forward 10 years into the future. This was agreed to by these co-conspirators, with MONICA and FRANCISCO, despite the fact the PETER LEPORT was not an employee of LEI and was devoting virtually zero time in or at the business outside of his responsibilities as a director for which he was separately compensated. Second, PETER LEPORT and

PIETER had agreed amongst themselves to approve a compensation package for MONICA that doubled her annual salary. PIETER's so-called new employment agreement was signed by Jim Treleaven as the supposed CEO of LEI on or about June 23, 2016 although Treleaven's employment contract had been terminated on or about June 2, 2016. LEI was therefore coerced into executing these agreements by the LEPORT Defendants and PIETER.

51. The new self-dealing employment agreements of PETER LEPORT, MONICA, and PIETER were then provided to the LEI Board of Directors for approval. Sitting on the LEI Board of Directors at the time were only PETER LEPORT, MONICA and FRANCISCO who then conspired to approve the new compensation packages for PIETER, PETER LEPORT and MONICA despite knowing they were inimical to LEI's and Plaintiff BARNEY's interests. LEI's Bylaws at the time required six directors on the Board with a quorum of four non-interested directors voting on issues within its purview. In fact, at an earlier Board meeting held on May 24, 2016, Corporate Counsel, Goodarz Agahi, advised the directors of their fiduciary duties in the context of the Bylaws requirements for a quorum of directors in order to take corporate actions. The Board had only three active directors and did not meet the quorum requirement. Further, the terms of Plaintiff BARNEY's April 20, 2016 loan of $500,000 to LEI required changes in compensation of senior executives to be approved by a quorum of non-interested directors. The LEI Board of Directors, on or about June 30, 2016, did purportedly approve of PIETER's new employment/retention agreement, PETER LEPORT'S so-called employment agreement, and the doubling of MONICA's annual compensation, however, the LEI Board acted without a quorum and, also, with two of three the directors voting being "interested" in the transaction, thus causing the "approval" to be against LEI's bylaws, against the terms of both the BARNEY note and the Leeds note, and also against California law. These agreements were therefore unenforeable and the benefits received by said Defendants should be disgorged and returned to Plaintiff BARNEY.

52. The LEPORT Defendants and PIETER knew that PIETER's new employment/ retention agreement, reactivation of PETER LEPORT's dormant employment agreement, and MONICA's increase in salary breached LEI's loan agreements with both Leeds and Plaintiff, and therefore they attempted to conceal these breaches from them. In fact, as noted, Mr. Treleaven was

told to sign the new agreement by said Defendants even though he was no longer the CEO of LEI to give it ostensible validity, which he did on June 23, 2016. Defendants also knew that the "approval" of the agreements by the LEI Board was not by a quorum of four disinterested directors as required under its Bylaws and the terms of Plaintiff BARNEY's note. Nevertheless, they proceeded with the unlawful execution of these new agreements to the detriment and injury of LEI and Plaintiff BARNEY. These agreements should be rescinded, and all compensation received by said Defendants accounted for and repaid to Plaintiff BARNEY. Subsequently, when PIETER asked about payment of his $200,000 bonus, PETER LEPORT replied, "If Carl doesn't agree to pay it, I will pay it personally." But PETER LEPORT later refused to do so.

53. The LEPORT Defendants and PIETER did not want to advise Plaintiff BARNEY of their self-dealing and financial mismanagement of LEI. Therefore, PIETER, with the knowledge and consent of the LEPORT Defendants, and while acting as a fiduciary of LEI, entered into a second financing arrangement with Leeds. On or about July 22, 2016, Leeds loaned LEI $2.2 million with an annual interest rate of 13% and a default interest rate of 20%. LEI was already in default over the initial Leeds $5 million loan transaction because the initial offer letter to PIETER included grant options, which were not previously approved by Leeds, and also PIETER had not informed Leeds of his new employment agreement authorizing the payment of a $200,000 bonus. Defendant PIETER again deliberately misled Leeds by not advising them of his new employment agreement authorizing the payment of a $200,000 bonus upon consummation of a successful financing transaction. Defendant PIETER also withheld from Leeds the June 23, 2016 employment agreement doubling MONICA's salary, which was a violation of the Leeds $5 million loan transaction.

54. On or about July 22, 2016, Defendant PIETER with the LEPORT Defendants' knowledge and consent, then orchestrated another loan transaction with Leeds for $2.2 million at the high 13% interest rate and a 20% default interest rate. When they negotiated that second loan with Leeds, these Defendants were aware that Plaintiff BARNEY would have extended a loan to LEI on much better and more favorable terms but that he would have objected to the favorable employment agreements they negotiated for themselves in violation of his existing $500,000 note. So, PIETER and the LEPORT Defendants, acting in a self-dealing manner, and on behalf of LEI and against its

interests, entered into that second loan with Leeds because they also knew that PIETER would be entitled to receive a higher salary and bonus under the terms of his "new" employment/retention agreement and that MONICA's compensation would be increased as a consequence of the completion of this second loan. This caused further damages to LEI through excessive interest payments that should have been avoided.

55. PIETER, acting with the knowledge and consent of the other LEPORT Defendants, used monies from the $2.2 million financing arrangement with Leeds to pay off Plaintiff's $500,000 note at a 6.5% interest rate versus the 13% interest rate in the Leeds note. Leeds agreed to loan the additional monies with a note provision that no Event of Default had occurred. PIETER, with the knowledge and consent of the LEPORT Defendants, knew that an Event of Default under the Leeds loan provisions for the initial $5 million loan had in fact occurred and thereby had obtained the additional $2.2 million Leeds loan by way of concealing material facts from Leeds.

56. Also, on or about July 29, 2016 and, again on or about August 8, 2016, PIETER, acting with the knowledge and consent of the LEPORT Defendants, caused LEI to borrow $500,000 on each occasion from Leeds. Each of these two separate $500,000 loans from Leeds carried an unfavorable compounded 13% interest rate and a default interest rate of 20%. PIETER, with the knowledge and consent of the LEPORT Defendants, knew that an Event of Default under the Leeds loan provisions for the initial $5 million loan had in fact occurred.

57. PIETER and the LEPORT Defendants then agreed and conspired to use monies from these two additional $500,000 loans from LEI to pay off Plaintiff BARNEY's $500,000 note of April 20, 2016 because they all knew that PIETER's new employment agreement, PETER LEPORT's reactivated employment agreement, and the doubling of MONICA's annual compensation package had violated the terms of Plaintiff BARNEY's April 20, 2016 note.

58. The above-mentioned three additional loans from Leeds (July 22, 2016 for $2.2 million, the separate $500,000 Leeds loans on July 29, 2016 and on August 8, 2016) were in addition to the $5 million note coming due on August 19, 2016. Once Plaintiff BARNEY found out about the Leeds loans, Plaintiff BARNEY offered PETER LEPORT and PIETER the opportunity for LEI to borrow money from him at a much more favorable and relatively low interest rate to pay of the Leeds

loans. Plaintiff made the following offer: "I will take over the company and will pay off Leeds because I believe that LEI stockholders, including me, are at risk and I want to avert that from happening.... I will step in to rescue the company." Plaintiff BARNEY offered $10 million to pay off Leeds, hoping that this would be the end of it since Plaintiff BARNEY believed that Leeds wanted to take over control of LEI and eventually acquire the company through default proceedings which they were known in the industry to do. Plaintiff BARNEY made this offer after having been falsely told that LEI's prospects for the coming year were promising by Jim Treleaven, who received his financial information about LEI from PIETER who knew how it would be used. Mr. Treleaven's specific representations of material fact to Plaintiff, as told to Mr. Treleaven by PIETER, were that LEI's EBITDA for the following year would be $5 million, and that the common stock share price was $0.86 when it was in fact $0.10 per share.

59. When Plaintiff offered the $10 million loan to bail out LEI, PIETER, acting with the knowledge and consent of the LEPORT Defendants, informed Plaintiff BARNEY that $10 million would not be enough. LEI, they represented, still needed another $5 million to see them through the following year. During the negotiations between LEI and BARNEY, BARNEY was told by PIETER and Jim Treleaven that $15 million would be enough; however, expenses for Brooklyn and NOVA were severely underestimated so that much more than $15 million was actually needed, which was also concealed from Plaintiff BARNEY. During these negotiations, PIETER specifically represented that that the Brooklyn school would be profitable which never occurred and further led to LEI's losses. Plaintiff BARNEY believed their representations as to the good financial prospects of LEI in the coming year. Plaintiff BARNEY then offered a $15 million loan to LEI at an 8% interest rate (versus Leeds at 13%) and with a default interest rate of 10% (versus Leeds at 20%).

60. On or about August 25, 2016, ignorant of the true facts and financial condition of LEI, Plaintiff BARNEY in fact loaned LEI the amount of $17 million ($15 million new money and approximately $2 million wrapped from a prior loan) at a favorable interest rate of 8%. Funds from this $17 million loan were used to pay off the three Leeds notes. Shortly thereafter, Plaintiff BARNEY first learned about PETER LEPORT's inequitable Founder's Agreement, which had been concealed from Plaintiff BARNEY during the investment negotiations. PETER LEPORT sent the

Founder's Agreement documents to Plaintiff BARNEY with a note to the effect that he supposedly thought Plaintiff BARNEY had previously received them, but that he wasn't sure. In reality, PETER LEPORT knew that these documents had not been previously provided to Plaintiff BARNEY. PETER LEPORT later told Plaintiff BARNEY that the documents had been available, but they had not been given to Plaintiff BARNEY because PIETER had denied Plaintiff BARNEY the opportunity to conduct due diligence.

61. Once LEI obtained the $17 million in funds from Plaintiff BARNEY's loan obtained by fraud, PIETER demanded the payment of his $200,000 bonus. LEI refused to immediately pay him the bonus under his new employment agreement. PIETER was told he needed "authorization" before the bonus could be paid. By that time, BARNEY was serving in the capacity as LEI's temporary CEO and was interacting more regularly with PIETER. BARNEY was concerned about whether PIETER had fulfilled his ethical and fiduciary responsibilities to LEI and to his TRUST as a shareholder and primary secured lender.

62. When Leeds discovered that PIETER and the LEPORT Defendants had obtained $17 million in loans from Plaintiff BARNEY in breach of its loan documents, Leeds immediately filed two lawsuits against LEI and attempted to foreclose on the collateral for these loans. Defendants' self-dealing and fraudulent acts toward Leeds ultimately forced LEI to pay a settlement of approximately $550,000 to Leeds in addition to about $500,000 in attorney fees and costs incurred by LEI for defending the lawsuits.

63. Ultimately, in or about late September 2016, Plaintiff BARNEY discovered that PETER LEPORT, MONICA, FRANCISCO, and PIETER had intentionally mismanaged LEI, had acted in a self-dealing manner and thereby breached their fiduciary obligations to LEI and the terms of Plaintiff BARNEY's note, and had, along with RAY, made significant false representations of material fact in causing Plaintiff BARNEY to originally invest $3.5 million in shares of common stock in 2014 (except PIETER who was not yet hired) and in obtaining loans from him to bail out the company. Plaintiff BARNEY discovered in or about September 2016 that these Defendants were involved in a conspiracy to defraud LEI and Plaintiff BARNEY.

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64. Plaintiff BARNEY then asked that PIETER voluntarily void his "new" employment agreement. PIETER refused, claiming he needed the money because he had just bought a new home in March 2016.

65. On Friday, December 9, 2016, the LEI Board decided to terminate PIETER for cause. A procedure was identified for handling the termination appropriately by its legal counsel who was present at the meeting. During said meeting PETER LEPORT expressly represented to the Board that he would personally pay PIETER's $200,000 requested bonus if he pursued it. However, immediately after the Board meeting adjourned, PETER LEPORT, without authorization and in direct violation of the Board's decision moments earlier, went into the office of PIETER and told PIETER he was to be terminated the next workday, on Monday. When PIETER asked PETER LEPORT about his $200,000 bonus, PETER LEPORT stated (for the second time): "If LEI will not pay you the $200,000, I will pay it myself." However, PETER LEPORT repeatedly failed and refused to abide by his representation to the LEI Board and PIETER. As a result of PETER LEPORT's intentional misconduct, PIETER filed a breach of contract and Labor Code violations suit against LEI which was only recently settled at great cost to LEI in an amount to be proved at trial. LEI's D&O insurance policy had expired earlier in the year. Because of numerous claims previously filed against the policy, D&O coverage could not be obtained from any carrier, which exposed the directors and corporate officers to risk.

66. After PETER LEPORT's unauthorized termination discussion alleged above, Plaintiff BARNEY, along with in-house counsel and the corporate secretary, entered PIETER's office and PIETER was asked to leave LEI's premises since they did not want PIETER to have the opportunity to cause further damage to LEI knowing he was about to be terminated. PIETER was asked to return all company property including the laptop he used, and he was given an opportunity to clean out his desk and collect his personal property. When he left, PIETER maintained confidential, proprietary, and sensitive LEI business records and trade secrets which he had previously removed from LEI in violation of both his employment agreement and California law. PIETER even unlawfully disclosed confidential, proprietary, and sensitive LEI financial information to prospective employers and others without LEI's consent and in violation of California law. LEI staff also then discovered that PIETER

was not recording his time out of the office (vacation and other leave) in the company's payroll management software though he was the CFO and responsible for overseeing financial matters of this nature. For example, PIETER took approximately three weeks off when his child was born which was not recorded. This intentional failure to record his time off, for which he was not entitled to be paid, caused further damages to LEI for which PIETER has never accounted to LEI. PIETER also then demanded that PETER LEPORT honor his personal agreement to pay his $200,000 bonus, which PETER LEPORT had earlier orchestrated to line his and his sister's pockets, but PETER LEPORT refused to do so which caused PIETER to sue LEI to recover his bonus which in turn caused LEI to suffer hundreds of thousands of dollars in attorney's fees to defend the action against LEI, during which PETER LEPORT repeatedly refused to honor his representations to PIETER and the Board.

67. PIETER was terminated not only because of his self-dealing, fraud and breach of fiduciary duties to LEI in relation to his own employment/retention agreement, but also because of other business matters demonstrating intentional mismanagement in which he was involved, all causing compensatory and other damage to LEI and Plaintiff BARNEY as a shareholder. These other business matters included, but were not limited to, each of the following:

A) His intentional mismanagement of the Leeds notes which resulted in the two Leeds lawsuits.

B) His intentional mismanagement of the sale of the Solano Beach school and a subsequent lease at a significantly higher rent.

C) His intentional mismanagement by failing to obtain consent before making loans to a company known as Cobble Hill, LLC and, further, the absence of any documentation pertaining to these loans.

D) His intentional mismanagement in the handling of the removal of RAY and two other executives, leaving LEI without a leader except for himself.

E) His intentional mismanagement in failing to obtain lien releases from contractors.

F) His intentional breaches of fiduciary duties and mismanagement as CFO regarding the increase in Defendant MONICA LEPORT's compensation as a predicate of his June 23, 2016 "new" employment/ retention agreement, which agreement violated the

Leeds notes and the April 2016 BARNEY note as well as creating further financial distress for an already floundering organization.

G) His intentional breaches of fiduciary duties in obtaining the 2016 Leeds loans when these loans were available at a much lower interest rate from Plaintiff BARNEY.

H) His intentional breaches of fiduciary duties by fraudulently reporting his time off that was neither approved nor reported in the LEI company records.

I) His intentional mismanagement with respect to payments of the contractor(s) for LEI's Brooklyn, New York school, which resulted in an overpayment of $400,000 to $800,000.

J) His intentional mismanagement with respect to ensuring that tax withholding for some immigrant personnel working for LEI was correctly processed.

III. GENERAL ALLEGATIONS RELATING TO CLAIMS FOR RELIEF AGAINST THE GIRN DEFENDANTS

68. Critical to LEI's success was that it hired, trained and developed talented key executives who were loyal to LEI and its mission to provide quality education to its students. Without such key executives LEI's ability to function and its value would be severely diminished.

GIRNS' Employment Contracts

69. RAY and REBECCA were each employed by LEI during 2015 and 2016 pursuant to a written "Executive Employment Agreement." Each of their contracts contained the following material terms:

> **5. Confidential Information.**
>
> **(a)** The Executive agrees not to disclose, either while in the Company's employ or at any time thereafter, to any person not employed by the Company, or not engaged to render services to the Company, any confidential information obtained while in the employ of the Company, including, without limitation, any of the Company's inventions, processes, methods, curriculum, training programs, student, family or customer lists, or trade secrets; provided, however, that the provisions of this Section shall not preclude the Executive: (1) from disclosing such information to the Executive's professional tax advisor or legal counsel solely to the extent necessary to the rendering of their professional services to the Executive if such individuals agree to keep such information confidential; and (2) from use or disclosure of

information known generally to the public or from disclosure required by law or court order.

6. Intellectual Property.

(a) Work for Hire. Executive understands and agrees that, to the extent permitted by law, all work, curriculum, textbooks, educational or pedagogical materials, manipulatives, written work product, handouts, assessments, lesson plans or notes, audio-visual materials, marketing materials or strategic documents, materials defining or relating to educational philosophy, documents of educational methods, papers, reports, documentation, drawings, images, product ideas, service ideas, photographs, negatives, tapes and masters therefor, computer programs including their source code and object code, prototypes and other materials (collectively, "Work Product"), including, without limitation, any and all such Work Product generated and maintained on any form of electronic media, that Executive generates, either alone or jointly with others, during employment with Company will be considered a "work made for hire," and ownership of any and all copyrights in any and all such Work Product will belong to Company. In the event that any portion of the Work Product should be deemed not to be a "work made for hire" for any reason, Executive hereby assigns, conveys, transfers and grants, and agrees to assign, convey, transfer and grant to Company all of Executive's right, title, and interest in and to the Work Product and any copyright therein, and agrees to cooperate with Company in the execution of appropriate instruments assigning and evidencing such ownership rights. Executive hereby waive any claim or right under "droit moral" or moral rights to object to Company's copyright in or use of the Work Product. Any Work Product not generally known to the public shall be deemed Confidential Information and shall be subject to the use and disclosure restrictions herein.

(b) Inventions. Executive hereby assigns and agrees to assign to Company all of Executive's right, title, and interest in and to any discoveries, inventions and improvements (each, an "Invention," and collectively, "Inventions"), whether patentable or not, that Executive makes, conceives or suggests, either alone or jointly with others, in the course of the Executive's employment with the Company. Any Invention that was made, conceived or suggested by Executive, either solely or jointly with others, within four (4) months following the Executive's Termination Date and that pertains to any Confidential Information or business activity of Company will be irrebuttably presumed to have been made, conceived or suggested in the course of Executive's employment and with the use of the time, materials or facilities of Company. Any Invention not generally known to the public shall be deemed Confidential Information and shall be subject to the use and disclosure restrictions herein.

> **12. Non-Solicitation of Employees.** During the term of the Executive's employment with the Company and for a period of 24 months following the Executive's Termination Date, the Executive shall not directly or indirectly solicit any other employee of the Company to terminate his or her employment with the Company.

RAY and REBECCA Unfairly Attempt To Extort Control Of LEI

70. In or about the summer of 2015, RAY and REBECCA formed an agreement and conspiracy to wrest control of LEI from its shareholders, pursuant to which, on December 6, 2015, RAY, in consultation with REBECCA, sent a letter to LEI's Board of Directors demanding that he be permitted to assume total control of LEI. Plaintiff is informed and believes that the 2015 Board of Directors members were PETER LEPORT, RAY, REBECCA, Guy Barnett, Cornelia Lockitch and Lindsay Journo.

71. On December 18, 2015, while he was still Chief Executive Officer of LEI, RAY proposed to reallocate the share of profits of LEI from its shareholders to himself by proposing that an entity owned and controlled by him would manage and control the schools owned by LEI, and that he be paid an exorbitant management fee for operating the schools. RAY also proposed to LEI's Board of Directors that LEI transfer all of LEI's intellectual property to this management company. RAY demanded that this proposal be presented to all of LEI's employees. A shareholders' meeting was held on February 1, 2016, at which a new Board of Directors was voted into office. The members were PETER LEPORT, MONICA, Jesse McCarthy, FRANCISCO, Keith Schacht, and Pari Schacht. LEI's new Board of Directors rejected Ray's proposal of December 18, 2015.

GIRN Defendants' Ongoing Conspiracy to Form an Unfairly Competitive Business and Unlawfully Solicit LEI's Employees

72. After LEI's Board of Directors rejected the above proposal, RAY and REBECCA further agreed and conspired that they would, while CEO and General Counsel respectively, unlawfully, unethically, and unfairly solicit LEI employees to terminate their employment with LEI to join them in a new business they would form to unfairly, illegally, unethically and in violation of their employment agreements compete with LEI, with the intention of crippling or putting LEI out of business and taking their students, and with the intention of buying from LEI the NOVA schools

which they had previously orchestrated be purchased by LEI at great expense and despite the fact that LEI could not afford to do so. Pursuant to this conspiracy, RAY expressly threatened LEI that he would solicit key employees of LEI to join a new entity (HGE) that he would form to compete with LEI, despite the express non-solicitation clause in his employment agreement.

73. Before and after the termination of their employment with LEI, RAY and REBECCA unfairly and unlawfully used confidential and private information, consisting of contact information, salary and benefits information, and job descriptions, to solicit and induce LEI's key executives and other employees to resign their employment with LEI and to join them in a new venture in competition with LEI. RAY and REBECCA were successful in part because RAY had curried favor with select employees and key executives of LEI by intentionally providing them outrageously high salary increases at the expense of LEI. Pursuant to RAY's and REBECCA's agreement and conspiracy and unfair business practices, in three years, Ray increased the payroll burden 193% with a total increase of $977,445 for 11 of his favorite executives (the "Girn Group") while not increasing the salaries of other employees.

74. On or about January 23, 2016, while still employed as LEI's Chief Executive Officer, and in concert with REBECCA, RAY submitted to LEI a document wherein he proposed for himself and the LEI employees that he had successfully recruited (the Girn Group). In this document RAY proposed the following:

- That the members of the Girn Group formally resign as directors of the company;
- That the Girn Group resign as officers and employees of the company with two weeks' notice for RAY and REBECCA;
- That LEI pay each member of the Girn Group four months' severance and/or LEI pay to the Girn Group one full month's severance for each full year or partial year that each had been employed;
- That until the Girn Group shares were repurchased, each member of the group would receive monthly their current salary after the base severance is complete;
- That children of the Girn Group and children of existing LEI staff who joined the Girn Group (or a business started by the Girn Group) (up to 15 students) would continue to receive tuition discounts through June 2017;
- That the Girn Group would be permitted to compete and to engage in any business opportunity including, without limitation, any projects for which LEI has not submitted an LOI, or which LEI has affirmatively declined to pursue, such as the prospective Arlington campus;

- That the Girn Group would not open a school campus within ten miles of an existing LEI school for one year; and within five miles of an existing LEI campus for two years;
- That the Girn Group for two years will not directly solicit existing enrolled families of LEI for enrollment;
- That the Girn Group would be permitted to solicit up to eight staff members of LEI, to be specified, to join them in such solicitation containing the following terms:
    a) Up to four of these employees may join the Girn Group with two weeks' notice;
    b) Up to two of them may join with one month's notice;
    c) Up to two of them may join with two months' notice; and
    d) Prior to solicitation of eight employees, the Girn Group would provide 48 hours prior notice to Dr. LePort.
- That until September 1, 2016, other than the eight employees referred to above, the Girn Group will not solicit any additional existing LEI corporate level staff;
- That the Girn Group will not solicit any campus-level staff (other than if such staff is included in the eight employees referred to above) until after July 1, 2017;
- That members of the Girn Group shall not constitute part of the eight employees above;
- That notwithstanding all of the foregoing, any general solicitation for hiring or the independent solicitation of a LEI employee of the Girn Group shall not be deemed to be a violation of such restriction;
- That the Girn Group would individually retain certain intellectual property of LEI;
- That the Girn Group would have access to all of the plans and work product related to the design, construction and approval of the Arlington campus;
- That LEI agree to a specific share buy-back of stock arrangement for RAY's stock;
- That LEI agree to an arrangement that provides for an escalating value to the shares as time elapses;
- That the Girn Group have pre-emptive rights and the right of exercise of such shares in connection with a purchase of Girn Group Shares;
- That each party would be responsible for its/their own legal costs and fees; and
- That each party would have all rights to indemnification to the fullest extent of the law.

LEI's Board of Directors rejected these extortionist and coercive proposals.

75. At the instigation of RAY and REBECCA, during December 2015 and January 2016, the Girn Group had discussions with a number of LEI's employees explaining their proposed new company and the opportunities that it represented. After these discussions, additional employees of LEI joined e-mail threads regarding the proposed new company, including Cornelia Lockitch, Maris Mendes and Joel Mendes, all of whom ultimately resigned their employment with LEI and accepted immediate employment with HGE.

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LEI Terminates RAY's Employment and REBECCA Immediately Resigns

76. At the February 2, 2016 meeting of LEI's Board of Directors, RAY was terminated for his unlawful, unethical, unfair, immoral, extortionist and illegal conduct.

77. Shortly after RAY was terminated and REBECCA resigned as General Counsel with no reasonable notice, they conducted weekly evening meetings with LEI's employees whom RAY and REBECCA had solicited prior to their terminations, and who were considering joining their new venture.

78. After February 2, 2016 several Girn Group members resigned, most only providing LEI with two to four weeks' notice. All had been offered employment at HGE by RAY and REBECCA, consistent with their pre-termination plan to take LEI's leadership and pre-termination solicitation of that LEI leadership. These employees constituted the majority of LEI's executive team upon whom LEI relied for its success.

79. RAY and REBECCA encouraged these executives and other employees of LEI to only give short notice to LEI in connection with their resignation. As a result of these resignations on short notice, LEI was unable to promptly replace the key employees resulting in LEI's operations being severely hampered.

80. In February 2016 REBECCA worked to set up payroll, health insurance and other aspects of the new venture to make it possible for people to transition their employment from LEI to HGE without a lapse in pay or benefits based on the confidential information she had concerning these employees.

RAY and REBECCA Continue to Unfairly Solicit Key Executives of LEI to Resign in order to Accept Employment with HGE

81. In or about mid-February 2016 LEI attempted to convince employees who had not yet resigned their employment with LEI to remain with LEI. In response, on February 22, 2016 RAY sent an e-mail to the Girn Group unfairly, unethically, and unlawfully disparaging, defaming and libeling LEI, and arguing why people should not be swayed by LEI's efforts. RAY proposed that employees resign their employment with LEI and if they felt the need to assist LEI that they should contract their work for LEI as consultants.

82. On February 23, 2016, the GIRN Defendants, through an HGE employee and former employee of LEI, sent an e-mail to the Girn Group wherein they attempted to dissuade the Girn Group from even assisting LEI in the capacity of consultants. On February 22, 2016 LEI's employee, Heike Larson, sent an e-mail to RAY informing him that she would not be joining the new venture and instead would remain in LEI's employment for the foreseeable future. RAY responded to this e-mail wherein he attempted to convince Ms. Larson to resign from her employment with LEI and, if she so desired, work for LEI as a consultant rather than as a full-time employee. RAY encouraged Ms. Larson to make it clear that she "stood with the Girn Group" even if she was willing to continue working for LEI for several more months.

83. Ultimately, at least 20 LEI employees resigned and accepted positions with HGE, including most key executives, which was immensely detrimental to LEI especially because it occurred during a critical time of the year during the middle of re-enrollment and the hiring season, and because LEI had to manage the acquisition of newly acquired NOVA schools which caused LEI and Plaintiff damages of not less than $24 million.

GIRNS' Illegal Hiring of Undocumented Workers

84. Prior to the departure of RAY and REBECCA, in her capacity as head of human resources of LEI, and with the knowledge and approval of RAY, REBECCA caused LEI to hire at least four employees whom she and RAY knew were not legally authorized to work in the United States, exposing LEI to criminal penalties under 8 U.S.C. § 1324(a). REBECCA and RAY attempted to conceal this unlawful conduct by paying the undocumented employees in gift cards and cash in lieu of a salary, paying the legal spouse of an undocumented employee instead of the employee himself, and clandestinely paying at least one of the employees out of an ostensible bonus payment to another employee.

85. In the case of at least one of the employees, the unlawful compensation arrangement appears to have lasted a year or more. Due to this concealment, the other members of LEI's Board of Directors and senior management were unaware of this misconduct, which came to light as part of a due diligence process for a financing transaction with Leeds.

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86. Leeds therefore alleged that these immigration-related violations caused LEI to be in default under a certain August 19, 2015 Note Purchase Agreement between the parties ("NPA") and an event of default under the Convertible Senior Secured Note ("Note") issued thereunder, as well as several amendments to the NPA and the Note, in which Defendants caused LEI to breach a series of representations contained in the NPA and amendments. As a result of Defendants' violations, LEI incurred costs and fees in connection with two lawsuits commenced by Leeds. LEI also was forced to obtain a bridge loan due to delays in obtaining longer term financing caused by the discovery of Defendants' illegal and unauthorized actions, and to conduct an I-9 investigation.

87. As a direct result of the hiring of undocumented employees LEI faces potential exposure of millions of dollars for illegal hiring practices, income tax violations, stock grants, tuition discounts and visa refunds.

GIRN Defendants' Conspiratorial Misappropriation of LEI's Trade Secret, Confidential and Proprietary Information During and After Their Employments Ended.

88. At great expense, LEI has developed a substantial amount of trade secret and other confidential and proprietary information that affords LEI a competitive edge in its industry. This information includes, but is not limited to curriculum, textbooks, educational or pedagogical materials, manipulatives, written work product, handouts, assessments, lesson plans or notes, audio-visual materials, marketing materials or strategic documents, materials defining or relating to educational philosophy, documents of educational methods, papers, reports, documentation, drawings, images, product ideas, service ideas, photographs, negatives, tapes and masters therefor, computer programs including their source code and object code, prototypes and other materials.

89. RAY and REBECCA conspired and intentionally misappropriated LEI's proprietary and trade secret information. Specifically, on January 21, 2016, while still the Chief Executive Officer of LEI, RAY sent an e-mail from his personal e-mail account, raygirn@gmail.com, to the personal e-mail accounts of numerous employees of LEI, including Jane Erickson jane.erickson99@gmail.com, Lindsay Journo lindsayjourno@gmail.com, Heike Larson heikelarson@gmail.com, Nicole St. Pierre nnstpierre@gmail.com, Guy Barnett guyusj@hotmail.com and REBECCA rebecca.girn@gmail.com, with instructions on how to export Google App data to an

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external hard drive wherein RAY stated: "Hi all, Here's a link on how you can easily archive all your google app data (email, drive, etc.) to an external hard drive: https://support.google.com/accounts/answer/3024190. Ray."

90. Another Girn Group employee replied to all recipients of RAY's January 21, 2016 e-mail wherein he stated: "I've also ordered a huge external drive, arriving Friday, that will let me archive everything on Dropbox. I might coordinate with some of you to get access to things that I might be missing."

91. Pursuant to the above-described conspiracy, the GIRN Defendants downloaded LEI's trade secret, confidential and proprietary information and converted it to their own use and continue to use this information in direct competition with LEI.

92. The GIRN Defendants have breached the confidentiality and assignment provisions of their employment agreements by retaining and misusing LEI's confidential, proprietary and trade secret information in connection with establishing HGE, their competing venture. Without LEI's authorization, the GIRN Defendants are using LEI's confidential, proprietary and trade secret information to their unfairly competitive advantage.

REBECCA GIRN's Professional Miconduct

93. As General Counsel for LEI, REBECCA was charged with the responsibility of completing the task of converting LEI from a California corporation to a Delaware corporation. During May 2014 REBECCA filed a certificate of incorporation in Delaware for the new Delaware corporation and filed a certificate of dissolution of LEI in California. However, REBECCA knowingly made several false statements in the certificate, including, but not limited to, the statement that the Board of Directors of LEI had authorized the dissolution. As a result of this misconduct, LEI's assets never properly transferred or vested in the Delaware entity. REBECCA concealed this from LEI's Board of Directors and other members of senior management.

94. As a result, Leeds alleged that LEI's representations and warranties concerning its corporate existence and authorized capital stock were false. As a consequence, LEI incurred costs in connection with two lawsuits commenced by Leeds and wherein Leeds alleged that LEI was liable for default interest on the aggregate principal amount the Note and amendments thereto at an annual rate

of 20%, attorney's fees and transaction costs. Plaintiffs learned of these damages within two years of filing this action.

95. REBECCA managed LEI's human resources activities. REBECCA knowingly and intentionally facilitated illegal activity in hiring and improperly paying employees lacking the required immigration status, instead of informing officers and directors of LEI who were not involved in the scheme. Her actions exposed LEI to criminal liability under federal law and caused LEI to breach representations made by it in the Leeds NPA, which representations REBECCA had reviewed and approved in her position as LEI's General Counsel. LEI has incurred approximately $1.2 million in costs in attempting to remedy the problem created by REBECCA, and costs continue to accrue.

96. REBECCA, herself, intentionally negotiated RAY's and her own employment agreements with LEI in direct conflict with her duties to LEI as General Counsel.

97. REBECCA advised PETER LEPORT on the transfer of LEI's shares owned by Dr. LePort to RAY, her husband, in direct conflict with her duties to LEI as its General Counsel.

98. REBECCA prepared inter-company agreements without the requisite shareholder approvals.

99. REBECCA was responsible for the termination of Jason Monaghan's employment with LEI resulting in a discrimination lawsuit against LEI.

100. As a direct result of REBECCA's professional negligence within two years of the filing of this action, LEI has incurred costs and suffered damages in excess of $2 million, excluding the amount for the illegal hiring set forth above.

Improper Lukas Pieter Option Agreement

101. In her capacity as head of human resources for LEI, REBECCA included an option grant in LEI's employment offer to Lukas Pieter. This option grant constituted a breach of LEI's loan agreement with Leeds and triggered $400,000 in additional interest plus fees and legal expenses of approximately $1 million in damages which accrued within two years of the filing of this action.

GIRN Defendants' Wrongful Acquisition of NOVA Schools

102. Pursuant to their ongoing conspiracy and unfair business practices, in November 2015, RAY and his key executives convinced PETER LEPORT and LEI to agree to the purchase of seven

NOVA schools for the purchase price of approximately $7 million. In December 2015, RAY announced that the deal had concluded even though he and REBECCA knew LEI did not have the financial ability to carry these additional schools especially if and when they left LEI and stole its key employees.

103. RAY ominously threatened BARNEY that he would one day get the NOVA schools for a song. In keeping with this threat, after approximately 12 months of machinations and negotiations, and in order to mitigate the ongoing damages the GIRN Defendants have caused to LEI, including massive losses of operating those schools from the GIRNS' departure and wrongful actions in early 2016 through the present, within the last 30 days, LEI was forced to sell the NOVA schools to the GIRN Defendants for no cash consideration but merely assumption of certain liabilities, which resulted in significant damages to LEI in excess of $7 million. The GIRN Defendants therefore accomplished their mission and conspiracy in recent weeks.

FIRST CAUSE OF ACTION

(Breach of Contract and Implied Covenant of Good Faith and Fair Dealing Against PIETER, PETER LEPORT, RAY and REBECCA)

104. Plaintiff BARNEY repeats and realleges all of the allegations contained in Paragraphs 1 through 104, inclusive, hereinabove and by reference thereto incorporates them herein as though set forth in full.

105. RAY, REBECCA, PETER LEPORT and PIETER entered into written employment and shareholder agreements with LEI wherein they expressly agreed that during and after their employment with LEI they would not disclose LEI's confidential information to persons not employed by or engaged by LEI, that all intellectual property that they developed while employed by LEI was the property of LEI, that all inventions that they developed were the property of LEI, and that they would not solicit employees of LEI for a period of two years after the cessation of their employment with LEI.

106. LEI has performed all of its obligations under these contracts except for those that are excused because of said Defendants' conduct and prior breaches.

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107. Said Defendants, and each of them, breached the provisions of their employment and shareholder agreements with LEI, including the implied covenant of good faith and fair dealing therein, by soliciting LEI's employees to terminate their employment with LEI on short notice and to work for HGE in competition with LEI, and by surreptitiously downloading and converting to their own use and HGE's use LEI's trade secret and other confidential and proprietary information.

108. As a direct and proximate result of Defendants' breaches of their employment contracts LEI and Plaintiff BARNEY have been damaged in an amount to be proven at trial, but in no event less than $24 million.

109. Wherefore, Plaintiff BARNEY prays for judgment as stated hereinafter.

SECOND CAUSE OF ACTION

(Breach of Fiduciary Duty and Abetting Breach of Fiduciary Duty Against All Defendants except HGE)

110. Plaintiff repeats and realleges all of the allegations contained in Paragraphs 1 through 104, inclusive, hereinabove and by reference thereto incorporates them herein as though set forth in full.

111. RAY, the LEPORT Defendants and PIETER, as shareholders, corporate officers and directors, owed LEI and Plaintiff BARNEY fiduciary duties, including the duties of care and loyalty. REBECCA, as General Counsel also owed fiduciary duties to LEI.

112. During said Defendants' tenures as officers, directors and General Counsel of LEI, said Defendants, and each of them, violated their fiduciary duty of loyalty to LEI and Plaintiff BARNEY, and aided and abetted each other, by engaging in the acts and omissions alleged hereinabove.

113. As a direct and proximate result of said Defendants' breaches of fiduciary duties, and aiding and abetting one another in so doing, LEI and Plaintiff BARNEY were harmed and damaged in an amount to be proven at trial but in no event in an amount less than $24 million.

114. Said Defendants' conduct was a substantial factor in causing LEI's and Plaintiff BARNEY's harm and damages.

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115. The above-described conduct by said Defendants was committed maliciously, fraudulently and oppressively, in bad faith, and in conscious disregard of the rights of LEI within the meaning of California Civil Code section 3294. Thus, Plaintiff BARNEY is entitled to recover punitive damages against said Defendants, and each of them, in an amount sufficient to punish and make an example of said Defendants.

116. WHEREFORE, Plaintiff BARNEY prays for judgment against said Defendants as hereinafter set forth.

THIRD CAUSE OF ACTION

(Misappropriation of Trade Secrets and Violation of Trade Secrets Act

Against PIETER and GIRN Defendants)

117. Plaintiff repeats and realleges all of the allegations contained in Paragraphs 1 through 104, inclusive, hereinabove and by reference thereto incorporates them herein as though set forth in full.

118. Through expenditure of funds and labor LEI developed and owns trade secrets, including, but not limited to, employee lists and personal information, customer information, educational policies, practices and procedures, and pricing information, as more particularly alleged above (collectively, "Trade Secrets").

119. The Trade Secrets are not known outside of LEI.

120. The Trade Secrets are difficult for others to properly acquire or independently duplicate.

121. The Trade Secrets have actual independent economic value because they are not generally known and they allow LEI to have a competitive advantage in its industry.

122. LEI undertook reasonable efforts to keep the Trade Secrets secret, including, *inter alia*, requiring employees to sign employment agreements that contain the provisions set forth above.

123. The Trade Secrets were necessarily disclosed to PIETER and the GIRN Defendants in the course and scope of their employment with LEI after each Defendant signed agreements to maintain them confidential.

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124. Said Defendants, and each of them, have misappropriated LEI's Trade Secrets, and are using the Trade Secrets in direct completion with LEI for their own economic benefit and/or the economic benefit of HGE.

125. HGE acquired LEI's Trade Secrets by improper and illegal means, as alleged above. LEI is informed and believes and thereon alleges that HGE is using LEI's Trade Secrets in violation of LEI's rights.

126. As a direct and proximate result of said Defendants' misappropriation of LEI's Trade Secrets LEI and Plaintiff BARNEY were injured and harmed in an amount to be proven at trial, but in no event in an amount less than $10 million.

127. Said Defendants' conduct was a substantial factor in causing LEI's and Plaintiff BARNEY's harm.

128. Plaintiff BARNEY is entitled to an injunction pursuant to California Civil Code Section 3426.2(a) enjoining said Defendants from further use of LEI's Trade Secrets.

129. Defendants have been and continue to be unjustly enriched as a result of using LEI's Trade Secrets, and therefore said Defendants, including HGE, should be required to disgorge all profits derived from said conduct pursuant to California Civil Code Section 3426.3(a).

130. Alternatively, Plaintiff BARNEY should be awarded royalty payments for said Defendants' use of its Trade Secrets pursuant to California Civil Code Section 3426.2(a).

131. Defendants' misappropriation of LEI's Trade Secrets was willful and malicious within the meaning of California Civil Code section 3426.3(c). Therefore, Plaintiff BARNEY is entitled to recover punitive damages against Defendants, and each of them, in accordance with California Civil Code section 3426.3(c) in an amount sufficient to punish and make an example of said Defendants.

132. WHEREFORE, Plaintiff BARNEY prays for judgment as stated hereinafter.

FOURTH CAUSE OF ACTION

(Conversion Against GIRN Defendants and PIETER)

133. Plaintiff BARNEY repeats and realleges all of the allegations contained in Paragraphs 1 through 104, inclusive, hereinabove and by reference thereto incorporates them herein as though set forth in full.

134. Pursuant to California Labor Code Section 2860 "Everything which an employee acquires by virtue of his employment, except the compensation which is due to him from his employer, belongs to the employer, whether acquired lawfully or unlawfully, or during or after the expiration of the term of his employment."

135. LEI holds exclusive title to Trade Secrets, confidential and proprietary information, as alleged above, and has an immediate right to exclusive possession of same.

136. Secretly and without LEI's knowledge or consent the GIRN Defendants and PIETER, and each of them, intentionally and substantially interfered with LEI's property by downloading and copying from LEI's computer systems LEI's Trade Secrets, confidential and proprietary information, and converted the same to their own use and economic benefit in direct competition with LEI.

137. HGE acquired LEI's Trade Secrets, confidential and proprietary information through improper and illegal means in violation of LEI's rights and is using same in violation of LEI's exclusive rights. HGE has been and continues to be unjustly enriched as a result of using Trade Secrets, confidential and proprietary information, and therefore HGE should be required to disgorge all profits derived from said conduct.

138. LEI and Plaintiff BARNEY have demanded that said Defendants cease and desist from continuing to use LEI's Trade Secrets, confidential and proprietary information, but said Defendants refuse to do so.

139. As a direct and proximate result of conversion of LEI's Trade Secrets, confidential and proprietary information LEI and Plaintiff BARNEY were harmed in an amount to be proven at trial, but in no event in an amount less than $10 million.

140. Said Defendants' conduct was a substantial factor in causing LEI's and Plaintiff BARNEY's harm.

141. The above-described conduct by said Defendants was committed maliciously, fraudulently and oppressively, in bad faith, and in conscious disregard of the rights of LEI within the meaning of California Civil Code section 3294. Thus, Plaintiff BARNEY is entitled to recover punitive damages against said Defendants, and each of them, in an amount sufficient to punish and make an example of said Defendants.

142. WHEREFORE, Plaintiff BARNEY prays for judgment as stated hereinafter.

FIFTH CAUSE OF ACTION

(Tortious Interference with Contractual Relations Against GIRN Defendants)

143. LEI repeats and realleges all of the allegations contained in Paragraphs 1 through 104, inclusive, hereinabove and by reference thereto incorporates them herein as though set forth in full.

144. In 2015 and 2016 written employment contracts existed between LEI and the following persons, among others:

a) Jane Erickson

b) Lindsay Journo

c) Cornelia Lockitch

d) Maris Mendes

e) Nicole St. Pierre

f) Elan Walshe

g) Guy Barnett

h) Matt Bateman

145. The GIRN Defendants, and each of them, knew of the above referenced contracts.

146. By their conduct as alleged above, said Defendants intentionally and willfully interfered with the contractual relations between LEI and its aforementioned employees, thereby preventing performance of the contracts.

147. Said Defendants intended to disrupt the performance of the aforementioned contracts.

148. The GIRN Defendants have been and continue to be unjustly enriched as a result of said Defendants' tortious interference with LEI's contractual relations, and therefore said Defendants should be required to disgorge all profits derived from said conduct.

149. As a direct and proximate result of said Defendants' tortious interference with LEI's contractual relations LEI and Plaintiff BARNEY were harmed in an amount to be proven at trial but in no event in an amount less than $10 million.

150. Said Defendants' conduct was a substantial factor in causing LEI's and Plaintiff BARNEY's harm.

151. The above-described conduct by said Defendants was committed maliciously, fraudulently and oppressively, in bad faith, and in conscious disregard of the rights of LEI within the meaning of California Civil Code section 3294. Thus, Plaintiff BARNEY is entitled to recover punitive damages against said Defendants, and each of them, in an amount sufficient to punish and make an example of said Defendants.

152. WHEREFORE, Plaintiff BARNEY prays for judgment as stated hereinafter.

SIXTH CAUSE OF ACTION

(Intentional Interference with Prospective Economic Advantage Against GIRN Defendants)

153. Plaintiff BARNEY repeats and realleges all of the allegations contained in Paragraphs 1 through 104, inclusive, hereinabove and by reference thereto incorporates them herein as though set forth in full.

154. The following LEI employees, among others, were in an economic relationship that would have resulted in a continuing and prospective economic benefit to LEI:

a) Jane Erickson
b) Lindsay Journo
c) Cornelia Lockitch
d) Maris Mendes
e) Nicole St. Pierre
f) Elan Walshe
g) Guy Barnett
h) Matt Bateman

155. The GIRN Defendants, and each of them, knew of these economic relationships.

156. By their conduct as alleged above, the GIRN Defendants intended to and did disrupt these economic relationships.

157. Said Defendants' conduct was independently wrongful because they committed the acts in violation of their Executive Employment Agreements and in breach of their duty of loyalty owed to LEI.

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158. Said Defendants have been and continue to be unjustly enriched as a result of said Defendants' intentional interference with LEI's prospective economic advantage, and therefore said Defendants should be required to disgorge all profits derived from said conduct.

159. As a direct and proximate result of said Defendants' intentional interference with LEI's prospective economic advantage LEI and Plaintiff BARNEY were harmed in an amount to be proven at trial, but in no event in an amount less than $10 million.

160. Said Defendants' conduct was a substantial factor in causing LEI's and Plaintiff BARNEY's harm.

161. The above-described conduct by said Defendants was committed maliciously, fraudulently and oppressively, in bad faith, and in conscious disregard of the rights of LEI within the meaning of California Civil Code section 3294. Thus, Plaintiff BARNEY is entitled to recover punitive damages against Defendants, and each of them, in an amount sufficient to punish and make an example of said Defendants.

162. WHEREFORE, Plaintiff BARNEY prays for judgment as stated hereinafter.

SEVENTH CAUSE OF ACTION

(Legal Malpractice Against REBECCA)

163. Plaintiff LEI repeats and realleges all of the allegations contained in Paragraphs 1 through 104, inclusive, hereinabove and by reference thereto incorporates them herein as though set forth in full.

164. At all times relevant to this action REBECCA was General Counsel to LEI.

165. In acting as General Counsel for LEI REBECCA owed a duty to Plaintiff LEI to use such skill, prudence, and diligence as other members of her profession commonly possess and exercise.

166. REBECCA breach her duty owed to Plaintiff LEI by negligently, carelessly and recklessly committing the acts and omissions alleged above.

167. As a direct and proximate cause of the breach of REBECCA's duty owed to Plaintiff LEI LEI was harmed in an amount to be proven at trial, but in no event in an amount less than $10 million.

168. WHEREFORE, Plaintiff LEI prays for judgment as stated hereinafter.

EIGHTH CAUSE OF ACTION

(Unfair Competition/Business Practices – Violation of Business & Professions Code Sections 17200, Et Seq. Against All Defendants)

169. Plaintiff BARNEY repeats and realleges all of the allegations contained in Paragraphs 1 through 104, inclusive, hereinabove and by reference thereto incorporates them herein as though set forth in full.

170. California Business Code Section 17200 prohibits any unlawful, unfair, unethical, immoral or fraudulent business act or practice.

171. The aforementioned conduct of Defendants, and each of them, alleged above constitutes acts of unfair competition, as defined by Business & Professions Code Sections 17200, *et seq*. for which they should be ordered to restore to Plaintiff BARNEY all ill-gotten profits and make restitution to Plaintiff of all amounts by which they profited from their illegal actions.

172. LEI and Plaintiff BARNEY are entitled to a temporary restraining order, preliminary injunction and permanent injunction enjoining Defendants from, among other things, continuing to solicit LEI's employees and from using LEI's Trade Secrets and confidential and proprietary information.

173. WHEREFORE, Plaintiff BARNEY prays for judgment as stated hereinafter.

NINTH CAUSE OF ACTION

(Disgorgement of Salary and Benefits Against RAY and REBECCA for Violation of Labor Code Section 2863)

174. Plaintiff BARNEY repeats and realleges all of the allegations contained in Paragraphs 1 through 104, inclusive, in this Complaint and by reference thereto incorporates them herein as though set forth in full.

175. Under California law every employee owes a duty of loyalty to his or her employer.

176. California Labor Code Section 2863 provides: "An employee who has any business to transact on his own account, similar to that entrusted to him by his employer, shall always give the preference to the business of the employer."

177. Any profit made in breach of the employee's duty of loyalty belongs to the employer. *Rest.2d Agency* § 403, comment "a." This includes disgorgement of salary and benefits paid to a faithless employee while secretly competing with his employer. *Service Employees Int'l Union, Local 250 v. Colcord*, 160 Cal. App. 4th 362, 371 (2008).

178. While still employed by LEI, RAY and REBECCA conspired to and did compete with LEI. Thus, Plaintiff BARNEY is entitled to an order requiring Defendants to disgorge all salary and benefits they received from LEI from the time that they commenced competing with LEI, in an amount to be proven at trial.

179. WHEREFORE, Plaintiff BARNEY prays for judgment as stated hereinafter.

TENTH CAUSE OF ACTION

(Fraud by Intentional Misrepresentation Against Defendants RAY, PIETER and PETER LEPORT)

180. Plaintiff BARNEY specifically alleges and incorporates herein by this reference those allegations contained in paragraphs 1 through 104, inclusive, hereinabove as though fully set forth herein.

181. RAY, PIETER and PETER LEPORT intentionally misrepresented material facts as more particularly alleged hereinabove. Said Defendants knew their representations were false and made them despite knowledge of their falsity.

182. Plaintiff BARNEY and LEI reasonably and justifiably relied to their detriment on the false and fraudulent misrepresentations of said Defendants by, among other things, hiring PIETER, paying him benefits, investing in LEI, acquiring its stock, and providing loans to LEI at a favorable interest rate in the principal amount of over $20 million to LEI. Had LEI and Plaintiff BARNEY known the true facts, which were concealed by said Defendants, they would not have acted as they did.

183. Plaintiff BARNEY and LEI have sustained significant financial losses and damages as a result of said Defendants' conduct in an amount to be proved at trial, but which is not less than $5 million.

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184. The conduct of said Defendants was intentional, malicious, fraudulent, oppressive and despicable, and was designed to, and did, cause injury to Plaintiff BARNEY and LEI. Plaintiff BARNEY is therefore entitled to an award of punitive damages from said Defendants in an amount according to proof at the trial of this action in an amount to punish and deter said Defendants.

185. WHEREFORE, Plaintiff BARNEY prays for judgment as hereinafter stated.

ELEVENTH CAUSE OF ACTION

(Fraud by Intentional Concealment of Material Facts Against RAY, PIETER, PETER LEPORT, MONICA and FRANCISCO)

186. Plaintiff BARNEY specifically alleges and incorporates herein by this reference those allegations contained in paragraphs 1 through 104, inclusive, hereinabove as though fully set forth herein.

187. RAY, PIETER and the LEPORT DEFENDANTS knowingly and intentionally concealed from Plaintiff BARNEY and LEI material matters and facts as alleged hereinabove.

188. Plaintiff BARNEY and LEI reasonably and justifiably relied to their detriment on the concealment by said Defendants as alleged hereinabove.

189. As a direct and proximate result of said concealed material facts, Plaintiff BARNEY and LEI have sustained significant financial losses and damages as alleged hereinabove.

190. The conduct of said Defendants was intentional, malicious, fraudulent, oppressive and despicable, and was designed to, and did, cause injury to Plaintiff BARNEY and LEI. Plaintiff BARNEY is therefore entitled to an award of punitive damages from said Defendants in an amount according to proof at the trial of this action in an amount to punish and deter them.

191. WHEREFORE, Plaintiff BARNEY prays for judgment as hereinafter stated.

TWELFTH CAUSE OF ACTION

(Duress and Coercion Against All Defendants)

192. Plaintiff BARNEY specifically alleges and incorporates herein by this reference those allegations contained in paragraphs 1 through 104, inclusive, hereinabove as though fully set forth herein.

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193. Defendants, and each of them, intentionally used their positions of trust and superior knowledge and detrimental circumstances to force LEI, through economic duress and coercion, to act in the ways and manners alleged hereinabove.

194. As a direct and proximate result of the wrongful actions of Defendants, and each of them, LEI and Plaintiff BARNEY suffered damages and Defendants unduly profited at LEI's expense for which, under principles of equity, Defendants should be required to account to Plaintiff BARNEY and restore to it said sums by way of appropriate restitution in an amount to be proved at trial, but in excess of $24 million.

195. WHEREFORE, Plaintiff BARNEY prays for judgment against Defendants, and each of them as hereinafter stated.

IV. PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for judgment against Defendants, and each of them, as follows:

ON THE FIRST CAUSE OF ACTION

1. For compensatory and consequential damages according to proof, but in no event less than $10 million.

ON THE SECOND CAUSE OF ACTION

1. For compensatory and consequential damages according to proof, but in no event less than $24 million;
2. For an order requiring said Defendants to disgorge all salary and benefits during the time that they competed with LEI while employed by LEI, according to proof; and
3. For punitive and exemplary damages in an amount sufficient to punish and make an example of said Defendants.

ON THE THIRD CAUSE OF ACTION

1. For compensatory and consequential damages according to proof, but in no event less than $10 million;
2. For an award in addition to LEI's actual damages in the amount that said Defendants have been unjustly enriched pursuant to California Civil Code Section 3426.3(a);

3. For a temporary restraining order, preliminary injunction and permanent injunction enjoining said Defendants from further use of LEI's Trade Secrets;

4. Alternatively, for an order requiring said Defendants to pay a royalty for their past and future use of LEI's Trade Secrets;

5. For punitive and exemplary damages in an amount sufficient to punish and make an example of said Defendants pursuant to California Civil Code Section 3426.3(c).

ON THE FOURTH CAUSE OF ACTION

1. For compensatory and consequential damages according to proof, but in no event less than $10 million;

2. For an order requiring Defendants to disgorge all salary and benefits during the time that they competed with LEI while employed by LEI, according to proof; and

3. For punitive and exemplary damages in an amount sufficient to punish and make an example of said Defendants.

ON THE FIFTH CAUSE OF ACTION

1. For compensatory and consequential damages according to proof, but in no event less than $24 million;

2. For an order requiring said Defendants to disgorge all salary and benefits during the time that they competed with LEI while employed by LEI, according to proof; and

3. For punitive and exemplary damages in an amount sufficient to punish and make an example of said Defendants.

ON THE SIXTH CAUSE OF ACTION

1. For compensatory and consequential damages according to proof, but in no event less than $24 million;

2. For an order requiring said Defendants to disgorge all salary and benefits during the time that they competed with LEI while employed by LEI, according to proof; and

3. For punitive and exemplary damages in an amount sufficient to punish and make an example of said Defendants.

/ / /

ON THE SEVENTH CAUSE OF ACTION

1. For compensatory damages according to proof, but in no event less than $2 million.

ON THE EIGHTH CAUSE OF ACTION

1. For a temporary restraining order, preliminary injunction and permanent injunction enjoining said Defendants from continuing to solicit LEI's employees and from using LEI's Trade Secrets and confidential and proprietary information.
2. For restitution in an amount according to proof.

ON THE NINTH CAUSE OF ACTION

1. For an order requiring said Defendants to disgorge all salary and benefits during the time that they competed with LEI while employed by LEI, according to proof.

ON THE TENTH CAUSE OF ACTION

1. For compensatory and consequential damages according to proof, but in no event less than $10 million.
2. For punitive and exemplary damages in an amount sufficient to punish and make an example of said Defendants.

ON THE ELEVENTH CAUSE OF ACTION

1. For compensatory and consequential damages according to proof, but in no event less than $10 million.

ON THE TWELFTH CAUSE OF ACTION

1. For damages or restitution according to proof, but in no event less than $24 million;
2. For an accounting from Defendants as to all amounts unlawfully obtained by them from LEI while employed by LEI.

ON ALL CAUSES OF ACTION

1. For prejudgment interest at the maximum legal rate;
2. For costs of suit incurred herein, including attorney's fees as provided for by statute, case law and/or agreement of the parties; and

/ / /

/ / /

3 For such other and further relief as this Court deems just and proper.

Dated: August 26, 2021 JACKSON LEWIS P.C.

By _____
Jonathan D. Kent, Counsel for Plaintiff

DEMAND FOR JURY TRIAL

1. Plaintiffs demand a trial by jury.

Dated: August 26, 2021 JACKSON LEWIS P.C.

By _____
Jonathan D. Kent, Counsel for Plaintiff

PROOF OF SERVICE

SUPERIOR COURT FOR THE STATE OF CALIFORNIA, COUNTY OF ORANGE

CASE NAME: ***BARNEY* v. *PIETER, et al.***

CASE NO.: **30-2018-01006531-CU-FR-CJC**

STATE OF CALIFORNIA, COUNTY OF ORANGE

I am employed in the County of Orange, State of California. I am over the age of 18 and not a party to the within action. My business address is: 200 Spectrum Center Drive, Suite 500, Irvine, CA 92618.

On **August 26, 2021,** I caused the following document(s) described as:

THIRD AMENDED COMPLAINT FOR DAMAGES, ACCOUNTING, RESTITUTION AND INJUNCTIVE RELIEF

to be served on all interested parties in this actionas follows:

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☒ **E-MAIL:** Pursuant to Cal. Rule of Court 2060 and 2.251, and Cal. Code Civ. Proc. § 1010.6, I caused a true copy of the foregoing document(s) to be served by electronic email transmission to e-mail address(es) indicated herein. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful. My e-mail address is Laura.Castillo@JacksonLewis.com.

STATE: I declare under the laws of the State of California that the foregoing is true and correct.

Executed on **August 26, 2021**, at Irvine, California.

Laura Castillo

Laura Castillo

4848-4015-4104, v. 1

EXHIBIT 2

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	Chapter 11
Higher Ground Education, Inc., *et al.*,[1]	§	Case No.: 25-80121-11 (MVL)
Debtors.	§	(Jointly Administered)

MODIFIED SECOND AMENDED JOINT PLAN OF REORGANIZATION OF HIGHER GROUND EDUCATION, INC., ITS AFFILIATED DEBTORS, AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

Dated: November 20, 2025

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[1] The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal identification number, are: Higher Ground Education Inc. (7265); Guidepost A LLC (8540); Prepared Montessorian LLC (6181); Terra Firma Services LLC (6999); Guidepost Birmingham LLC (2397); Guidepost Bradley Hills LLC (2058); Guidepost Branchburg LLC (0494); Guidepost Carmel LLC (4060); Guidepost FIC B LLC (8609); Guidepost FIC C LLC (1518); Guidepost Goodyear LLC (1363); Guidepost Las Colinas LLC (9767); Guidepost Leawood LLC (3453); Guidepost Muirfield Village LLC (1889); Guidepost Richardson LLC (7111); Guidepost South Riding LLC (2403); Guidepost St Robert LLC (5136); Guidepost The Woodlands LLC (6101); Guidepost Walled Lake LLC (9118); HGE FIC D LLC (6499); HGE FIC E LLC (0056); HGE FIC F LLC (8861); HGE FIC G LLC (5500); HGE FIC H LLC (8817); HGE FIC I LLC (1138); HGE FIC K LLC (8558); HGE FIC L LLC (2052); HGE FIC M LLC (8912); HGE FIC N LLC (6774); HGE FIC O LLC (4678); HGE FIC P LLC (1477); HGE FIC Q LLC (3122); HGE FIC R LLC (9661); LePort Emeryville LLC (7324); AltSchool II LLC (0403). The Debtors' mailing address is 1321 Upland Dr. PMB 20442, Houston, Texas 77043.

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Higher Ground Education, Inc. together with its affiliated Debtors, as debtors and debtors in possession, and the Official Committee of Unsecured Creditors propose this modified second amended joint plan of reorganization for the resolution of outstanding Claims against and Interests in the Debtors pursuant to Chapter 11 of the Bankruptcy Code. Capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in Article 1. Holders of Claims and Interests should refer to the Disclosure Statement for a discussion of the Debtors' history, businesses, assets, results of operations, historical financial information, projections of future operations, a liquidation analysis, as well as a summary and description of the Plan and certain related matters. The Debtors and the Committee are the Proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code.

ALL HOLDERS OF CLAIMS AND INTERESTS, TO THE EXTENT APPLICABLE, ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. NO MATERIALS, OTHER THAN THE DISCLOSURE STATEMENT AND ANY EXHIBITS AND SCHEDULES ATTACHED THERETO OR REFERENCED THEREIN, HAVE BEEN APPROVED BY THE PROPONENTS FOR USE IN SOLICITING ACCEPTANCES OR REJECTIONS OF THE PLAN.

FOR AVOIDANCE OF DOUBT, THE PLAN APPLIES AND PRESERVES THE MAXIMUM GLOBAL JURISDICTION POSSIBLE UNDER APPLICABLE U.S. LAW, INCLUDING, WITHOUT LIMITATION, OVER THE ASSETS OF THE DEBTORS WHEREVER LOCATED.

ARTICLE 1
DEFINITIONS, RULES OF INTERPRETATION, COMPUTATION OF TIME, AND GOVERNING LAW

1.1 Definitions. As used in the Plan, the following terms shall have the following meanings:

1.1.1 "1125(e) Exculpation Parties" means, collectively, and in each case in its capacity as such: (a) each of the Exculpated Parties; (b) Reorganized HGE; (c) the Professional Persons retained in these Chapter 11 Cases; and (d) with respect to the foregoing parties, the Related Parties thereof to the extent permitted under section 1125(e) of the Bankruptcy Code.

1.1.2 "Accounts Receivable" means all accounts receivable of the Debtors as of the Effective Date.

1.1.3 "Administrative Expense Claim" means a Claim for costs and expenses of administration of the Estates pursuant to sections 328, 330, 331, 503(b), 507(a)(2), 507(b) or, if applicable, 1114(e)(2) of the Bankruptcy Code, including without limitation: (a) any actual and necessary expenses of preserving the Debtors' Estates, including wages, salaries or commissions for services rendered after the commencement of the Chapter 11 Cases, certain taxes, fines and penalties, any actual and necessary post-petition expenses

of operating the business of the Debtors, including post-petition indebtedness or obligations, including the Senior DIP Lender Claim and the Junior DIP Lender Claim, incurred by or assessed against the Debtors in connection with the normal, usual or customary conduct of their business, or for the acquisition or payment of goods or lease of property, or for providing of services to the Debtors; (b) expenses pursuant to section 503(b)(9) of the Bankruptcy Code; (c) all Statutory Fees; and (d) Professional Fee Claims. The Liquidating Trustee shall timely pay all post-confirmation quarterly fees related to distributions from the Liquidating Trust as they accrue until the date of the closing of the Chapter 11 Cases. For the avoidance of doubt, subject to Article 3.2.2, Ordinary Course Liabilities incurred by the Debtors under the DIP Loans shall be Allowed Administrative Expense Claim.

1.1.4 "Administrative Claims Bar Date" means the first business day that is thirty (30) days following the Effective Date, except as otherwise specifically set forth in the Plan or a Final Order.

1.1.5 "Affiliate" has the meaning set forth in section 101(2) of the Bankruptcy Code when used in reference to a Debtor, and when used in reference to an Entity other than a Debtor, means any other Entity that directly or indirectly wholly owns or controls such Entity or any other Entity that is directly or indirectly wholly-owned or controlled by such Entity.

1.1.6 "Allowed" means, with respect to any Claim or Interest, except as otherwise specified herein, any of the following: (a) a Claim or Interest that has been listed by the Debtors in their Schedules and is not identified as disputed, contingent, or unliquidated and as to which (i) no objection has been filed on or before the Claims Objection Deadline and (ii) no contrary Proof of Claim has been filed; (b) a Claim or Interest that is not a Disputed Claim or Interest, except to the extent that any such Disputed Claim or Interest has been allowed by a Final Order; (c) that is evidenced by a Proof of Claim filed by the Claims Bar Date and as to which no objection has been interposed on or before the Claims Objection Deadline or such other applicable period of limitation fixed by this Plan, the Bankruptcy Code, the Bankruptcy Rules or the Bankruptcy Court; or (d) a Claim or Interest that is expressly allowed (i) by a Final Order, (ii) by an agreement between the Holder of such Claim or Interest and the Debtors or the Liquidating Trustee, or (iii) pursuant to the terms of the Plan; *provided*, *however*, that unless expressly waived by the Plan, the Allowed amount of a Claim shall be subject to and shall not exceed the limitations or maximum amounts permitted by the Bankruptcy Code, including sections 502 or 503 of the Bankruptcy Code, to the extent applicable.

1.1.7 "Approved Budget" means the budget agreed to by the Debtors, the DIP Lenders, and the Committee and attached as Exhibit A to the DIP Order (as may be amended or otherwise modified from time to time pursuant to the terms of the DIP Order).

1.1.8 "Avoidance Actions" means all Claims, Causes of Action, or remedies that have been or may be asserted by or on behalf of the Debtors or their Estates under the Bankruptcy Code or applicable non-bankruptcy law, including claims, Causes of

Action, or remedies under sections 502, 510, 542, 543, 544, 545, and 547 through 553 of the Bankruptcy Code, or under similar or related local, state, federal, foreign law, or common law.

1.1.9 "Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as codified in title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*, now in effect and as amended by the Bankruptcy Abuse Prevention and Consumer Prevention Act of 2005 or hereafter amended (to the extent any such amendments are applicable to the Chapter 11 Cases).

1.1.10 "Bankruptcy Court" means the United States Bankruptcy Court for the Northern District of Texas, or any other court having jurisdiction over these Chapter 11 Cases.

1.1.11 "Bankruptcy Rules" means, collectively, the (a) Federal Rules of Bankruptcy Procedure and (b) Local Rules of the Bankruptcy Court, all as now in effect or hereafter amended (to the extent any such amendments are applicable to the Chapter 11 Cases).

1.1.12 "Bridge CN-3 Notes" means the series CN-3 convertible promissory notes entered into on and after January 15, 2025. The Bridge CN-3 Notes are collateralized by a priming lien over the assets of Higher Ground Education, superior to the liens of WTI in a principal amount of up to $5,000,000.

1.1.13 "Bridge CN-3 Secured Lenders" means, individually and collectively, the Holders of Bridge CN-3 Notes.

1.1.14 "Business Day" means any day, excluding Saturdays, Sundays or "legal holidays" as defined in Bankruptcy Rule 9006(a), or any other day on which banking institutions in New York, New York are required or authorized to close by law or executive order.

1.1.15 "Cash" means legal tender of the United States of America including, but not limited to, bank deposits, checks and other similar items.

1.1.16 "Cash-on-Hand" means all Cash reflected on the Debtors' balance sheet as of the Effective Date, including, without limitation, all drawn and unutilized advances from the DIP Loans, and all Cash in their bank accounts, but excluding any Cash held or required to be held in the Professional Holdback Escrow Account.

1.1.17 "Causes of Action" means any: (a) claims, causes of action, demands, rights, actions, suits, obligations, liabilities, accounts, defenses, offsets, powers, privileges, licenses, and franchises; (b) all rights of setoff, counterclaim, or recoupment and Claims on contracts or for breaches of duties imposed by law; (c) rights to object to Claims or Interests; (d) claims pursuant to sections 362, 510, 542, 543, 544, 545, 546, 547, 548, 549, 550, or 553 of the Bankruptcy Code; and (e) claims and defenses as fraud, mistake, duress, and usury and any other defenses set forth in section 558 of the Bankruptcy Code of any kind or character whatsoever, known or unknown, contingent or

non-contingent, matured or unmatured, suspected or unsuspected, whether arising before, on, or after the Petition Date including through the Effective Date, in contract, in tort, in law, or in equity, or pursuant to any other theory of law, and whether asserted or assertable directly or derivatively.

1.1.18 "CEA" means Cosmic Education Americas Limited and its Related Parties.

1.1.19 "Chapter 11 Cases" means the jointly administered bankruptcy cases of the Debtors commenced under Chapter 11 of the Bankruptcy Code, and jointly administered under *In re Higher Ground Education, Inc*., *et al.* (Case 25-80121-11 (MVL).

1.1.20 "Claim" means a "claim," as defined in section 101(5) of the Bankruptcy Code, against any of the Debtors.

1.1.21 "Claims Bar Date" means the date or dates fixed by the Claims Bar Date Order or applicable provisions of the Bankruptcy Code.

1.1.22 "Claims Bar Date Order" means that certain order entered by the Bankruptcy Court on June 20, 2025 [Docket No. 57], establishing the Claims Bar Dates.

1.1.23 "Claims Objection Deadline" means the deadline for objecting to Proofs of Claim, which date shall be the date which is 180 days following the Effective Date, *provided* that Reorganized HGE or the Liquidating Trustee, as applicable, may seek additional extensions of this date from the Bankruptcy Court.

1.1.24 "Class" means a class of Claims or Interests as listed in Article 2 of the Plan pursuant to sections 1122(a) and 1123(a)(1) of the Bankruptcy Code.

1.1.25 "Closing" means the closing of the transactions contemplated under Article 4 of the Plan.

1.1.26 "CN Notes" means, collectively, the CN-1 Notes, CN-2 Notes, and CN-3 Notes.

1.1.27 "CN-1 Notes" means, collectively, the first series of convertible promissory notes issued pursuant to the Note Purchase Agreement that are designated as CN-1 Notes and in the aggregate principal amount of approximately $33,566,465.

1.1.28 "CN-2 Notes" means, collectively, the second series of convertible promissory notes issued pursuant to the Note Purchase Agreement that are designated as CN-2 Notes and in the aggregate principal amount of approximately $41,304,319.

1.1.29 "CN-3 Notes" means, collectively, the third series of convertible promissory notes issued pursuant to the Note Purchase Agreement that are designated as CN-3 Notes and in the aggregate principal amount of approximately $42,967,148.

1.1.30 "CN Note Claim" means the Claims of holders of CN Notes, other than Bridge CN-3 Notes.

1.1.31 "CN-1 Note Claim" means the Claims of holders of CN-1 Notes.

1.1.32 "CN-2 Note Claim" means the Claims of holders of CN-2 Notes.

1.1.33 "CN-3 Note Claim" means the Claims of holders of CN-3 Notes, other than Bridge CN-3 Notes.

1.1.34 "Combined Hearing" means the hearing held by the Bankruptcy Court to consider confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code and final approval of the Disclosure Statement.

1.1.35 "Committee" means the statutory committee of unsecured creditors appointed in the Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code by the U.S. Trustee on July 8, 2025, pursuant to the *Notice of Appointment of the Official Unsecured Creditors' Committee* [Docket No. 158].

1.1.36 "Confirmation" means the Bankruptcy Court's confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code, following the Debtors' satisfaction of the elements of section 1129.

1.1.37 "Confirmation Date" means the day on which the Confirmation Order is entered by the Bankruptcy Court on its docket.

1.1.38 "Confirmation Order" means the order of the Bankruptcy Court approving Confirmation of the Plan, which shall be in form and substance acceptable to the Debtors, the Committee, and the Plan Sponsor.

1.1.39 "Consenting Creditors" means, collectively, the following, in each case in its capacity as such with each being a "Consenting Creditor": (a) all Holders of Claims or Interests that vote to accept or are deemed to accept the Plan and who do not check the box on the applicable form to affirmatively opt out of the releases contained in Article 10.3; and (b) all Holders of Claims or Interests that abstain from voting on the Plan, vote to reject the Plan, or are deemed to reject the Plan and who do not (i) check the box on the applicable form to affirmatively opt out of the releases contained in Article 10.3 or (ii) object to the Plan in respect of the releases.

1.1.40 "Consummation" means the closing of transactions and delivery of payments to be made on or as soon as reasonably practicable after the Effective Date.

1.1.41 "Corporate Documents" means, as applicable, the certificate of incorporation and by-laws (or any other applicable organizational documents) of the Debtors in effect as of the Petition Date, as may be amended.

1.1.42 "Cure Claim" means a Claim (unless waived or modified by the applicable counterparty) based upon a Debtor's defaults under an Executory Contract or an

Unexpired Lease assumed by such Debtor under section 365 of the Bankruptcy Code, other than a default that is not required to be cured pursuant to section 365(b)(2) of the Bankruptcy Code.

1.1.43 "D&O Claim Resolution" means the settlement or any other resolution of the Debtors' Retained Causes of Action against the Non-Released D&Os.

1.1.44 "D&O Insurance Carrier" means an Entity that issued a D&O Insurance Policies to the Debtors.

1.1.45 "D&O Insurance Policies" means any insurance policies to which one or more of the Debtors is a party that provides liability coverage for any of the Debtors' D&Os.

1.1.46 "D&O Insurance Proceeds" means any proceeds available from the D&O Insurance Policies arising from the Debtors' Retained Causes of Action against the Debtors' D&Os.

1.1.47 "Debtor Release" means the release given by the Debtors to the Released Parties as set forth in Article 10.2 of the Plan.

1.1.48 "Debtors" means, collectively, Higher Ground Education, Inc.; Guidepost A LLC; Prepared Montessorian LLC; Terra Firma Services LLC; Guidepost at Home LLC and each of the other Debtors and Debtors in Possession identified on **Schedule 1.1.48** to the Plan.

1.1.49 "Debtors' D&Os" means the Debtors' directors and officers, current and former.

1.1.50 "Debtors' Retained Causes of Action" means any and all potential Claims, Causes of Action, and Retained Causes of Action against the Non-Released D&Os and other Claims, Causes of Action, and Retained Causes of Action not acquired by the Plan Sponsor and/or DIP Lenders, as more specifically listed in the Plan Supplement. For the avoidance of doubt, the Debtors' Retained Causes of Action do not include any Claims or Causes of Action against a Released Party. Notwithstanding any other releases provided herein by the Debtors, the Debtors' Retained Causes of Action shall not be released.

1.1.51 "Debtors In Possession" means the Debtors when acting in the capacity of representative of each of their Estates in the Chapter 11 Cases.

1.1.52 "Definitive Documents" means, without limitation, (a) the DIP Financing Documents, (b) the Plan (including all Plan Supplements), (c) the Disclosure Statement, (d) the order approving the Disclosure Statement, (e) the Confirmation Order, (f) any other substantive motion or request for relief filed with the Bankruptcy Court, and (g) any other documents or exhibits related to or contemplated in the foregoing clauses (a) through (f), in each case in form and substance consistent with the Plan, and, except as

otherwise set forth herein, reasonably acceptable to the Debtors, Committee, and Plan Sponsor.

1.1.53 "Designated EB-5 Entities" means those certain Debtor entities (but not their assets, except as otherwise designated on in the Plan Supplement) designated in the Plan Supplement to be transferred to Guidepost Global on the Effective Date.

1.1.54 "DIP Financing Order" means, together, the interim [Docket No. 63] and final [Docket No. 253] orders approving the Debtors' entry into the Senior DIP Loan and the Junior DIP Loan.

1.1.55 "DIP Financing Documents" means, together, the DIP Financing Order, the Senior DIP Promissory Note, and the Junior DIP Promissory Note.

1.1.56 "DIP Lender" means, individually and collectively, the Junior DIP Lender and the Senior DIP Lender.

1.1.57 "DIP Lender Claim" means, individually and collectively, the Senior DIP Lender Claim and the Junior DIP Lender Claim pursuant to the DIP Financing Documents.

1.1.58 "DIP Loans" means, individually and collectively, (i) the Senior DIP Loan in the aggregate amount of up to five million five hundred thousand dollars ($5,500,000) and (ii) the Junior DIP Loan in the amount of at least two million five hundred thousand dollars ($2,500,000), to be provided by the DIP Lenders to the Debtors on the terms and conditions set forth in the DIP Financing Order, the Senior DIP Promissory Note and the Junior DIP Promissory Note. For the avoidance of doubt, subject to the terms thereof, the purpose of the DIP Loans is to fund the Ordinary Course Liabilities of the Debtors, including (a) working capital and general corporate purposes and (b) bankruptcy related fees, costs, and expenses, in each cash with respect to clauses (a) and (b), all in accordance with the Approved Budget.

1.1.59 "Disclosure Statement" means the *Second Amended Disclosure Statement for the Second Amended Joint Plan of Reorganization of Higher Ground Education, Inc., Its Affiliated Debtors, and the Official Committee of Unsecured Creditors*, dated October 13, 2025 and filed by the Debtors with the Bankruptcy Court, including all exhibits and schedules thereto, as may be amended or supplemented.

1.1.60 "Disputed Claim or Interest" means a Claim or Interest, or any portion thereof, as to which any one of the following applies: (a) that is listed on the Schedules as unliquidated, disputed, contingent, or unknown (b) that is the subject of a timely objection or request for estimation in accordance with the Bankruptcy Code, the Bankruptcy Rules, any applicable order of the Bankruptcy Court, the Plan or applicable non-bankruptcy law, which objection or request for estimation has not been withdrawn, resolved or overruled by a Final Order; or (c) that is otherwise designated as a "Disputed Claim" pursuant to the Plan.

1.1.61 "Distribution Date" means the date on which the Liquidating Trustee first makes distributions from the Liquidating Trust Assets.

1.1.62 "EB-5 Investors" means the investors in Designated EB-5 Entities who invested in Designated EB-5 Entities under the EB-5 immigrant investor visa program of the Immigration and Nationality Act and related regulations.

1.1.63 "EB5AN" means, collectively, EB5AN Investment Management, LLC and EB5AN, LLC.

1.1.64 "Effective Date" means the first Business Day after the Confirmation Date on which (a) the conditions to the occurrence of the Effective Date have been satisfied or waived pursuant to Article 11 hereof and (b) no stay of the Confirmation Order is in effect.

1.1.65 "Entity" means an entity as such term is defined in section 101(15) of the Bankruptcy Code.

1.1.66 "Estate" or "Estates" means, individually, the estate of each Debtor in the Chapter 11 Cases, or, collectively, the estates of all of the Debtors in the Chapter 11 Cases, created pursuant to section 541 of the Bankruptcy Code.

1.1.67 "Equity" means any interest in Higher Ground Education represented by ownership of common or preferred stock, including, to the extent provided by applicable law, any purchase right, warrant, stock option or other equity or debt security (convertible or otherwise) evidencing or creating any right or obligation to acquire or issue any of the foregoing, including all unissued and/or authorized shares of such common or preferred stock; *provided*, *however*, that Subsidiary Equity Interests shall be excluded from the definition of Equity, and shall not be treated as Equity or Equity Interests under the Plan.

1.1.68 "Excess Surplus DIP Cash" means the sum of all Surplus DIP Cash and Plan Sponsor Consideration in excess of $500,000.

1.1.69 "Exculpated Parties" means collectively, and in each case in its capacity as such: (a) the Debtors; (b) the Independent Director; and (c) the Committee and each of its members.

1.1.70 "Executory Contract" means a contract to which a Debtor is a party that is subject to assumption or rejection pursuant to section 365 of the Bankruptcy Code.

1.1.71 "Final Order" means, as applicable, an order or judgment entered by the Bankruptcy Court or other court of competent jurisdiction with respect to the relevant subject matter that has not been reversed, stayed, modified or amended, and as to which the time to appeal, petition for certiorari, or move for a new trial, reargument or rehearing has expired and as to which no appeal, petition for certiorari, or motion or other proceedings for a new trial, reargument or rehearing shall then be pending or as to which any right to appeal, petition for certiorari, move for a new trial, reargue, or rehear shall have been waived in writing in form and substance satisfactory to the Debtors or, in the

event that an appeal, writ of certiorari, new trial or reargument or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court or other applicable court shall have been affirmed by the highest court to which such order or judgment was appealed, or certiorari has been denied, or from which a new trial, reargument or rehearing was sought, and the time to take any further appeal, petition for certiorari or move for a new trial, reargument, or rehearing shall have expired; *provided*, *however*, that the possibility that a motion under section 502(j) of the Bankruptcy Code, Rules 59 or 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules may be but has not then been filed with respect to such order or judgment shall not cause such order or judgment not to be a Final Order.

1.1.72 "General Unsecured Claim" means any prepetition Claim against the Debtors that is not an Administrative Expense Claim, Priority Tax Claim, Secured Tax Claim, Bridge CN-3 Secured Lender Claim, WTI Secured Lender Claim, CN Note Claim, Other Secured Claim, Non-Tax Priority Claim, Intercompany Claim, Equity Interest, Subsidiary Equity Interest, or a Claim that is otherwise paid in full prior to the Effective Date pursuant to an order of the Bankruptcy Court.

1.1.73 "Girns" means, individually and collectively, Ramandeep (Ray) Girn and Rebecca Girn.

1.1.74 "Governing Body" means, in each case in its capacity as such, the board of directors, board of managers, manager, managing member, general partner, investment committee, special committee, or such similar governing body of any of the Debtors or Reorganized HGE, as applicable.

1.1.75 "Guidepost Global" means Guidepost Global Education, Inc.

1.1.76 "Guidepost Global Assets" means (a) Guidepost Global's entire rights and interests in its current elementary, middle and high school curriculum assets, including associated instructional videos and the Montessorium brand and trademarks and (b) an "as is" fully paid up, perpetual "right to use" license to Guidepost Global's intellectual property, including the Altitude learning management system.

1.1.77 "Higher Ground Education" means Higher Ground Education, Inc.

1.1.78 "Holder" means the beneficial holder of any Claim or Interest.

1.1.79 "Immigration Information" means all documents and certifications reasonably necessary for the EB-5 Investors to complete their visa interviews and petitions to remove conditions on permanent resident status and to respond to any other document requests from U.S. Citizenship and Immigration Services.

1.1.80 "Impaired" means, when used with reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

1.1.81 "Independent Director" means Marc D. Kirshbaum.

1.1.82 "Insider" has the meaning set forth in section 101(31) of the Bankruptcy Code.

1.1.83 "Instrument" means any share of stock, security, promissory note, bond, or any other 'Instrument,' as that term is defined in section 9-102(47) of the Uniform Commercial Code in effect on the Petition Date.

1.1.84 "Intercompany Claim" means any Claim held by a Debtor against another Debtor.

1.1.85 "Interest" means the interest of any holder of an "equity security" (as defined in section 101(16) of the Bankruptcy Code) represented by any issued and outstanding shares of Equity, Subsidiary Equity Interests, or other Instrument evidencing a present ownership interest in any of the Debtors, whether or not transferable, or any option, warrant or right, contractual or otherwise, to acquire any such interest and any redemption, conversion, exchange, voting, participation and dividend rights and liquidation preferences relating to any such equity securities.

1.1.86 "Judicial Code" means title 28 of the United States Code, 28 U.S.C. §§ 1-4001.

1.1.87 "Junior DIP Financing Documents" means, together, the DIP Financing Order and the Junior DIP Promissory Note.

1.1.88 "Junior DIP Lender" means Guidepost Global, in its capacity as lender under the Junior DIP Financing Documents, upon Bankruptcy Court approval of the DIP Financing Order.

1.1.89 "Junior DIP Lender Claim" means any and all Claims arising from, under or in connection with the Junior DIP Financing Documents.

1.1.90 "Junior DIP Loan" means the loans made by Junior DIP Lender pursuant to the Junior DIP Financing Documents.

1.1.91 "Junior DIP Promissory Note" means the Junior Debtor In Possession Promissory Note, in form and substance attached to the DIP Financing Order, as executed by the Debtors following the approval of the DIP Financing Order by the Bankruptcy Court.

1.1.92 "Learn" means Learn Capital, LLC and its Related Parties.

1.1.93 "Lien" has the meaning set forth in section 101(37) of the Bankruptcy Code.

1.1.94 "Limited EB-5 Interests" means the interests held by EB-5 Investors in Designated EB-5 Entities as of the Effective Date.

1.1.95 "Liquidating Trust" means that certain trust that will come into existence on the Effective Date, which shall be formed pursuant to, and governed by, the provisions of the Plan and the Liquidating Trust Agreement.

1.1.96 "Liquidating Trust Agreement" means the agreement establishing and governing the Liquidating Trust dated as of the Effective Date, substantially in the form included in the Plan Supplement.

1.1.97 "Liquidating Trust Assets" means, collectively, the following assets: (a) the Surplus DIP Cash; (b) the Settlement Party Payment; (c) all rights of the Debtors or their Estates existing on the Effective Date under the D&O Insurance Policies, including the D&O Insurance Proceeds and Causes of Action against insurers providing such policies; (d) the Debtors' Retained Causes of Action; (e) the Plan Sponsor Consideration; and (f) the Debtors' attorney-client privilege and work product as necessary to prosecute the Debtors' Retained Causes of Action. Except as otherwise prescribed by this Plan or the Liquidating Trust Agreement, the Liquidating Trust Assets shall be transferred to the Liquidating Trust by the Debtors, Holders of Claims, and Holders of Interests, or by any other Person then in possession of Liquidating Trust Assets, as applicable, on the Effective Date.

1.1.98 "Liquidating Trust Beneficiaries" means Holders of beneficial interests in the Liquidating Trust.

1.1.99 "Liquidating Trustee" means the Person or Entity (or any successor thereto) appointed by the Committee, in consultation with the Debtors and Plan Sponsor, who or which shall have the rights, powers, and duties as set forth in this Plan and the Litigation Trust Agreement.

1.1.100 "Non-Released D&Os" means Greg Mauro, Rob Hutter, Zheng Yu Huang, Ramandeep (Ray) Girn, and Jonathan McCarthy, each solely in their capacity as a director or officer, as applicable.

1.1.101 "Non-Tax Priority Claim" means a Claim, other than an Administrative Expense Claim or a Priority Tax Claim, entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.

1.1.102 "Note Purchase Agreement" means the Note Purchase Agreement (together with the related exhibits, schedules, and transaction documents) by and between Higher Ground Education, as borrower, and each lender on the Schedule of Lenders thereto, dated May 31, 2024, as amended by the Amendment to Note Purchase Agreement, effective as of June 10, 2024, as amended by the Second Amendment to Note Purchase Agreement, effective as of September 30, 2024, as amended by the Third Amendment to Note Purchase Agreement, effective as of December 31, 2024 (as amended, supplemented or otherwise modified).

1.1.103 "Ordinary Course Liabilities" means indebtedness arising in the ordinary course of the Debtors' business operations, solely to the extent provided for in the Approved Budget, and the postpetition financing incurred to fund such business operations following Bankruptcy Court approval.

1.1.104 "Other Secured Claim" means any Secured Claim other than the DIP Lender Claims, Bridge CN-3 Lender Claim, WTI Secured Lender Claims, CN Note Claims, and Secured Tax Claims.

1.1.105 "Pass-Through Assets" shall have the meaning set forth in Article 9.4 of the Plan.

1.1.106 "Person" has the meaning set forth in section 101(41) of the Bankruptcy Code.

1.1.107 "Petition Date" means, together, June 17, 2025 and June 18, 2025, the dates on which each of the Debtors filed their voluntary petitions under Chapter 11 of the Bankruptcy Code commencing these Chapter 11 Cases.

1.1.108 "Plan" means this joint plan of reorganization and any schedules, exhibits, and other attachments hereto, as it may be amended, modified, or supplemented from time to time.

1.1.109 "Plan Sponsor" means 2HR Learning, Inc.

1.1.110 "Plan Sponsor Consideration" means the amount paid by the Plan Sponsor to the Liquidating Trust, which shall total the amount of $5.5 million *minus* the Senior DIP Lender Claim.

1.1.111 "Plan Supplement" means the compilation of documents, including any exhibits to this Plan not included herewith, that the Proponents shall file by the Plan Supplement Deadline with the Bankruptcy Court in one or more parts of volumes, as the same may be amended, supplemented, or modified from time to time on the terms set forth herein, containing, without limitation: (a) the form of Liquidating Trust Agreement; (b) a schedule of the Transferred Executory Contracts / Unexpired Leases; (c) a schedule of the Reorganized HGE Contracts or Leases; (d) a schedule of Debtors' Retained Causes of Action; (e) a schedule of Reorganized HGE Assets; (f) a schedule of the Reorganized HGE Subsidiaries; (g) the identity and compensation of the Liquidating Trustee; and (h) Reorganized HGE Corporate Documents. The Plan Supplement shall be deemed incorporated into and part of this Plan as if set forth herein in full; *provided* that in the event of a conflict between this Plan and the Plan Supplement, the Plan shall control.

1.1.112 "Plan Supplement Deadline" means such date that is at least seven (7) days prior to the Voting Deadline and the deadline to object to confirmation of the Plan (or such later date as may be authorized by the Bankruptcy Court) or if such date is not a Business Day, the first date proceeding that date that is a Business Day.

1.1.113 "Priority Tax Claim" means a Claim that is entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code.

1.1.114 "Professional Fee Claims" means the Claims of (a) Professional Persons and (b) any Person making a Claim for compensation or expense reimbursement under section 503(b) of the Bankruptcy Code, in each case for reasonable compensation or reimbursement of reasonable costs and expenses relating to services performed during the period commencing on the Petition Date and ending on (and including) the Effective Date.

1.1.115 "Professional Fee Order" means the *Order (I) Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals and (II) Granting Related Relief* entered by the Bankruptcy Court in these Chapter 11 Cases at Docket No. 319.

1.1.116 "Professional Holdback Amount" means the aggregate amount of all expected Allowed Professional Fee Claims under the Approved Budget, including those fees of Professional Persons billed to the Estates during the Chapter 11 Cases that are held back pursuant to the Professional Fee Order or any other order of the Bankruptcy Court, which amount is to be deposited in the Professional Holdback Escrow Account as of the Effective Date. The Professional Holdback Amount shall not be considered Property of the Debtors, Reorganized HGE, or the Liquidating Trust. When all Professional Fee Claims have been paid, amounts remaining in the Professional Holdback Escrow Account, if any, shall be remitted to the Liquidating Trust for distribution in accordance with the Plan.

1.1.117 "Professional Holdback Escrow Account" means the escrow account established by the Debtors or the Liquidating Trust, as applicable, into which Cash equal to the Professional Holdback Amount shall be deposited on the Effective Date for the payment of Allowed Professional Fee Claims to the extent not previously paid or disallowed.

1.1.118 "Professional Person" means a Person or Entity who is employed pursuant to a Final Order in accordance with sections 327, 328, 363, or 1103 of the Bankruptcy Code and is to be compensated for services rendered prior to the Confirmation Date pursuant to sections 327, 328, 329, 330, 331, or 363 of the Bankruptcy Code.

1.1.119 "Proof of Claim" means any proof of claim that is filed by a Holder of a Claim filed in these Chapter 11 Cases.

1.1.120 "Property" means any and all right, title and interest in and to all property of any kind or nature whatsoever owned by the any of the Debtors or their Estates on the Effective Date as defined by 11 U.S.C. § 541, whether real, personal, or mixed, and whether tangible or intangible.

1.1.121 "Proponents" means the Debtors and the Committee, collectively, as joint proponents of this Plan.

1.1.122 "Reinstated" means either (a) leaving unaltered the legal, equitable, and contractual right to which a Claim entitles the Holder of such Claim so as to leave such Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code or (b) notwithstanding any contractual provision or applicable law that entitles the Holder of such Claim to demand or receive accelerated payment of such Claim after the occurrence of a default, (i) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code or of a kind that section 365(b)(2) expressly does not require to be cured; (ii) reinstating the maturity of such Claim as such maturity existed before such default; (iii) compensating the Holder of such Claim for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law; (iv) if such Claim arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A) of the Bankruptcy Code, compensating the Holder of such Claim (other than the Debtors or an Insider) for any actual pecuniary loss incurred by such holder as a result of such failure; or (v) not otherwise altering the legal, equitable, or contractual rights to which such Claim entitles the Holder of such Claim.

1.1.123 "Related Parties" means, with respect to (and in each case solely in their capacity as such to such person or Entity) (a) the Debtors; (b) the Independent Director; (c) Reorganized HGE; (d) the Committee and its members; (e) the Liquidating Trustee; and (f) the Settlement Parties, current and former directors, managers, officers, members of any Governing Body, affiliated investment funds or investment vehicles, managed accounts or funds, predecessors, successors, assigns, subsidiaries, Affiliates, partners, limited partners, general partners, principals, fund advisors or managers, employees, agents, financial advisors, attorneys, accountants, investment bankers, and representatives.

1.1.124 "Released Parties" means each of, and in each case in their capacity as such: (a) the Debtors; (b) the Independent Director; (c) Reorganized HGE; (d) the Committee and its members; (e) the Liquidating Trustee; (f) the Settlement Parties; (g) each current and former Affiliate of each Person in clause (a) through the following clause (f), but only in their capacity as such; and (h) each Related Party of each Entity in clause (a) through (f), but only in their capacity as such; *provided*, *however*, that for the avoidance of doubt, the Non-Released D&Os shall not be a Released Party under this Plan except as may be provided under a D&O Claim Resolution; *provided*, *further*, that Venn shall not be a Released Party under this Plan.

1.1.125 "Releasing Parties" means each of, and in each case in their capacity as such: (a) the Debtors; (b) Reorganized HGE; (c) the Committee; (d) the Liquidating Trustee; (e) the Settlement Parties; (f) the Consenting Creditors; (g) current and former Affiliates of each Entity in clause (a) through the following clause (f) for which such Entity is legally entitled to bind such Affiliates to the releases contained in this Plan under applicable Law or that have otherwise received proper notice of this Plan; and (h) each Related Party of each Entity in clause (a) through this clause (f) for which such Entity is legally entitled to bind such Related Party to the releases contained in this Plan under applicable Law or that have otherwise received proper notice of this Plan;

provided, *however*, that for the avoidance of doubt, the Non-Released D&Os shall not be a Releasing Party under this Plan except as may be provided under a D&O Claim Resolution. Notwithstanding the foregoing, and for the avoidance of doubt, no party shall be a Releasing Party to the extent that such party did not receive proper notice and service of a Third-Party Release opt-out form.

1.1.126 "Reorganized HGE" means Higher Ground Education, on and after the Effective Date, together with any and all Reorganized HGE Subsidiaries retained, directly or indirectly, by Higher Ground Education pursuant to the Plan, each as vested with the property of the Reorganized HGE Assets.

1.1.127 "Reorganized HGE Assets" means, except as otherwise set forth in the Plan, all property of the Debtors' Estates, including without limitation, all (a) School Assets, (b) Guidepost Global Assets, (c) Reorganized HGE Contracts or Leases, (d) Pass-Through Assets, (e) Subsidiary Equity Interests in the Reorganized HGE Subsidiaries, (f) corporate documentation and corporate records, (g) all Causes of Action that are not Debtors' Retained Causes of Action, and (h) property identified on the Schedule of Reorganized HGE Assets. For the avoidance of doubt, the Liquidating Trust Assets are not included in the definition of "Reorganized HGE Assets."

1.1.128 "Reorganized HGE Common Stock" means 100% of the equity interests in Reorganized HGE issued on the Effective Date to the Plan Sponsor in exchange for the Plan Sponsor Consideration, and to the Senior DIP Lender under and subject to the Subscription Option, if exercised, in the total amount of 1,000 shares, free and clear of all Liens, Claims, Equity Interests and encumbrances of any kind, except as provided in the Plan.

1.1.129 "Reorganized HGE Contracts or Leases" means those Executory Contracts and Unexpired Leases that are assumed under the Plan and identified in the Plan Supplement.

1.1.130 "Reorganized HGE Subsidiaries" shall mean the reorganized Debtors identified as Reorganized HGE Subsidiaries in the Plan Supplement.

1.1.131 "Retained Causes of Action" means all rights, Claims, Causes of Action, rights of setoff or recoupment, or other legal or equitable defenses that the Debtors had immediately prior to the Effective Date on behalf of the Estates or of themselves in accordance with any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including any actions specifically enumerated herein, and such rights to commence, pursue, prosecute, and/or settle such claims or Causes of Action (including any Avoidance Action, preference, or other claim pursuant to section 362 or chapter 5 of the Bankruptcy Code, including sections 502(d), 544, 545, 547, 548, 549, 550, 551, or 553(b) of the Bankruptcy Code).

1.1.132 "RSA" means the Restructuring Support Agreement, dated June 17, 2025 (as amended, supplemented, or otherwise modified) which, effective as of September 12,

2025 and pursuant to Section 10 of the RSA, the Debtors, in their business judgment, exercised their fiduciary out to terminate the RSA and pursue Confirmation of this Plan.

1.1.133 "Schedules" means the schedules of assets and liabilities, the list of equity interests, and the statements of financial affairs filed by the Debtors with the Bankruptcy Court pursuant to section 521 of the Bankruptcy Code and Bankruptcy Rule 1007(b), as the same may be amended or supplemented from time to time.

1.1.134 "School Assets" means any and all tangible and intangible personal property of every kind and nature utilized for the operation of Debtors' school businesses and operations.

1.1.135 "Secured" means when referring to a Claim secured by a Lien on Property in which the Estate has an interest, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or that is subject to setoff pursuant to section 553 of the Bankruptcy Code, to the extent of the value of the creditor's interest in the Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code.

1.1.136 "Secured Tax Claim" means any Secured Claim which, absent its secured status, would be entitled to priority in right of payment under section 507(a)(8) of the Bankruptcy Code.

1.1.137 "Securities Act" means the Securities Act of 1933, 15 U.S.C. §§ 77a-77aa, together with the rules and regulations promulgated thereunder.

1.1.138 "Security" means a security as defined in section 2(a)(1) of the Securities Act.

1.1.139 "Senior DIP Financing Documents" means, together, the DIP Financing Order and the Senior DIP Promissory Note.

1.1.140 "Senior DIP Lender" means YYYYY, LLC, in its capacity as lender under the Senior DIP Financing Documents, upon Bankruptcy Court approval of the DIP Financing Order.

1.1.141 "Senior DIP Lender Claim" means any and all Claims arising from, under or in connection with the Senior DIP Loan.

1.1.142 "Senior DIP Loan" means loans made by Senior DIP Lender pursuant to the Senior DIP Financing Documents.

1.1.143 "Senior DIP Promissory Note" means the Senior Debtor in Possession Promissory Note, in form and substance attached to the DIP Financing Order, as executed by the Debtors following the approval of the DIP Financing Order by the Bankruptcy Court.

1.1.144 "Settlement Parties" means, collectively, 2HR Learning, Inc.; YYYYY, LLC; Guidepost Global; Learn; CEA; Yu Capital; WTI; TNC; and each of the aforementioned parties' Related Parties; *provided*, *however*, that no Non-Released D&O shall be considered a Settlement Party.

1.1.145 "Settlement Party Payment" is defined in Article 4.2.1.

1.1.146 "Statutory Fees" mean the fees payable pursuant to section 1930 of the Judicial Code in the manner set forth in Article 3.4 of the Plan.

1.1.147 "Subclass" means a subdivision of any Class described herein.

1.1.148 "Subscription Option" means the right of the Senior DIP Lender to, at its option, convert up to 100% of the outstanding Allowed Senior DIP Lender Claim into shares of Reorganized HGE Common Stock at a rate of 10% of the Allowed Senior DIP Lender Claim for 60 shares of Reorganized HGE Common Stock, up to a maximum of 100% of the Allowed Senior DIP Lender Claim for 600 shares out of the total 1000 shares of Reorganized HGE Common Stock. The Plan Sponsor reserves the right to modify the Subscription Option; *provided* that such modification (a) shall not adversely impact the Plan treatment of other creditors and (b) is approved by the Senior DIP Lender.

1.1.149 "Subsidiary Equity Interest" means any Interest of the Debtors other than the Equity in Higher Ground Education, including any Interest of such Debtors in subsidiaries or Affiliates.

1.1.150 "Surplus DIP Cash" means any Cash-on-Hand as of the Effective Date, after payment of or otherwise providing for payment of Allowed Administrative Claims.

1.1.151 "Third-Party Release" means the release set forth in Article 10.3 of this Plan.

1.1.152 "TNC" means TNC Schools, LLC.

1.1.153 "Transferred Executory Contracts / Unexpired Leases" means those Executory Contracts and/or Unexpired Leases designated in the Plan Supplement as having been sold or foreclosed upon prior to the Petition Date in connection with the WTI, Learn and/or Yu Capital foreclosures and which have not been assumed and assigned by the Debtors and approved by the Bankruptcy Court pursuant to a Final Order.

1.1.154 "Unexpired Lease" means a lease of nonresidential real property to which the Debtor is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

1.1.155 "Unimpaired" means, when used with reference to a Claim or Interest, a Claim or Interest that is not Impaired.

1.1.156 "United States Trustee" means the Office of the United States Trustee for Region 6.

1.1.157 "Upper Tier Debtors" means collectively, Higher Ground Education, Guidepost A LLC, Prepared Montessorian LLC and Terra Firma Services LLC.

1.1.158 "Venn" means Venn Growth GP Limited LP and its Affiliates.

1.1.159 "Voting Deadline" means November 17, 2025, at 5:00 p.m. (prevailing Central Time).

1.1.160 "WTI" means, collectively, Venture Lending & Leasing IX, Inc., WTI Fund X, Inc., and each of their Related Parties.

1.1.161 "WTI Secured Lender Claim" means the Allowed Secured post-foreclosure deficiency claim of WTI in the collective amount of at least $4,680,970.83 under: (a) the Loan and Security Agreement, dated as of February 19, 2021, among the Upper Tier Debtors, as borrowers, and Venture Lending & Leasing IX, Inc., as lender, in the Allowed amount of at least $153,801.58; and (b) the Loan and Security Agreement, dated as of November 8, 2023, among the Upper Tier Debtors, as borrowers, and WTI Fund X, Inc., as lender, in the Allowed amount of at least $4,527,169.25.

1.1.162 "Yu Capital" means, collectively, Yu Capital, LLC, YuATI LLC, YuFICB LLC, YuHGE A LLC, NTRC Equity Partners, LP, Guidepost FIC A LLC, Advance Guard Global Limited, and each of their Related Parties.

1.2 Interpretation, Rules of Construction, Computation of Time, Settlement and Governing Law.

1.2.1 Defined Terms. Any term used in the Plan that is not defined in the Plan, either in Article 1.1 or elsewhere, but that is used in the Bankruptcy Code or the Bankruptcy Rules has the meaning given to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

1.2.2 Rules of Interpretation. For purposes of the Plan: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (b) any reference in the Plan to a contract, Instrument, release or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions, but if there exists any inconsistency between a summary of, or reference to, any document in the Plan or Confirmation Order and the document itself, the terms of the document as of the Effective Date shall control; (c) any reference in the Plan to an existing document or Plan Supplement that is filed or to be filed means such document or Plan Supplement, as it may have been or may subsequently be amended, modified or supplemented; (d) unless otherwise specified in a particular reference, all references in

the Plan to "section," "article" and "Plan Supplement" are references to a section, article and Plan Supplement of or to the Plan; (e) the words "herein," "hereof," "hereto," "hereunder," and other words of similar import refer to the Plan in its entirety rather than to only a particular portion of the Plan; (f) captions and headings to articles and sections are inserted for convenience or reference only and are not intended to be a part of or to affect the interpretation of the Plan; (g) unless otherwise specified herein, all references herein to "Articles" are references to Articles of the Plan; (h) the words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, and shall be deemed to be followed by the words "without limitation"; (i) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (j) any docket number references in the Plan shall refer to the docket number of any document filed with the Bankruptcy Court in the Chapter 11 Cases; (k) references to "Proofs of Claim," "Holders of Claims," "Disputed Claims," and the like shall include "Proofs of Interest," "Holders of Interests," "Disputed Interests," and the like, as applicable; (l) references to "shareholders," "directors," and/or "officers" shall also include "members" and/or "managers," as applicable, as such terms are defined under the applicable state limited liability company laws; (m) any immaterial effectuating provisions may be interpreted by the Debtors in such a manner that is consistent with the overall purpose and intent of the Plan all without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity; (n) except as otherwise provided, any references to the Effective Date shall mean the Effective Date or as soon as reasonably practicable thereafter; and (o) any reference to an Entity as a Holder of a Claim or Interest includes such Entity's permitted successors and assigns.

1.2.3 Computation of Time. Unless otherwise specifically stated herein, in computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

1.2.4 Governing Law. Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of Texas, without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan, any agreements, documents, Instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control); *provided*, *however*, that corporate governance matters relating to the Debtors or Reorganized HGE shall be governed by the laws of the state of incorporation of the relevant Debtor or Reorganized HGE, as applicable.

1.2.5 Reference to Monetary Figures. All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided herein.

Plan, then the Debtors shall request the Bankruptcy Court to deem the Plan accepted by the Holders of such Claims or Interests in such Class.

3.20 Subordinated Claims. The allowance, classification, and treatment of all Allowed Claims and Allowed Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors, Reorganized HGE, or the Liquidating Trustee reserve the right to reclassify any Allowed Claim or Allowed Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

3.21 Controversy Concerning Impairment. If a controversy arises as to whether any Claims or Interests, or any Class of Claims or Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

3.22 Nonconsensual Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code. Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by one or more of the Classes entitled to vote pursuant to Article 3 of the Plan. The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Interests.

The Proponents reserve the right to jointly modify the Plan in accordance with Article 6.3 and Article 13.6 of the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, including by modifying the treatment applicable to a Class of Claims to render such Class of Claims Unimpaired to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules or to withdraw the Plan as to any Debtor.

ARTICLE 4
MEANS FOR EXECUTION AND IMPLEMENTATION OF THE PLAN

4.1 Sources of Consideration for Plan Distributions. Sources of consideration for Plan distributions shall be (a) the Plan Sponsor Consideration, (b) the Surplus DIP Cash, (c) the Settlement Party Payment, (d) any D&O Claim Resolution, (e) the Liquidating Trust Assets, and (f) the D&O Insurance Policies.

4.2 Global Settlement. The Debtors, the Committee, and the Settlement Parties have reached a global resolution of all issues among them in these Chapter 11 Cases. Pursuant to Bankruptcy Rule 9019, the Plan does, and shall, constitute a compromise, settlement, and release of all potential claims by and among the Debtors, the Committee, and Settlement Parties on the terms set forth below. Entry of the Confirmation Order shall constitute approval of the global resolution set forth below, which shall become effective upon the Effective Date.

4.2.1 The Settlement Party Payment. On the Effective Date, the Settlement Parties shall pay or cause to be paid to the Debtors or Liquidating Trustee, as applicable,

aggregate Cash in the amount of $1,950,000 (the "Settlement Party Payment"). The amount of the Settlement Party Payment shall be reduced on a dollar-for-dollar basis by the amount of the Excess Surplus DIP Cash. For example, if the Excess Surplus DIP Cash is $100,000, then the Settlement Party Payment will be reduced by $100,000 to 1,895,000.

4.2.1.1. Settlement Party Payment True-Up Mechanism. In the event the Debtors or the Liquidating Trustee, as applicable, receive Excess Surplus DIP Cash after the Settlement Parties contribute the Settlement Party Payment, then the Debtors or the Liquidating Trustee, as applicable, shall return such Excess Surplus DIP Cash to Reorganized HGE or otherwise true-up such Excess Surplus DIP Cash as agreed upon by the Settlement Parties.

4.2.2 Plan Sponsor Consideration. On the Effective Date, the Plan Sponsor shall distribute the Plan Sponsor Consideration, if any, to the Liquidating Trust.

4.2.3 Junior DIP Lender Consideration. On the Effective Date, in the event the Junior DIP Lender has not fully funded the Junior DIP Loan, the Junior DIP Lender shall contribute all remaining amounts outstanding and available to the Debtors under the Junior DIP Loan to the Liquidating Trust. Notwithstanding the foregoing, the Debtors shall be permitted to setoff valid amounts owed by the Debtors to the Junior DIP Lender against the Junior DIP Lender's remaining funding obligations under the Junior DIP Loan.

4.2.4 Pre-Effective Date Derivative Standing. Prior to the Effective Date, the Debtors shall stipulate and agree to confer to the Committee derivative standing for the purposes of sending one or more demands to one or more Non-Released D&Os and/or the applicable D&O Insurance Carriers.

4.2.4.1. Retained Causes of Action Against Non-Released D&Os. On the Effective Date, all Debtors' Retained Causes of Action against all Non-Released D&Os shall be transferred and assigned to, and shall vest in, the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries.

4.2.4.2. D&O Insurance Policies. On the Effective Date, the Debtors shall transfer and assign all the Debtors' rights and interests in the D&O Insurance Policies to the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries.

4.2.4.3. Post-Effective Date Standing. On the Effective Date, the Liquidating Trust will have standing under 11 U.S.C. § 1123(b)(3) to consummate a D&O Claim Resolution by settlement or to pursue any and all Debtors' Retained Causes of Action against any and all Non-Released D&Os and the D&O Insurance Carriers, as applicable.

4.2.5 Settlement Parties Release of Certain Claims. On the Effective Date, unless as otherwise expressly set forth in this Plan, the Settlement Parties shall release and waive all Claims and Causes of Action against the Debtors' Estates.

4.2.6 Settlement Party Mutual Releases. On the Effective Date and upon payment in full of the Settlement Party Payment, the Releasing Parties and the Settlement Parties shall be mutually released as set forth in Article 10.3 of the Plan.

4.3 Liquidating Trust. On the Effective Date, the Liquidating Trust will be formed pursuant to the Liquidating Trust Agreement to receive and administer the Liquidating Trust Assets. In addition, the Liquidating Trust shall serve as a successor to the Debtors pursuant to sections 1123(a)(5)(B) and (b)(3)(B) of the Bankruptcy Code to: (a) administer the terms of the Plan, including making payments in accordance with Article 7 to all Holders of Allowed Claims and Interests; (b) make distributions pursuant to the Plan and the Liquidating Trust Agreement; (c) assert any Debtors' Retained Cause of Action that constitutes a Liquidating Trust Asset on behalf of the Debtors and their Estates; and (d) take such other action as may be authorized by the Liquidating Trust Agreement, including objecting to any and all Claims other than Professional Fee Claims.

Except as otherwise provided in the Plan or the Plan Supplement, or in any agreement, instrument, or other document incorporated in the Plan, on the Effective Date, all of the Liquidating Trust Assets shall automatically vest in the Liquidating Trust free and clear of all Liens, Claims, interests, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, the Liquidating Trustee may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, except as otherwise provided in the Liquidating Trust Agreement.

Upon the transfer of the Liquidating Trust Assets, as more fully set forth in the Liquidating Trust Agreement, the Debtors will have no reversionary or further interest in or with respect to the Liquidating Trust Assets. For U.S. federal income tax purposes, the Liquidating Trust Beneficiaries will be treated as grantors and owners thereof and it is intended that the Liquidating Trust be classified as a liquidating trust under Section 301.7701-4 of the Treasury Regulations. Accordingly, for U.S. federal income tax purposes, it is intended that the Liquidating Trust Beneficiaries be treated as if they had received an interest in the Liquidating Trust Assets and then contributed such interests to the Liquidating Trust.

On the Effective Date, the authority, power, and incumbency of the persons acting as managers, directors, and officers of the Debtors shall be deemed to have resigned and the Liquidating Trustee shall be appointed as the sole manager, director, and/or officer of the Debtors and shall succeed to the powers of the Debtors' managers, directors, and officers. From and after the Effective Date, the Liquidating Trustee shall be the sole representative of, and shall act for, the Debtors' Estates. The Liquidating Trustee, as applicable, shall be deemed to be substituted in lieu of the Debtors as the proper party in interest in all matters, including (a) motions, contested matters, and adversary proceedings pending in the Bankruptcy Court, and (b) all matters pending in any courts, tribunals, forums, or administrative proceedings outside of the

Bankruptcy Court, in each case without the need or requirement for the Liquidating Trustee to file motions or substitutions of parties or counsel in any such matter.

4.4 Preservation of Debtors' Retained Causes of Action. Except as otherwise provided in this Plan, an agreement or document entered into in connection with the Plan, or in a Final Order of the Bankruptcy Court, pursuant to section 1123(b) of the Bankruptcy Code and as set forth more fully in the Disclosure Statement, the Debtors reserve and, as of the Effective Date, assign to the Liquidating Trust the Debtors' Retained Causes of Action identified in the Plan Supplement. On and after the Effective Date, the Liquidating Trustee, as appropriate may pursue the Debtors' Retained Causes of Action on behalf of and for the benefit of the Liquidating Trust Beneficiaries.

No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Debtors' Retained Cause of Action against it as any indication that the Liquidating Trustee will not pursue any and all available Causes of Action against it. Unless any Cause of Action against an Entity is expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Final Order of the Bankruptcy Court, the Litigation Trustee expressly reserves all Debtors' Retained Causes of Action for later adjudication, and, therefore no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion (judicial, equitable, or otherwise), or laches, shall apply to such Debtors' Retained Causes of Action upon, after, or as a consequence of Plan confirmation or the Effective Date.

The Debtors or the Liquidating Trustee, as applicable, reserve such Debtors' Retained Causes of Action notwithstanding the rejection of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. The Liquidating Trustee shall retain and shall have, including through their authorized agents or representatives, the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Debtors' Retained Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

Except as otherwise provided in the Plan, the Confirmation Order, or in any settlement agreement approved during the Chapter 11 Cases: (a) any and all rights, Claims, Causes of Action, defenses, and counterclaims of or accruing to the Debtors or their Estates with respect to the Debtors' Retained Causes of Action shall remain assets of and vest in the Liquidating Trust, whether or not litigation relating thereto is pending on the Effective Date, and whether or not any such rights, claims, Causes of Action, defenses, and counterclaims have been listed or referred to in the Plan, the Schedules, or any other document filed with the Bankruptcy Court; and (b) neither the Debtors nor the Liquidating Trust waive, relinquish, or abandon (nor shall they be estopped or otherwise precluded from asserting) any right, Claim, Cause of Action, defense, or counterclaim with respect to the Debtors' Retained Causes of Action that constitutes Property of the Estates: (i) whether or not such right, Claim, Cause of Action, defense, or counterclaim has been listed or referred to in the Plan or the Schedules, or any other document filed with the Bankruptcy Court, (ii) whether or not such right, Claim, Cause of Action, defense, or counterclaim is currently known to the Debtors, and (iii) whether or not a defendant in any litigation relating to such right, Claim, Cause of Action, defense, or counterclaim filed a Proof of

Claim in the Chapter 11 Cases, filed a notice of appearance or any other pleading or notice in the Chapter 11 Cases, voted for or against the Plan, or received or retained any consideration under the Plan. Without in any manner limiting the generality of the foregoing, notwithstanding any otherwise applicable principle of law or equity, including, without limitation, any principles of judicial estoppel, res judicata, collateral estoppel, issue preclusion, or any similar doctrine, the failure to list, disclose, describe, identify, or refer to a right, Claim, Cause of Action, defense, or counterclaim with respect to the Debtors' Retained Causes of Action, or potential right, Claim, Cause of Action, defense, or counterclaim with respect to the Debtors' Retained Causes of Action, in the Plan, the Schedules, or any other document filed with the Bankruptcy Court shall in no manner waive, eliminate, modify, release, or alter the Debtors' or the Liquidating Trustee's, as applicable, right to commence, prosecute, defend against, settle, and realize upon any rights, Claims, Causes of Action, defenses, or counterclaims with respect to the Debtors' Retained Causes of Action that the Debtors or the Liquidating Trust has, or may have, as of the Confirmation Date. The Liquidating Trustee may commence, prosecute, defend against, settle, and realize upon any rights, Claims, Causes of Action, defenses, and counterclaims with respect to the Debtors' Retained Causes of Action in its sole discretion, in accordance with what is in the best interests, and for the benefit, of the Debtors' Estates.

4.5 Authorization and Issuance of Reorganized HGE Common Stock. On the Effective Date, 1,000 shares of the Reorganized HGE Common Stock, representing 100% of the equity of Reorganized HGE, shall be issued to the Plan Sponsor or an entity designated by the Plan Sponsor, in consideration for the Plan Sponsor Consideration and to the Senior DIP Lender, to the extent that it exercises the Subscription Option. The Reorganized HGE Common Stock shall be free and clear of all Liens, Claims, interests, and encumbrances of any kind. All the shares of Reorganized HGE Common Stock issued pursuant to the Plan shall be duly authorized, validly issued, fully paid, and non-assessable. On the Effective Date, none of the Reorganized HGE Common Stock will be listed on a national securities exchange. Reorganized HGE may take all necessary actions, if applicable, after the Effective Date to suspend any requirement to (a) be a reporting company under the Securities Exchange Act, and (b) file reports with the Securities and Exchange Commission or any other entity or party.

4.6 Contribution of Guidepost Global Assets. On the Effective Date, Guidepost Global will contribute the Guidepost Global Assets to Reorganized HGE, for the benefit of Plan Sponsor.

4.7 Assignment of Transferred Executory Contracts / Unexpired Leases to Guidepost Global. Unless previously assumed and assigned prior to the Effective Date or otherwise the subject of a motion or notice to assume or assume and assign filed on or before the Effective Date, on the Effective Date, the Transferred Executory Contracts / Unexpired Leases shall be assigned to Guidepost Global, CEA, and/or TNC, notwithstanding any anti-assignment and/or change of control provisions contained in such Executory Contracts and Unexpired Leases. Guidepost Global, CEA, and/or TNC, as applicable, shall be responsible for the payment of any Cure Claims and Administrative Expense Claims arising from any Transferred Executory Contract / Unexpired Lease.

4.8 Transfer of Designated EB-5 Entities to Guidepost Global. On the Effective Date, in consideration for Guidepost Global funding the Junior DIP Loan and contributing the

Guidepost Global Assets, the Debtors will transfer the Designated EB-5 Entities (but not their assets, except as otherwise set forth in this section or in the Plan Supplement) to Guidepost Global free and clear of all liens, Claims, encumbrances, and other interests in the Designated EB-5 Entities; provided, however, such transfer shall not be free and clear of the Limited EB-5 Interests and all EB-5 Investors in the Designated EB-5 Entities shall retain their Limited EB-5 Interests in the Designated EB-5 Entities, notwithstanding any provision of this Plan to the contrary. The Debtors shall cooperate in good faith and execute, acknowledge, and deliver all such further documents, instruments, and assurances, and take all such further actions as may be reasonably necessary or desirable to effectuate and facilitate the transfer contemplated by this section. Following the Effective Date, Reorganized HGE and/or the Liquidating Trust, upon request by Guidepost Global, Yu Capital, TNC, or EB5AN, shall cooperate in good faith to promptly execute and deliver any additional documents or perform any acts that may be required to carry out the intent and purpose of this section and to complete the transfer in accordance with its terms; provided that the requesting party shall pay for Reorganized HGE's or the Liquidating Truste's documented costs in connection with same. Custody and control of all business records, documents, financial records, and related records of the Designated EB-5 Entities shall be transferred to Guidepost Global. Guidepost Global shall assume the obligation to provide the EB-5 Investors with the Immigration Information. Guidepost Global shall, promptly after the Confirmation Date, provide access to the Immigration Information to the EB-5 Investors individually through a data room or similar shared electronic storage site and shall cooperate in good faith with all EB-5 Investors with respect thereto, including (without limitation) by responding promptly to reasonable requests of EB-5 Investors for additional documents or certifications within their capacity or control and using commercially reasonable efforts to promptly obtain and provide to EB-5 Investors required Immigration Information from third parties, if applicable. Nothing in this section or the Plan shall modify the rights or obligations of any other parties to the EB-5 Investors, including (without limitation) pursuant to the applicable limited liability company agreements of the Designated EB-5 Entities.

4.9 Cancellation and Surrender of Securities and Agreements. On the Effective Date, all Equity of Higher Ground Education and each other Debtor identified in the Plan Supplement shall be retired, cancelled, extinguished, and/or discharged in accordance with the terms of the Plan. Except as otherwise provided in the Plan or the Plan Supplement, on the Effective Date: (a) the obligations of the Debtors under any certificate, share, note, bond, indenture, purchase right, option, warrant, or other instrument or document, directly or indirectly, evidencing or creating any indebtedness or obligation of or ownership interest in the Debtors giving rise to any Claim or Equity Interest shall be cancelled as to the Debtors and Reorganized HGE shall not have any continuing obligations thereunder and (b) the obligations of the Debtors pursuant, relating, or pertaining to any agreements, indentures, certificates of designation, bylaws, or certificate or articles of incorporation or similar documents governing the shares, certificates, notes, bonds, purchase rights, options, warrants, or other instruments or documents evidencing or creating any indebtedness or obligation of the Debtors shall be released and discharged.

4.10 Release of Liens. Upon request by the Debtors, Reorganized HGE, the Liquidating Trustee, or the Plan Sponsor, any Person holding a Lien in any of the Debtors' Property shall execute any lien release or similar document(s) required to implement the Plan or reasonably requested by the Debtors, Reorganized HGE, the Liquidating Trustee, or the Plan

Sponsor in a prompt and diligent manner. Notwithstanding the foregoing, any of the Debtors, Reorganized HGE, the Liquidating Trustee, and the Plan Sponsor are authorized to execute any lien release or similar document(s) required to implement the Plan.

4.11 Vesting of Reorganized HGE Assets and Operation of Businesses into Reorganized HGE. On the Effective Date, except as otherwise expressly provided in the Plan or Confirmation Order, the Reorganized HGE Assets shall vest or re-vest in Reorganized HGE, in each instance free and clear of all Liens, Claims, interests, and encumbrances of any kind. The Reorganized HGE Subsidiaries that are not Designated EB-5 Entities shall be retained by Reorganized HGE. To the extent not prohibited by applicable non-bankruptcy law, all licenses, permits, certificates of occupancy, and similar rights and privileges in the name of any of the Reorganized HGE Subsidiaries that are required by any federal, state, or local governmental agency in order for Reorganized HGE to conduct education-related operations at the locations operated by Reorganized HGE prior to the Effective Date shall be deemed assumed by the Debtors without further action on the Effective Date pursuant to the Confirmation Order.

Neither the issuance of Reorganized HGE Common Stock nor any transfer of Property through the Plan shall result in Reorganized HGE, or any of its subsidiaries or affiliates, (a) having any liability or responsibility for any Claim against or Interest in the Debtors, the Debtors' Estates, or any Insider of the Debtors, or (b) having any liability or responsibility to the Debtors, except as expressly provided in the Plan. Without limiting the effect or scope of the foregoing, and to the fullest extent permitted by applicable laws, neither the issuance of Reorganized HGE Common Stock nor the transfer of assets contemplated in the Plan shall subject Reorganized HGE or its properties, subsidiaries, assets, affiliates, successors, or assigns to any liability for Claims against the Debtors' interests in such assets by reason of such issuance of Reorganized HGE Common Stock or transfer of assets under any applicable laws, including, without limitation, any successor liability, except as expressly provided in the Plan.

On the Effective Date, except as otherwise provided in the Plan, Reorganized HGE may operate its business and may use, acquire, or dispose of any and all of its property, without supervision of or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, except as expressly provided in the Plan.

4.12 Satisfaction of Claims or Interests. Unless otherwise provided in the Plan, any distributions and deliveries to be made on account of Allowed Claims shall be in full and final satisfaction, release, settlement, and discharge of such Allowed Claims.

4.13 Continuation of Bankruptcy Injunction or Stays. All injunctions or stays provided for in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

4.14 Administration Pending Effective Date. Prior to the Effective Date, the Debtors shall continue to operate their businesses as debtors-in-possession, subject to all applicable requirements of the Bankruptcy Code and the Bankruptcy Rules. After the Effective Date, Reorganized HGE may operate their businesses, and may use, acquire, and dispose of Reorganized HGE Assets free of any restrictions of the Bankruptcy Code or the Bankruptcy

Rules, but subject to the continuing jurisdiction of the Bankruptcy Court as set forth in Article 12 hereof.

4.15 Exemption From Securities Laws. Any rights issued under, pursuant to or in effecting the Plan, including, without limitation, the Reorganized HGE Common Stock and the offering and issuance thereof by any party, including without limitation the Debtors or the Estate, shall be exempt from Section 5 of the Securities Act of 1933, if applicable, and from any state or federal securities laws requiring registration for offer or sale of a security or registration or licensing of an issuer of, underwriter of, or broker or dealer in, a security, and shall otherwise enjoy all exemptions available for Distributions of securities under a plan of reorganization in accordance with all applicable law, including without limitation section 1145 of the Bankruptcy Code. If the issuance of the Reorganized HGE Common Stock does not qualify for an exemption under section 1145 of the Bankruptcy Code, the Reorganized HGE Common Stock shall be issued in a manner, which qualifies for any other available exemption from registration, whether as a private placement under Rule 506 of the Securities Act, Section 4(2) of the Securities Act, and/or the safe harbor provisions promulgated thereunder.

4.16 "Change of Control" Provisions. For purposes of effectuating the Plan, none of the transactions contemplated herein shall constitute a change of control under any agreement, contract, or document of the Debtors, or create, or be deemed to create, any right or any other claim in connection therewith based upon a provision related to a "change of control," or comparable term in any Executory Contract or Unexpired Lease being assigned and/or assumed pursuant to the Plan.

4.17 Substantive Consolidation of the Debtors for Voting and Distribution Purposes Only. On and after the Effective Date, and solely for purposes of voting on, and making distributions under, the Plan, each and every Claim in the Debtors' Chapter 11 Cases against any of the Debtors shall be deemed filed against the consolidated Debtors and shall be deemed a single consolidated Claim against and obligation of the consolidated Debtors. Such limited consolidation shall in no manner affect or alter (other than for Plan voting and distribution purposes) (a) the legal and corporate structures of the Debtors or Reorganized HGE, or (b) pre- and post-Petition Date Liens, guarantees, and security interests that are required to be maintained for any reason. From and after the Effective Date, Reorganized HGE and each of the Reorganized HGE Subsidiaries will be deemed a separate and distinct entity, properly capitalized, vested with all of the assets of such Debtor as they existed prior to the Effective Date and having the liabilities and obligations provided for under the Plan. Notwithstanding anything in this Article 4.17 to the contrary, all post-Effective Date Statutory Fees payable to the U.S. Trustee pursuant to 28 U.S.C. §1930, if any, shall be calculated on a separate legal entity basis for each Debtor.

4.18 Dissolution of Certain Debtors. On or after the Effective Date, certain of the Debtors may be dissolved without further action under applicable law, regulation, order, or rule, including any action by the stockholders, members, the board of directors, or similar governing body of the Debtors, Reorganized HGE, or the Liquidating Trustee. Reorganized HGE and the Liquidating Trustee shall have the power and authority to take any action necessary to wind down and dissolve the foregoing Debtors, and may, to the extent applicable: (a) file a certificate of dissolution for such entities, together with all other necessary corporate and company

documents, to effect the dissolution of such entities under the applicable laws of their states of formation; (b) complete and file all final or otherwise required federal, state, and local tax returns and pay taxes required to be paid for such Debtors, and pursuant to section 505(b) of the Bankruptcy Code, request an expedited determination of any unpaid tax liability of any of such Debtors, as determined under applicable tax laws; and (c) represent the interests of such Debtors before any taxing authority in all tax matters, including any action, proceeding or audit. For the avoidance of doubt, the Liquidating Trustee is not permitted to dissolve Reorganized HGE or the Reorganized HGE Subsidiaries.

4.19 Dissolution of the Committee and Cessation of Fee and Expense Payments. On the Effective Date, the Committee will dissolve, and the members of the Committee and the Committee's Professionals will cease to have any role arising from or relating to the Chapter 11 Cases; *provided* that the Committee shall have post-Effective Date standing to object to Administrative Expense Claims and Professional Fee Claims and shall be entitled to file a Professional Fee Claim for services rendered to the Committee before the Effective Date, subject to rights of any party in interest to object thereto. Nothing in the Plan shall prohibit or limit the ability of the Debtors' or Committee's Professionals to represent either the Liquidating Trustee or to be compensated or reimbursed per the Plan and the Liquidating Trust Agreement in connection with such representation.

ARTICLE 5
CORPORATE GOVERNANCE AND MANAGEMENT OF REORGANIZED HGE

5.1 Corporate Action and Existence. The Debtors shall deliver all documents and perform all actions reasonably contemplated with respect to implementation of the Plan. The Debtors, or their designees, are authorized (a) to execute on behalf of the Debtors, in a representative capacity and not individually, any documents or instruments after the Confirmation Date or at the Closing that may be necessary to consummate the Plan and (b) to undertake any other action on behalf of the Debtors to consummate the Plan. Each of the matters provided for under the Plan involving the corporate structure of the Debtors or corporate action to be taken by or required of the Debtors will, as of the Effective Date, be deemed to have occurred and be effective as provided herein, and shall be authorized, approved, and (to the extent taken before the Effective Date) ratified in all respects without any requirement of further action by stockholders, creditors, or directors of the Debtors. On the Effective Date, all matters provided for in the Plan involving the corporate structure of Reorganized HGE, and all corporate actions required by the Debtors, their Estates, and Reorganized HGE in connection with the Plan, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the Debtors, their Estates, or Reorganized HGE.

Upon the Effective Date, and without any further action by the shareholders, directors, or officers of Reorganized HGE, Reorganized HGE's Corporate Documents shall be deemed amended (a) to the extent necessary, to incorporate the provisions of the Plan, and (b) to prohibit the issuance by Reorganized HGE of nonvoting securities to the extent required under section 1123(a)(6) of the Bankruptcy Code, subject to further amendment of such Corporate Documents as permitted by applicable law, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or

9.8 Reservation of Rights. Nothing contained in the Plan shall constitute an admission by the Debtors that any Executory Contract or Unexpired Lease is in fact an Executory Contract or Unexpired Lease or that Reorganized HGE has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors, Reorganized HGE, Guidepost Global, CEA, or TNC, as applicable, shall have 30 days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

ARTICLE 10

SETTLEMENT, RELEASES, INJUNCTIONS, AND DISCHARGE

10.1 Comprise and Settlement of Claims, Interests, and Controversies.

Unless otherwise set forth in the Plan, pursuant to section 1123 of the Bankruptcy Code, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good-faith compromise and settlement of all Claims and Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The Plan shall be deemed a motion to approve the good faith compromise and settlement of all such Claims, Interests, and controversies pursuant to Bankruptcy Rule 9019. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and Holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, Reorganized HGE or the Liquidating Trust may compromise and settle Claims against, and Interests in, the Debtors and their Estates and Causes of Action against other Entities. Subject to Article 7 and Article 8 of the Plan, all distributions made to Holders of Allowed Claims and Allowed Interests, as applicable, in any Class are intended to be and shall be final.

10.2 Releases by the Debtors.

Notwithstanding anything contained in this Plan or the Confirmation Order to the contrary, pursuant to section 1123(b) of the Bankruptcy Code, in exchange for good and valuable consideration, including the obligations of the Debtors under this Plan and the contributions of the Released Parties in facilitating the reorganization of the Debtors and implementation of the Plan, the adequacy of which is hereby confirmed, on and after the Effective Date, each Released Party is hereby conclusively, absolutely, unconditionally, irrevocably, and forever released, waived, and discharged by and on behalf of each and all of the Debtors, their Estates, and if applicable, Reorganized HGE, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other Entities who may purport to assert any Claim or Cause of Action, directly or derivatively, by, through, for, or because of the foregoing Entities, from any and all Claims, Interests, obligations, rights, suits, damages, and Causes of Action whatsoever (including any derivative claims and Avoidance Actions, asserted or assertable on behalf of the Debtors, Reorganized HGE, the Liquidating Trustee, and the Debtors' Estates), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or herein-after arising, whether in law or equity, whether sounding in tort or contract, whether arising under federal or state statutory or common law, or any other applicable international, foreign, or domestic law, rule, statute, regulation, treaty, right, duty, requirement, or otherwise, that such Holders or their Estates, Affiliates, heirs, executory, administrators, successors, assigns, managers, accountants, attorneys, representatives, consultants, agents, and any other Persons claiming under or through them would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim against or Interest in a Debtor or other Entity, or that any holder of any Claim against or Interest in a Debtor or other Entity could have asserted on behalf of the Debtors, Reorganized HGE, and their Estates, including without limitation, based on or relating to, or in any manner arising from, in whole or in part, among other things, the Debtors or their Estates (including the capital structure, management, ownership, or operation thereof), the Chapter 11 Cases, the RSA, Reorganized HGE (including the capital structure, management, ownership, or operation thereof), the purchase, sale, or rescission of any Security of the Debtors, Reorganized HGE, and the Debtors' Estates, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in this Plan, the business or contractual arrangements or interaction between or among any Debtor and any Released Party, the operations and financings in respect of the Debtors (whether before or after the Petition Date), the distribution of any Cash or other property of the Debtors to any Released Party, the assertion of enforcement of rights or remedies against the Debtors, the restructuring of any Claim or Interest before or during the Chapter 11 Cases, including all prior recapitalizations, restructurings, or refinancing efforts and transactions, any Securities issued by the Debtors and the ownership thereof, the Debtors' in- or out-of-court restructuring efforts, the decision to file the Chapter 11 Cases, any intercompany transactions, any related adversary proceedings, the formulation, documentation, preparation, dissemination, solicitation, negotiation, entry into, or filing of the Disclosure Statement, this Plan, the Plan Supplement, the RSA, the DIP Loans, DIP Financing Documents, or any Definitive Document, contract instrument, release, or other agreement or document created or entered into in connection with the Disclosure Statement, the DIP

Loans, the DIP Documents, this Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of this Plan, including the issuance or distribution of Securities pursuant to this Plan, or the distribution of property under this Plan or any other related agreement, or upon any other act, or omission, transaction, agreement, event, or other occurrence taking place on or before, in respect of the foregoing clause, the Effective Date.

Notwithstanding anything to the contrary in the foregoing, the Debtors do not, pursuant to the releases set forth above, release: (a) any Debtors' Retained Causes of Action or any Person or Entity that is the subject thereof; (b) any post-Effective Date obligations of any Person or Entity under this Plan, the Confirmation Order or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement this Plan or transactions thereunder; (c) the rights of any Holder of Allowed Claims to receive distributions under this Plan; or (d) the Non-Released D&Os.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the Debtor Release, which includes by reference each of the related provisions and definitions contained in this Plan, and further, shall constitute the Bankruptcy Court's finding that the Debtor Release is: (a) in exchange for the good and valuable consideration provided by the Released Parties, including, the Released Parties' contribution to facilitating the transactions contemplated in the Plan and implementing this Plan; (b) a good faith settlement and compromise of the Claims or Causes of Action released by the Debtor Release; (c) in the best interests of the Debtors and all Holders of Claims and Interests; (d) fair, equitable, and reasonable; (e) given and made after due notice and opportunity for a hearing; and (f) a bar to any of the Debtors, Reorganized HGE, or the Debtors' Estates asserting any Claim or Cause of Action released pursuant to the Debtor Release.

10.3 Releases by Releasing Parties.

Notwithstanding anything contained herein or the Confirmation Order to the contrary, pursuant to section 1123(b) of the Bankruptcy Code, to the maximum extent permitted by applicable law, in exchange for good and valuable consideration, including the obligations of the Debtors under this Plan and the contributions and services of the Released Parties in facilitating the reorganization of the Debtors and implementation of the Plan, the adequacy of which is hereby confirmed, on and after the Effective Date, each Released Party, is hereby conclusively, absolutely, unconditionally, irrevocably and forever, released, waived, and discharged by each and all of the Releasing Parties, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other Entities who may purport to assert any Cause of Action, directly or derivatively, by, through, for, or because of the foregoing Entities, from any and all claims and Causes of Action whatsoever (including any derivative claims, asserted or assertable on behalf of any of the Debtors, Reorganized HGE, and their Estates), obligations, rights, suits, or damages, whether liquidated or unliquidated, fixed, or contingent, matured, or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or herein after arising, whether in law or equity, whether sounding in tort or contract, whether arising under federal or state statutory or common law, or any

other applicable international, foreign, or domestic law, rule, statute, regulation, treaty, right, duty, requirement, or otherwise, that such Holders or their Estates, Affiliates, heirs, executory, administrators, successors, assigns, managers, accountants, attorneys, representatives, consultants, agents, and any other Persons claiming under or through them would have would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim against, or Interest in, the Debtors, Reorganized HGE, and their Estates, including without limitation, based on or relating to, or in any manner arising from, in whole or in part, among other things, the Debtors or their Estates (including the capital structure, management, ownership, or operation thereof), the Chapter 11 Cases, the Plan, the RSA, Reorganized HGE (including the capital structure, management, ownership, or operation thereof), the purchase, sale, or rescission of any Security of the Debtors, Reorganized HGE, and their Estates, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in this Plan, the business or contractual arrangements or interaction between or among any Debtor and any Released Party, the operations and financings in respect of the Debtors (whether before or after the Petition Date), the distribution of any Cash or other property of the Debtors to any Released Party, the assertion of enforcement of rights or remedies against the Debtors, the restructuring of any Claim or Interest before or during the Chapter 11 Cases including all prior recapitalizations, restructurings, or refinancing efforts and transactions, any Securities issued by the Debtors and the ownership thereof, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the decision to file the Chapter 11 Cases, any related adversary proceedings, the formulation, documentation, preparation, dissemination, solicitation, negotiation, entry into, or filing of the Disclosure Statement, this Plan, the Plan Supplement, the RSA, the DIP Loans, DIP Financing Documents, or any Definitive Document, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of this Plan, including the issuance or distribution of Securities pursuant to this Plan, or the distribution of property under this Plan or any other related agreement, or upon any other act, or omission, transaction, agreement, event, or other occurrence taking place on or before, in respect of the foregoing clause, the Effective Date; *provided* that the provisions of this Third-Party Release shall not operate to waive, release, or otherwise impair any Causes of Action arising from willful misconduct, actual or criminal fraud, or gross negligence of such applicable Released Party as determined by the Final Order of the Bankruptcy Court or any other court of competent jurisdiction.

In exchange for the foregoing Third-Party Release of the Settlement Parties, the Settlement Parties, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other entities who may purport to assert any causes of action, directly or derivatively, by, through, for, or because of the foregoing entities, shall be deemed to have released, and shall be permanently enjoined from any prosecution or attempted prosecution of, any and all claims, causes of action, interests, damages, remedies, demands, rights, actions, suits, debts, sums of money, obligations, judgments, liabilities, accounts, defenses, offsets, counterclaims, crossclaims, powers, privileges, licenses, liens, indemnities, guaranties, and franchises of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, now existing or hereafter arising, contingent or non-contingent, liquidated or unliquidated, choate or inchoate,

secured or unsecured, assertable, directly or derivatively, matured or unmatured, suspected or unsuspected, in contract, tort, law, equity, or otherwise, which any of them has or may have against the Releasing Parties. For the avoidance of doubt, the Settlement Parties and the Girns, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other entities who may purport to assert any causes of action, directly or derivatively, by, through, for, or because of the foregoing entities, shall be deemed to have released, and shall be permanently enjoined from any prosecution or attempted prosecution of, any and all claims, causes of action, interests, damages, remedies, demands, rights, actions, suits, debts, sums of money, obligations, judgments, liabilities, accounts, defenses, offsets, counterclaims, crossclaims, powers, privileges, licenses, liens, indemnities, guaranties, and franchises of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, now existing or hereafter arising, contingent or non-contingent, liquidated or unliquidated, choate or inchoate, secured or unsecured, assertable, directly or derivatively, matured or unmatured, suspected or unsuspected, in contract, tort, law, equity, or otherwise, which any of them has or may have against the other Settlement Parties and the Girns.

Notwithstanding anything to the contrary in the foregoing, the Releasing Parties do not, pursuant to the releases set forth above, release: (a) any Debtors' Retained Causes of Action; (b) any post-Effective Date obligations of any Person or Entity under this Plan, the Confirmation Order, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement this Plan or transactions thereunder; or (c) the rights of any Holder of Allowed Claims or Interests to receive distributions under this Plan.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Third-Party Release, which includes by reference each of the related provisions and definitions contained in this Plan, and further, shall constitute the Bankruptcy Court's finding that the Third-Party Release is: (a) consensual; (b) essential to the Confirmation of this Plan; (c) given in exchange for the good and valuable consideration provided by the Released Parties, including the Released Parties' contributions to facilitating the transactions contemplated in the Plan and implementing this Plan; (d) in the best interests of the Debtors and their Estates; (e) fair, equitable, and reasonable; (f) given and made after due notice and opportunity for a hearing; and (g) a bar to any of the Releasing Parties asserting any Claim or Cause of Action released pursuant to the Third-Party Release.

10.4 Exculpation.

To the fullest extent permitted by applicable law, no Exculpated Party will have or incur, and each Exculpated Party will be exculpated from, any Claim or Cause of Action arising from the Petition Date through the Effective Date in connection with or arising out of the administration of the Chapter 11 Cases, the formulation, documentation, preparation, dissemination, solicitation, negotiation, entry into, or filing of the Disclosure Statement, this Plan, the Plan Supplement, the RSA, the DIP Loans, DIP Financing Documents, or any Definitive Document, the filing of the Chapter 11 Cases, the solicitation of votes for, or Confirmation or Consummation of, this Plan, the funding of this Plan, the

occurrence of the Effective Date, the administration of this Plan or the property to be distributed under this Plan, the issuance of Securities under or in connection with this Plan, the purchase, sale, or rescission of the purchase or sale of any Security of the Debtors or the Reorganized HGE, if applicable, in connection with this Plan or the transactions in furtherance of any of the foregoing, other than Claims or Causes of Action in each case arising out of or related to any act or omission of an Exculpated Party that is a criminal act or constitutes actual fraud, willful misconduct, or gross negligence as determined by a Final Order, but in all respects such Persons will be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to this Plan. The Exculpated Parties have acted in compliance with the applicable provisions of the Bankruptcy Code with regard to the solicitation and distribution of Securities pursuant to this Plan and, therefore, are not, and on account of such distributions will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of this Plan or such distributions made pursuant to this Plan, including the issuance of Securities thereunder. The exculpation will be in addition to, and not in limitation of, all other releases, indemnities, exculpations, and any other applicable law or rules protecting such Exculpated Parties from liability.

The Exculpated Parties have, and upon Confirmation shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes and distribution of consideration pursuant to this Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of this Plan or such distributions made pursuant to this Plan.

Solely with respect to the exculpation provisions, notwithstanding anything to the contrary in this Plan, each of the Exculpated Parties and the 1125(e) Exculpation Parties shall not incur liability for any Cause of Action or Claim related to any act or omission in connection with, relating to, or arising out of, in whole or in part, (a) the solicitation of acceptance or rejection of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code or (b) the participation, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, in the offer, issuance, sale, or purchase of a security, offered or sold under the Plan. No Entity or Person may commence or pursue a Claim or Cause of Action of any kind against any of the Exculpated Parties or 1125(e) Exculpation Parties that arose or arises from, in whole or in part, a Claim or Cause of Action subject to the terms of this paragraph, without this Court (i) first determining, after notice and a hearing, that such Claim or Cause of Action represents a colorable Claim for actual fraud, gross negligence, or willful misconduct against any such Exculpated Party or 1125(e) Exculpation Party and such party is not exculpated pursuant to this provision; and (ii) specifically authorizing such Entity or Person to bring such Claim or Cause of Action against any such Exculpated Party or 1125(e) Exculpation Party. The Bankruptcy Court will have sole and exclusive jurisdiction to adjudicate the underlying colorable Claim or Causes of Action.

10.5 Injunction.

Except as otherwise expressly provided in this Plan or the Confirmation Order or for obligations or distributions issued or required to be paid pursuant to this Plan or the Confirmation Order, effective as of the Effective Date, all Entities that have held, hold, or may hold Claims, Interests, Causes of Action, or liabilities that have been released, discharged, or are subject to exculpation are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, Reorganized HGE, the Exculpated Parties, the 1125(e) Exculpation Parties, or the Released Parties: (a) commencing or continuing in any manner any action, suit, or other proceeding of any kind on account of or in connection with or with respect to any such Claims, Interests, Causes of Action, or liabilities; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims, Interests, Causes of Action, or liabilities; (c) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such Claims, Interests, Causes of Action or liabilities; (d) asserting any right of setoff or subrogation, or recoupment, of any kind against any obligation due from such Entities or against the property of such Entities or the Estates on account of or in connection with or with respect to any such Claims, Interests, Causes of Action, or liabilities unless such Holder has filed a motion requesting the right to perform such setoff on or before the Effective Date or has filed a Proof of Claim or proof of Interest indicating that such Holder asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims, Interests, Causes of Action, or liabilities released, settled or subject to exculpation pursuant to this Plan. Notwithstanding anything to the contrary in the foregoing, the injunction set forth above does not enjoin the enforcement of any obligations arising on or after the Effective Date of any Person or Entity under this Plan, any post-Effective Date transaction contemplated by the Plan, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement this Plan.

Upon entry of the Confirmation Order, all Holders of Claims and Interests and their respective current and former employees, agents, officers, directors, managers, principals, and direct and indirect Affiliates, in their capacities as such, shall be enjoined from taking any actions to interfere with the implementation or Consummation of this Plan. Each Holder of an Allowed Claim or Allowed Interest, as applicable, by accepting, or being eligible to accept, distributions under or reinstatement of such Claim or Interest, as applicable, pursuant to this Plan, shall be deemed to have consented to the injunction provisions set forth in this Article 10.5.

No Person or Entity may commence or pursue a Claim or Cause of Action, as applicable, of any kind against the Debtors, Reorganized HGE, the Exculpated Parties, the 1125(e) Exculpation Parties, or the Released Parties, as applicable, that relates to or is reasonably likely to relate to any act or omission in connection with, relating to, or arising out of a Claim or Cause of Action, as applicable, subject to Article 10.2, Article 10.3, Article 10.4, and Article 10.5 hereof, without the Bankruptcy Court (a) first determining, after notice and a hearing, that such Claim or Cause of Action, as applicable, represents a

colorable Claim of any kind, and (b) specifically authorizing such Person or Entity to bring such Claim or Cause of Action, as applicable, against any such Debtor, Reorganized HGE, Exculpated Party, 1125(e) Exculpation Party, or Released Party, as applicable. The Bankruptcy Court will have sole and exclusive jurisdiction to adjudicate the underlying colorable Claim or Causes of Action.

10.5.1 **BY ACCEPTING DISTRIBUTIONS PURSUANT TO THE PLAN, EACH HOLDER OF AN ALLOWED CLAIM OR ALLOWED INTEREST EXTINGUISHED, DISCHARGED, OR RELEASED PURSUANT TO THE PLAN WILL BE DEEMED TO HAVE AFFIRMATIVELY AND SPECIFICALLY CONSENTED TO BE BOUND BY THE PLAN, INCLUDING, WITHOUT LIMITATION, THE INJUNCTIONS SET FORTH IN THIS ARTICLE 10.5.**

10.5.2 **THE INJUNCTIONS IN THIS ARTICLE 10.5 SHALL EXTEND TO ANY SUCCESSORS OF THE DEBTORS, REORGANIZED HGE, THE RELEASED PARTIES, THE EXCULPATED PARTIES, AND THE 1125(E) EXCULPATED PARTIES, AND THEIR RESPECTIVE PROPERTY AND INTERESTS IN PROPERTY.**

10.5.3 Violation of Injunctions. **Any Person injured by any willful violation of such injunction may seek to recover actual damages, including costs and attorneys' fees and, in appropriate circumstances, may seek to recover punitive damages from the willful violator.**

10.6 Discharge of Claims and Termination of Interests.

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by Reorganized HGE), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (a) a Proof of Claim based upon such debt or right is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (b) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (c) the Holder of such a Claim or Interest has accepted the Plan or voted to reject the Plan. The Confirmation Order shall

be a judicial determination of the discharge of all Claims and Interests subject to the occurrence of the Effective Date, except as otherwise specifically provided in the Plan.

ARTICLE 11

CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

11.1 Conditions Precedent to Confirmation. It shall be a condition precedent to Confirmation of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article 11.3 hereof:

(a) No termination event or continuing event of default under the DIP Loan Facility Order shall have occurred that has not been waived;

(b) the Confirmation Order shall be in a form and substance acceptable to the Debtors, the Plan Sponsor, and the Committee, and for the avoidance of doubt, shall provide for the Plan Sponsor and Senior DIP Lender, subject to its exercise of the Subscription Option, to be issued 100% of the Reorganized HGE Common Stock free and clear of all liens, claims, rights, interests, security interests and encumbrances of any kind (other than those expressly identified in writing as acceptable to Plan Sponsor in its sole and absolute discretion);

(c) the Plan shall be in form and substance reasonably acceptable to the Debtors, the Plan Sponsor, and the Committee;

(d) the final version of the Plan Supplement and all of the schedules, documents, and exhibits contained therein shall have been filed with the Bankruptcy Court and the same shall be in form and substance reasonably acceptable to the Debtors, the Plan Sponsor, and the Committee; and

(e) no termination event, breach or failure to company with the terms of the Definitive Documents, the Confirmation Order, or any other material final order of the Bankruptcy Court shall have occurred and be continuing, unless waived by the relevant parties.

11.2 Conditions Precedent to the Effective Date. It shall be a condition precedent to the Effective Date of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article 11.3:

(a) all conditions to Confirmation in Article 11.1 of the Plan shall have been either (and shall continue to be) satisfied or waived pursuant to Article 11.3 of the Plan;

(b) all documents required under the Plan, including lien releases, shall have been delivered;

EXHIBIT 3

Claim #289 Date Filed: 8/5/2025

Fill in this information to identify the case:

Debtor Higher Ground Education Inc.

United States Bankruptcy Court for the: Northern District of Texas (State)

Case number 25-80121

Modified Official Form 410

Proof of Claim

04/25

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies or any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. **Do not send original documents;** they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to $500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) **that you received.**

Part 1: Identify the Claim

1. **Who is the current creditor?**

Carl Barney individually and as trustee of The Carl Barney Living Trust

Name of the current creditor (the person or entity to be paid for this claim)

Other names the creditor used with the debtor

2. **Has this claim been acquired from someone else?**

☑ No

☐ Yes. From whom?

3. **Where should notices and payments to the creditor be sent?**

Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)

Where should notices to the creditor be sent?	**Where should payments to the creditor be sent?** (if different)
See summary page	
Contact phone 2145737302	Contact phone
Contact email chuckh@chfirm.com	Contact email

Uniform claim identifier (if you use one):

4. **Does this claim amend one already filed?**

☑ No

☐ Yes. Claim number on court claims registry (if known) Filed on MM / DD / YYYY

5. **Do you know if anyone else has filed a proof of claim for this claim?**

☑ No

☐ Yes. Who made the earlier filing?

25801212508050000000000004

Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. **Do you have any number you use to identify the debtor?**
   - ☑ No
   - ☐ Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: ___ ___ ___ ___

7. **How much is the claim?** $ See summary page. **Does this amount include interest or other charges?**
   - ☑ No
   - ☐ Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).

8. **What is the basis of the claim?**
   Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card.
   Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c).
   Limit disclosing information that is entitled to privacy, such as health care information.
   Lawsuit

9. **Is all or part of the claim secured?**
   - ☑ No
   - ☐ Yes. The claim is secured by a lien on property.
     Nature or property:
     - ☐ Real estate: If the claim is secured by the debtor's principle residence, file a *Mortgage Proof of Claim Attachment* (Official Form 410-A) with this *Proof of Claim*.
     - ☐ Motor vehicle
     - ☐ Other. Describe: _____

     Basis for perfection: _____
     Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)

     Value of property: $_____
     Amount of the claim that is secured: $_____
     Amount of the claim that is unsecured: $_____ (The sum of the secured and unsecured amount should match the amount in line 7.)

     Amount necessary to cure any default as of the date of the petition: $_____

     Annual Interest Rate (when case was filed)_____%
     - ☐ Fixed
     - ☐ Variable

10. **Is this claim based on a lease?**
    - ☑ No
    - ☐ Yes. **Amount necessary to cure any default as of the date of the petition.** $_____

11. **Is this claim subject to a right of setoff?**
    - ☑ No
    - ☐ Yes. Identify the property: _____



12. **Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?**

A claim may be partly priority and partly nonpriority. For example, in some categories, the law limits the amount entitled to priority.

		Amount entitled to priority
☑	No	
☐	Yes. *Check all that apply:*	
☐	Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).	$
☐	Up to $3,800* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).	$
☐	Wages, salaries, or commissions (up to $17,150*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).	$
☐	Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).	$
☐	Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).	$
☐	Other. Specify subsection of 11 U.S.C. § 507(a)(__) that applies.	$

* Amounts are subject to adjustment on 4/01/28 and every 3 years after that for cases begun on or after the date of adjustment.

13. **Is all or part of the claim entitled to administrative priority pursuant to 11 U.S.C. § 503(b)(9)?**

☑ No

☐ Yes. Indicate the amount of your claim arising from the value of any goods received by the debtor within 20 days before the date of commencement of the above case, in which the goods have been sold to the Debtor in the ordinary course of such Debtor's business. Attach documentation supporting such claim.

$_____

Part 3: Sign Below

The person completing this proof of claim must sign and date it. FRBP 9011(b).

If you file this claim electronically, FRBP 5005(a)(3) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to $500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Check the appropriate box:

☑ I am the creditor.

☐ I am the creditor's attorney or authorized agent.

☐ I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.

☐ I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgement that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have reasonable belief that the information is true and correct.

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

Executed on date 08/05/2025
MM / DD / YYYY

/s/Carl Barney
Signature

Print the name of the person who is completing and signing this claim:

Name: Carl Barney
First name Middle name Last name

Title: Individually and as the trustee of The Carl Barney Living Trust

Company: _____
Identify the corporate servicer as the company if the authorized agent is a servicer.

Address

Contact phone _____ Email _____



Verita (KCC) ePOC Electronic Claim Filing Summary

For phone assistance: Domestic (888) 733-1431 | International (310) 751-2632

Debtor:
25-80121 - Higher Ground Education Inc.

District:
Northern District of Texas, Dallas Division

Creditor:
Carl Barney individually and as trustee of The Carl Barney Living Trust
Charles B. Hendricks
900 Jackson Street
Suite 570
Dallas, Texas, 75202
United States
Phone:
2145737302
Phone 2:
Fax:
Email:
chuckh@chfirm.com

Has Supporting Documentation:
Yes, supporting documentation successfully uploaded
Related Document Statement:

Has Related Claim:
No
Related Claim Filed By:

Filing Party:
Creditor

Other Names Used with Debtor:

Amends Claim:
No
Acquired Claim:
No

Basis of Claim:
Lawsuit

Last 4 Digits:
No

Uniform Claim Identifier:

Total Amount of Claim:
30,000,000 plus exemplary damages

Includes Interest or Charges:
No

Has Priority Claim:
No

Priority Under:

Has Secured Claim:
No

Amount of 503(b)(9):
No

Based on Lease:
No

Subject to Right of Setoff:
No

Nature of Secured Amount:

Value of Property:

Annual Interest Rate:

Arrearage Amount:

Basis for Perfection:

Amount Unsecured:

Submitted By:
Carl Barney on 05-Aug-2025 7:03:43 a.m. Pacific Time

Title:
Individually and as the trustee of The Carl Barney Living Trust

Company:

Attachment No. 1 to The Carl Barney Living Trust Proof of Claim

STATEMENT AND RESERVATION OF RIGHTS OF PROOF OF CLAIM

1. No Effect on Claimant's Property Rights. Nothing in this proof of claim affects or acts as a waiver with respect to the property rights of Claimant asserted under this Proof of Claim or any attached documents. By filing of this proof of claim, Claimant does not submit any property interest to administration of or determination by the Court.

2. Right to Amend. Claimant reserves the right to amend this proof of claim to restate the amounts or the basis of its claims or to otherwise assert its rights, including rights discovered by Claimant subsequent to the filing of this proof of claim. Claimant reserves the right to file an administrative expense priority claim.

3. Reservation of Rights as to Claims Submitted. The execution and filing of this proof of claim is not and shall not be deemed or construed as: (a) a waiver or release of Claimant's rights and claims against any other entity or person liable for all or any part of the claim asserted herein; (b) a consent by Claimant to the jurisdiction of the Bankruptcy Court or any other court with respect to proceedings, if any, commenced in any case against or otherwise involving the Claimant; (c) a waiver or release of Claimant's right to trial by jury in the Bankruptcy Court or any other court in any proceeding as to any and all matters so triable, whether the same be designated legal or private rights or in any case, controversy, or proceeding related hereto, notwithstanding the designation or not of such matters as "core proceedings" pursuant to 28 U.S.C. Section 157(b)(2), and whether such trial is pursuant to statute or the United States Constitution; (d) a consent by Claimant to a jury trial in the Bankruptcy Court or any other court in any proceeding as to any and all matters so triable herein or in any case, controversy, or proceeding related hereto, pursuant to 28 U.S.C. Section 157(e) or otherwise; (e) a waiver by the Claimant of the right to move to withdraw the reference with respect to the subject matter of this proof of claim, any objection thereto, or other proceeding which may be commenced in this case against or otherwise involving Claimant; (f) a waiver or release of Claimant's right to setoff under the Bankruptcy Code or recoupment; (g) a waiver of any right with respect to any other property in which Claimant claims an interest whether held by the Debtor or any other third party; or (h) a waiver of Claimant's right to assert any additional claims that may be entitled to administrative priority under sections 503 and 507 of the Bankruptcy Code.

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Attorneys for Plaintiff CARL BARNEY,
as Trustee of the CARL BARNEY LIVING TRUST

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF ORANGE - CENTRAL JUSTICE CENTER

CARL BARNEY, AS TRUSTEE OF THE CARL BARNEY LIVING TRUST, AND LEPORT EDUCATIONAL INSTITUTE, INC.

Plaintiffs,

v.

LUKAS PIETER, PETER LEPORT, M.D., MONICA LEPORT, FRANCISCO LEPORT, RAMANDEEP GIRN, REBECCA GIRN, HIGHER GROUND EDUCATION, INC. and DOES 4 through 50, inclusive,

Defendants.

LUKAS PIETER, an individual,

Cross-Complainant,

v.

LEPORT EDUCATIONAL INSTITUTE, INC., a California corporation, and ROES 1 through 20, inclusive,

Cross-Defendants.

CASE NO.: 30-2018-01006531-CU-FR-CJC
[Unlimited Jurisdiction]
Assigned for all purposes to the
Hon. Lon F. Hurwitz, Dept. C20

THIRD AMENDED COMPLAINT FOR DAMAGES, ACCOUNTING, RESTITUTION AND INJUNCTIVE RELIEF

[DEMAND FOR JURY TRIAL]

1. **Breach of Contract**
2. **Breach of Fiduciary Duty**
3. **Misappropriate of Trade Secrets**
4. **Conversion**
5. **Tortious Interference with Contract**
6. **Intentional Interference with Contract**
7. **Legal Malpractice**
8. **Unfair Competition / Business Practices**
9. **Disgorgement of Salary and Benefits**
10. **Fraud by Intentional Misrepresentation**
11. **Fraud by Intentional Concealment**
12. **Duress and Coercion**

Action Filed: July 18, 2018
Trial Date: May 16, 2022

I. GENERAL ALLEGATIONS RELATING TO PARTIES AND RELATIONSHIPS

1. Plaintiff, CARL BARNEY ("BARNEY") as the Trustee of the CARL BARNEY LIVING TRUST ("TRUST") is, and at all times herein mentioned was, a duly formed and maintained living trust, and BARNEY is expressly authorized to bring this action on behalf of the TRUST as its trustee. The TRUST is, and has been since 2014, a shareholder of LEPORT EDUCATIONAL INSTITUTE, INC., and which owns nearly two million shares of stock of said corporation. Plaintiff therefore sues Defendants herein as an injured shareholder and as the assignee of the damages and injuries suffered by said corporation.

2. Plaintiff, LEPORT EDUCATIONAL INSTITUTE, INC. ("LEI") is, and at all times herein mentioned was, a corporation organized and existing under the laws of the State of California. Prior to the filing of this pleading, LEI duly and lawfully assigned all of its assignable rights, claims and interests against and involving the Defendants herein to the TRUST. LEI also authorized the TRUST to pursue LEI'S claims directly in LEI'S name on behalf of LEI. The TRUST therefore sues in its own capacity and as the legal and beneficial owner, and assignee and transferee, of all assignable claims, rights, and interests which belonged to and were owned by LEI as alleged herein. LEI also sues in its own capacity as to the seventh cause of action for legal malpractice.

3. Defendant LUKAS PIETER ("PIETER") is, and at all times herein mentioned was, a resident of the State of California in the County of Orange. Defendant PIETER was the Chief Financial Officer of LEI between the approximate time period of October 5, 2015 through on or about December 9, 2016.

4. Defendant, PETER LEPORT, M.D. ("PETER LEPORT") is, and at all relevant times herein mentioned was, a resident of the State of California in the County of Orange. PETER LEPORT was the Founder of LEI. At various times since LEI was founded, PETER LEPORT has been and is an LEI shareholder, board member, Chairman of the Board, and its Chief Executive Officer.

5. Defendant, MONICA LEPORT ("MONICA") is, and at all relevant times herein mentioned was, a resident of the State of California in the County of Orange. MONICA is the sister of PETER LEPORT and was formerly an employee, Corporate Secretary, and a Board of Directors

member of LEI, positions from which she previously resigned. MONICA is also currently a shareholder of LEI.

6. Defendant, FRANCISCO LEPORT ("FRANCISCO") is, and at all relevant times herein mentioned was, a resident of the State of California in the County of San Francisco. FRANCISCO is the son of PETER LEPORT and formerly a member of the Board of Directors of LEI between the approximate dates of January 2016 and April 2017. Francisco is also a current shareholder of LEI.

7. PETER LEPORT, MONICA and FRANCISCO shall be collectively referred to and alleged herein as the "LEPORT Defendants". Said Defendants collectively own a majority of the shares of LEI stock and actively participated in a conspiracy to injure and damage Plaintiff and LEI as more particularly alleged herein.

8. Prior to the filing of the Second Amended Complaint, Plaintiff BARNEY ascertained the true name, capacity, and identity of DOE no. 1 herein, RAMANDEEP GIRN ("RAY"), who is individually named and sued herein as a Defendant. Defendant RAY is, and at all relevant times was, an individual residing in the State of California, County of Orange. Defendant RAY has been a shareholder in LEI at all relevant times alleged herein including through the present.

9. Prior to the filing of the Second Amended Complaint, Plaintiff BARNEY ascertained the true name, capacity, and identity of DOE no. 2 herein, HIGHER GROUND EDUCATION, INC. ("HGE"), which is individually named and sued herein as a Defendant. Defendant HGE is a Delaware corporation doing business and with its headquarters in the State of California, County of Orange. RAY and REBECCA GIRN own, control and operate Defendant HGE and have from its inception as their alter ego.

10. Prior to the filing of the Second Amended Complaint, Plaintiff BARNEY ascertained the true name, capacity, and identity of DOE no. 3 herein, REBECCA GIRN ("REBECCA") who is individually named and sued herein as a Defendant. Defendant REBECCA is, and at all relevant times was, an individual residing in the State of California, County of Orange. Defendant REBECCA is the wife of RAY and, at all relevant times herein, was a licensed attorney admitted to practice law

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in the State of California. Defendant REBECCA has been a shareholder in LEI at all relevant times alleged herein including through the present.

11. Defendants RAY, REBECCA and HGE shall be collectively referred to and alleged herein as the "GIRN Defendants". Said Defendants actively participated in a conspiracy together to injure and damage Plaintiff BARNEY and Plaintiff LEI as more particularly alleged herein.

12. Plaintiff is not aware of the true names and/or capacities and/or liability of those parties named herein as DOES 4-50, and therefore sues these potential defendants by their fictitious names. Plaintiff will seek leave of Court to amend this Third Amended Complaint or file DOE amendments when the same is ascertained.

13. Unless otherwise specified herein, those fictitious potential Defendants or Defendants named herein as DOES 4 through 50 were in some manner controlled, or in association with the named Defendants in this Third Amended Complaint, and, together, conspired and planned to defraud, injure, and damage Plaintiff BARNEY and Plaintiff LEI.

14. LEI was, until recently, an owner and operator of numerous private Montessori schools located in San Francisco, Los Angeles, Orange County, San Diego, Brooklyn, and Northern Virginia. These Montessori schools provide an excellent private school education for day care, preschool, elementary, and middle school students. LEI has recently sold and divested itself of ownership of all of its schools except the Brooklyn school.

15. On February 9, 2000, PETER LEPORT incorporated LePort & Van Damme Educational Institute, Inc., a California corporation. PETER LEPORT was the President and Chief Executive Officer of the corporation as well as the Chairman of the Board of Directors.

16. On October 3, 2000, PETER LEPORT amended the Articles of Incorporation of LePort & Van Damme Educational Institute, Inc., changing the name of the corporation to LePort Educational Institute, Inc. ("LEI").

17. On June 22, 2011, LEI filed a Restated Articles of Incorporation. PETER LEPORT remained the Chairman of the Board of Directors. The restated articles provided for issuance of 30,000,000 shares of common stock, with 10,000,000 shares being voting stock and 20,000,000 being non-voting stock.

18. On April 17, 2015, LEI's Board of Directors caused to be filed with the California Secretary of State a Certificate of Dissolution. The Certificate of Dissolution was filed because LEI was recklessly mismanaged by the LEPORT Defendants and was sometimes therefore not able to meet its payroll obligations for its employees. The LEPORT Defendants, RAY and REBECCA were the driving forces behind the filing of the Certificate of Dissolution which was physically prepared by REBECCA as General Counsel. Two boxes were fraudulently checked on the Certificate of Dissolution, stating: (a) "The corporation's known debts and liabilities have been paid"; and (b) "The known assets have been distributed to the persons entitled thereto."

19. On February 18, 2016, LEI, then represented by the law firm of Stradling Yocca Carlson & Rauth, filed a Petition for Reinstatement of LEI with the County of Orange Superior Court in Case No. 30-2016-00835690. The LEPORT Defendants were the driving force behind the filing of this Petition for Reinstatement of LEI. LEI's attorney from the Stradling firm admitted that LEI's general counsel, REBECCA, had lied in her filing of the Certificate of Dissolution in that the corporation's known debts and liabilities had not been paid as represented and that the known assets of the corporation had not been distributed to the stockholders as also falsely represented. This intentional conduct was known to and concealed by all Defendants and caused injury and damages to LEI which Plaintiffs only discovered within two years of filing this action.

20. On March 8, 2016, the court granted the Petition for Reinstatement of LEI at great time, trouble and expense to LEI which damaged LEI in an amount to be proved at trial.

21. On September 29, 2016, the LEPORT Defendants, aided by PIETER, caused Amended and Restated Articles of Incorporation of LEI to be filed with the California Secretary of State. The purpose of these Restated Articles was to change the total number of voting shares of Common Stock to 8,471,298. At the time, the LEPORT Defendants were all directors of LEI, PIETER was the CFO, and BARNEY was the CEO of LEI by virtue of loan documents for large loans that he had made to LEI.

22. On May 9, 2017, LEI filed a Statement of Information with the California Secretary of State. BARNEY, who had been the CEO of LEI since on or about August 26, 2016, was incorrectly

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listed as both the CEO and CFO of LEI on this document. PETER LEPORT was listed as a Director of LEI on the Statement of Information.

23. On or about October 27, 2017, LEI filed another Statement of Information with the California Secretary of State. PETER LEPORT was listed as the CEO and a Director of LEI.

24. Plaintiff BARNEY is suing each of the Defendants herein, except REBECCA, whom Plaintiff LEI sues as an attorney, based solely on, and solely for, their intentional, malicious, fraudulent, oppressive, or willful misconduct and not for any form of negligence or negligent or other conduct that could arguably require LEI to indemnify any of them under any contract or the California Labor Code and/or under California public policy prohibiting indemnification of intentional wrongful conduct. Plaintiff BARNEY therefore expressly disclaims, except as to REBECCA, any right to any relief from the conduct alleged herein which is not intentional, fraudulent, malicious, oppressive, or willful.

II. GENERAL ALLEGATIONS RELATING TO CLAIMS FOR RELIEF AGAINST RAY, THE LEPORT DEFENDANTS AND PIETER

25. In or about April 2014, BARNEY was approached by PETER LEPORT to make an investment through the purchase of LEI shares. BARNEY had known PETER LEPORT for many years and, at the time, considered him a friend who, like BARNEY, was in the private school education business. PETER LEPORT then represented to BARNEY that the LEI share price at the time was $1.90; that it was a good value; and that LEI was "flourishing." Also, at the time, LEI was being managed by RAY and his appointed executive team. Unbeknownst to Plaintiff, PETER LEPORT was largely absent from involvement in LEI affairs since he spent about 80-90% of his time operating and managing his bariatric surgery office. Instead RAY, listed as LEI's CEO, was the person who was actually managing and running LEI's operations. At that time, and prior to making its investment, RAY represented to BARNEY that the TRUST's investment was "sound" and that the value of its to-be-acquired stock would increase. Based on RAY's and PETER LEPORT's superior knowledge and positions within LEI as Founder/Chairman of the Board and CEO, respectively, Plaintiff trusted and relied on RAY's and PETER LEPORT's representations.

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26. Based on the aforementioned representations by PETER LEPORT and RAY, in or about April 2014, BARNEY, by way of his TRUST, invested in LEI through the purchase and loan conversion of 1,838,980 shares of common stock for $3.5 million, or $1.90 per share. However, through no fault of Plaintiff BARNEY, it was not until in or about September of 2016 that Plaintiff first learned through the belated disclosure of financial information that the value of LEI's shares was nowhere near $1.90 per share but was actually worth approximately $0.10 per share in April of 2014. Plaintiff only learned of these facts after he loaned an additional $15 million to LEI, as described below, and became its Chief Executive Officer with access to LEI historical financial information and records for the first time. Plaintiff BARNEY also learned at or about that time that LEI was not in fact "flourishing," as represented by PETER LEPORT, nor "sound" and would increase in value as represented by RAY, but had instead been in considerable financial distress that was spiraling out of control through massive cash flow problems created by a host of circumstances including RAY and REBECCA's injurious departure from LEI, as described below. In or about April 2014, when Plaintiff purchased/converted nearly $3.5 million of the seriously over-valued and misrepresented shares, PETER LEPORT and RAY concealed from Plaintiff BARNEY that LEI was having difficulty in meeting its obligations to its creditors, lenders, and employees, and instead represented to BARNEY that PETER LEPORT wanted Plaintiff BARNEY to invest in LEI through the acquisition of shares of stock in order to pay bonuses to LEI employees.

27. On or about August 19, 2015, the LEPORT Defendants caused a loan financing transaction to be negotiated and entered into with Leeds Equity Partners V, LP ("Leeds") for the principal amount of $5 million. The loan had to be re-paid in one year or by August 19, 2016. The loan was at a high interest rate of 13% and a default interest rate of 20%. The note evidencing the $5 million loan transaction contained provisions that could trigger a default, which would accelerate payment and interest on the loan at the default interest rate. The Leeds loan documents contained provisions that the default interest rate of 20% would apply in the event that any senior executives of LEI increased their compensation package without its consent.

28. The LEPORT Defendants concealed from Plaintiff BARNEY, then a substantial shareholder, the Leeds $5 million loan at the time of the transaction.

29. In or about the summer of 2015, LEI desperately needed a Chief Financial Officer (CFO) to help manage its financial affairs. RAY, as CEO of LEI, put out a job posting for the CFO position with executive recruiting agencies at or about the time of the Leeds $5 million loan to LEI. This job posting for the CFO position included the following qualifications:

Primary Duties and Accountabilities Include:

- Strategic partner to the CEO
- Building a world class finance organization
- Designing and implementing the corporate infrastructure to grow from the current 12 locations to 100 locations
- Treasury function including CAPEX planning, funding, insurance, banking relations, and taxes
- Articulate the company's message to institutional investors and investor relations
- Forecasting and modeling
- Accounting department management
- Information technology
- Human resources would eventually report to the CFO
- Supervising and training staff

Desired Skills and Experience:

- CFO position required a Bachelors degree in business/ finance or accounting
- A CPA license was required
- An MBA was a plus
- Multi-locations and expansion
- At least 5 years of experience as the CFO of a growing company
- Institutional capital raising experience required
- Investor relations experience required
- Expertise in managing IT functions and ERP systems
- Proven ability to evangelize a product or concept
- Demonstrated leadership is a must
- Collaborator and team builder
- Passion for education and a lifelong learner
- Outstanding references.

30. In or about August 2015, Jessica Reister, a recruiter for the Hardesty agency which contracted with LEI to locate a CFO as its agent, contacted PIETER about the available CFO position at LEI and advised him about the aforementioned qualifications. PIETER, at the time, was working for a company known as GenMark, a publicly traded company located in Carlsbad, California. PIETER reported to a CFO at GenMark and did not have many of the essential "desired skills and

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experience" for the advertised CFO position at LEI. PIETER was also living in Orange County at the time and was making the daily commute to Carlsbad.

31. PIETER was immediately interested in the CFO opportunity at LEI for a variety of reasons including the fact that he was "unhappy" with his position and lack of upward career mobility at GenMark. PIETER therefore falsely represented to Ms. Reister, knowing his misrepresentations would be communicated to LEI by her as its agent, the nature of his position at GenMark, including intentionally misrepresenting that his compensation package would be in the $500,000 annual range in the next 30-60 days when he would be promoted at GenMark to its Vice-President of Strategic Finance. PIETER further specifically misrepresented that, in the soon to be promoted title of Vice-President, his compensation package would consist of a $200,000 annual salary, a 30% bonus of $60,000, and 100% of his salary in stock compensation. He estimated the total value of his salary, bonus, and stock options to be in the annual range of $460,000. Based on this asserted and impending promotion to the Vice-President position at GenMark, PIETER represented to Ms. Reister that he wanted compensation in the annual range of $500,000 to $700,000 to leave GenMark and to join a company like LEI at the CFO level. PIETER's misrepresentations, including those hereinbelow, were not discovered until 2018 when formal discovery was conducted in a lawsuit filed by PIETER against LEI.

32. PIETER concealed from Ms. Reister that his current compensation at GenMark in the position had an actual value of $346,000, at most, including an annual base salary of only $185,000, an as yet unreceived and non-vested bonus of $37,000, and possible stock option compensation of $124,000. However, as to his reported $124,000 value in stock compensation, PIETER concealed from Ms. Reister that his vested GenMark options and unvested options were essentially worthless because the strike price of his options was considerably higher than the GenMark stock was publicly trading for at the time. Further, PIETER deliberately misrepresented to Ms. Reister that a promotion to the Vice-President position at GenMark was forthcoming, i.e., given his circumstances at GenMark, he had no reasonable expectation that he in fact would be promoted under the current management at GenMark.

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33. In response to the facts represented to her by PIETER, Ms. Reister repeated PIETER's representations to LEI's CEO, RAY, and recommended that PIETER was a viable candidate for the CFO position.

34. In early September 2016, PIETER was interviewed by, among, others, RAY and PETER LEPORT. During those interviews, PIETER affirmed to RAY and PIETER LEPORT his earlier misrepresentations to Ms. Hardesty regarding the nature of his employment and the amount of his compensation. On September 8, 2015, RAY authored an email to Defendant PIETER in which he informed PIETER that he could have the position of LEI's CFO. In that email, among other items, RAY stated the following:

> "Bonus: No bonus in the 2015-2016 fiscal year. A competitive bonus plan for leadership, one that rewards handsomely for real and tangible success, will be developed and introduced for FY 2016-2017, to be paid at the close of that year. Whatever the parameters of that plan, you will be eligible for the highest level of bonus aside from the CEO."
> "Ongoing equity—TBD: We will be implementing an employee equity/ options plan as soon as possible. The parameters of this plan, and how it will relate to the bonus plan have yet to be determined. You will have whatever eligibility is consistent with that plan, starting no earlier than the second year of your employment."

35. On September 9, 2015, PIETER replied to RAY's September 8, 2015 email, indicating that he would be "thrilled" to accept an LEI offer with certain adjustments that, as asserted by PIETER, would bring him closer to his total 2015-2016 compensation at GenMark. PIETER, among other things, represented the following in his email:

A) PIETER wanted a $60,000-$100,000 signing bonus because he would lose his 2015 bonus at GenMark and would not be eligible for a cash bonus at LEI until the end of FY 2016-2017 (i.e. on or before August 31, 2017).

B) PIETER wanted the initial stock grant to be increased from $200,000 to $250,000 because that $250,000 was 0.5% of total LEI equity value at $2.40 per share. As to the implementation of the stock option plan, which he knew was not yet in existence at LEI, PIETER

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wanted to know if he would be eligible for the grant in his second year with LEI in September 2016 and not at the end of his second year in September 2017.

36. On September 14, 2015, REBECCA responded to Defendant PIETER's email of September 9, 2015 in which she stated, among other things, as follows:

A) REBECCA rejected PIETER's request for a signing bonus.

B) REBECCA raised the initial stock grant to $250,000.

C) REBECCA advised PIETER that LEI's intention was to put the stock option plan in place at the beginning of the fall in the 2016-2017 FY; however, she expressed uncertainty whether the plan would be performance-based with the results awarded at the end of that fiscal year, or whether it would be a fixed amount that would be a percentage of his base annual salary and award would be made dependent on what LEI management determined.

37. PIETER responded to REBECCA's email as follows:

A) PIETER agreed that a signing bonus was not necessary. He claimed the decision was not ideal, but it would be an outcome he would be "happy to accept given how excited I am about joining your team, helping you achieve your mission and building sustainable value in the future."

B) PIETER acknowledged his appreciation in the raise of his initial stock grant from $200,000 to $250,000.

C) PIETER asked that, "to bridge the gap" in his leaving a bonus of $60,000 to $100,000 at GenMark if he were to become employed at LEI, he would like to add to the initial stock grant value of $250, 000.

38. On September 17, 2015, REBECCA sent an email reply to PIETER's new demand in his email of September 14, 2015. In essence, REBECCA advised PIETER that LEI could not do anything more than what she had previously stated. She essentially told PIETER that her last concession in the email of September 14, 2015 regarding raising the initial stock grant's value from $200,000 to $250,000 was "take it or leave it." She promised that an Offer Letter conveying the agreed-upon terms would be prepared and sent to him on the next day.

39. On September 17, 2015, an Offer Letter was submitted to Defendant PIETER by LEI. PIETER was told he would be hired as the LEI CFO. His effective starting date would be on or about

October 5, 2015. The Offer Letter indicated PIETER's employment would be on an "at will" basis, and it summarized the following essential terms of the job offer:

- Starting base annual salary of $200,000 and ordinary benefits of the position at set forth in the LEI employment handbook.
- A grant of restricted LEI stock with a dollar value of $250,000, with stock in the amount of $62,500 vesting each year tied to his starting employment date of October 5, 2015.
- The offered restricted stock would be awarded to PIETER at a 10% discount from the company's valuation employed in its next capital raise of at least $5,000,000 and would be issued in conjunction with such transaction.
- In the event that a capital raise event of at least $5,000,000 did not occur within a year of PIETER's starting date of $5,000,000, then the restricted stock would be issued to him on his one year anniversary based on the restricted price of $2.40 per share.
- PIETER's employment would be on an "at will" basis unless there was a written agreement with the CEO of LEI for a specified period of time.
- PIETER's benefits package at LEI also included a 100% employee tuition discount for up to two children (including free extended care) worth approximately $40,000 at LEI's Irvine school(s).
- The Offer Letter did not contain any bonus provision nor did it include a severance provision.
- Once starting, PIETER would be monitored on a 90-day probationary period—at the end of this 90-day period, PIETER would receive a performance evaluation to determine whether his employment at LEI would continue beyond this period.

40. On September 19, 2015, Defendant PIETER signed and agreed to the terms of the Offer Letter creating an employment agreement between the parties. LEI's Board never approved PIETER's "at will" employment contract, as required by its Bylaws and charter which was known to PIETER, RAY, REBECCA and PETER LEPORT. PIETER was therefore never legally entitled to the compensation he received from LEI which should be repaid and restored to LEI and Plaintiff BARNEY under principles of equity and the Corporations Code which was violated by PIETER.

41. RAY and PETER LEPORT had previously informed PIETER of the Leeds $5,000,000 loan to LEI, which was due to mature and be paid off on or before August 19, 2016, before PIETER signed and agreed to the Offer Letter.

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42. PIETER, as agreed, started his employment as LEI's CFO on October 5, 2015. Over the next 90 days, prior to the end of 2015, PIETER learned of major issues which included, but were not limited to, the following:

A) That a power struggle for control of LEI was occurring between RAY and his management team including REBECCA, on the one hand, and PETER LEPORT, on the other;

B) That LEI's plan to expand its schools from about 12 to at least 100 was a pipe dream, and that LEI was becoming mired in debt;

C) That PETER LEPORT was essentially an absentee founder and Chairman of the Board (Note: Peter was listed as CEO from time to time with state of California but he never had a valid employment agreement and was never paid "salary" from the company – the only payment he received was for founder agreement) and that he spent 80-90% of his time managing and operating his bariatric surgery medical practice;

D) That Plaintiff BARNEY was a substantial minority shareholder in LEI, and that he/it was a potential source of investment/ loan funds;

E) That LEI would, in the absence of additional investment/ loan funding, likely become bankrupt;

F) That PETER LEPORT wanted to obtain further investment/loan funding from Leeds Equity to the exclusion of other investors/ lenders; and

G) That LEI was a suspended California corporation because of errors and omissions by RAY and REBECCA.

43. PIETER seized upon the power struggle and intentionally took advantage of the executive management void left by the later departure of RAY and REBECCA. Among other things, PIETER advised PETER LEPORT of RAY's mismanagement and openly admitted to Plaintiff that he "outed Ray to PETER LEPORT and got RAY fired." PIETER had also come to recognize that PETER LEPORT was an "absentee" management executive and was spending a substantial amount of his time managing and operating his medical practice. Although PETER LEPORT had himself appointed as the LEI CEO after RAY's departure, nevertheless, he was absent most of the time, did not attend to LEI's burgeoning financial distress, and essentially let PIETER handle his CEO duties

as well as PIETER's CFO duties. PIETER seized upon and intentionally took advantage of the executive management void left by the departure of most of the executive management team.

44. LEI began a search for RAY's replacement with the assistance of PETER LEPORT and PIETER. They did locate a temporary replacement, Jim Treleaven, who accepted the CEO position on a short-term basis. During Treleaven's short tenure as the LEI CEO, he spent most of his time in Chicago far from the Company's headquarters in Orange County.

45. Therefore, pursuant to their conspiracy to defraud Plaintiff, on or about April 20, 2016, PETER LEPORT and PIETER persuaded Plaintiff BARNEY to loan $500,000 to LEI with a very modest 6.5% interest rate and a maturity date of October 20, 2016. This $500,000 loan was made by Plaintiff BARNEY in good faith without conducting any due diligence. This $500,000 loan was made at about the time that LEI had retained bankruptcy counsel and was contemplating bankruptcy as a solution to avoid paying its debts, including, but not limited to, the looming debt of approximately $7 million on the Leeds $5 million plus interest due on the note which was due to mature and require repayment on or about August 19, 2016, all of which was concealed by the LEPORT Defendants and PIETER from Plaintiff BARNEY. Also, the note on Plaintiff's loan contained a provision: "Except as obligated under any (current) employment agreement, LEI could not increase the cash or non-compensation terms payable to any senior executives without the approval of non-interested directors of the LEI Board." The LEPORT Defendants and PIETER were fully aware of this note provision prohibiting them and any other executives to increase the cash or non-compensation terms of their own oral or written executive employment contracts.

46. On or about June 2, 2016, PETER LEPORT terminated Jim Treleaven's contract for the CEO position at LEI. During Mr. Treleaven's short stint as CEO, PIETER had been performing CEO duties on a de facto basis in Mr. Treleaven's frequent physical absence from the Company. PIETER continued to perform de facto the CEO duties as well as his CFO responsibilities after Mr. Treleaven's employment was terminated. PIETER performed these de facto CEO duties until on or about August 26, 2016, at which time BARNEY assumed the acting CEO position for LEI. Plaintiff was officially appointed to the CEO position by the LEI Board of Directors on or about October 5, 2016.

47. After RAY and REBECCA were out of the picture, the LEPORT Defendants and PIETER each wanted to enrich themselves at the expense of a financially struggling LEI and Plaintiff BARNEY, and therefore entered into a conspiracy to enrich themselves at the expense of LEI and Plaintiff BARNEY. Commencing on or about June 2, 2016, PETER LEPORT and PIETER engaged in email discussions and in face-to-face meetings with each other about changing PIETER's "at will" employment agreement and increasing his compensation package. Among other things, in the back and forth email correspondence, PIETER again falsely represented that he had been earning $500,000 annually in cash and stock in his employment prior to LEI and, further, that by accepting LEI employment, he had forfeited a $200,000 bonus from his prior employer. In fact, PIETER's salary at his prior employment was $185,000 and his bonus was $37,500.

48. Based partly on PIETER's false representations as to the terms of his employment contract at his prior job, and after intentionally and recklessly failing to duly investigate PIETER's representations, in an email of on or about June 6, 2016, PETER LEPORT approved a "200,000 bonus and a new contract" for PIETER on the quid pro quo condition that his sister MONICA's salary be doubled. Further, PETER LEPORT wanted to have his dormant Founder's Agreement reactivated so that he could collect on a $200,000 annual salary moving forward even though LEI could not afford to do so as it was facing bankruptcy. This clandestine agreement between PETER LEPORT and PIETER was deliberately concealed from Plaintiff BARNEY and from Leeds because of the terms in their loan documents which prohibited these compensation increases without their express approval.

49. PIETER then, without LEI's approval and at LEI's expense, enlisted LEI's outside counsel to act on his behalf in drawing up a new employment contract. PIETER presented outside counsel with the terms he wanted to be included, and outside counsel prepared the new employment contract without anyone representing LEI in its drafting. This new employment agreement drawn up by LEI's outside counsel for PIETER, who was purely acting in a self-dealing capacity inimical to the interests of LEI and Plaintiff BARNEY, contained more favorable terms than those in his initial "at will" employment agreement. These new terms included the following:

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A) PIETER's salary was increased to $250,000 from $200,000. The increase in salary was conditional either upon the sale of LEI or the consummation of "qualified financing".

B) PIETER would receive a $200,000 bonus triggered by the occurrence of transactions which were not specifically identified.

C) PIETER would receive 25 paid vacation days annually, which would carry forward from year-to-year subject to a 40-day accrual cap.

D) The initial "at will" provision in PIETER's prior employment agreement was changed to one of "for cause" in the event of termination. In essence, significant restrictions were placed on the ability of LEI to terminate PIETER, including (1) written notice of intent to terminate; (2) the termination notice had to specify particular acts or failure to act as the basis for termination; (3) LEI must provide written notice once it learned of acts or omissions to act, and (4) PIETER would have 30 days after the receipt of the written notice within which to cure performance issues.

E) If LEI wished to terminate PIETER on an "at will" basis, LEI had to provide 30 days written notice and, thereafter, PIETER would be entitled to four months of severance pay and benefits.

F) If PIETER wished to voluntarily resign, subject to conditions not specifically noted, PIETER would also be entitled to four month's severance pay and benefits from LEI.

50. PETER LEPORT "approved" of PIETER's new employment agreement despite the fact that it lacked consideration and was therefore invalid, because he, acting in a self-dealing manner and on behalf of his sister MONICA, also received benefits from the arrangement at the expense of LEI and Plaintiff. First, PETER LEPORT, who then was not an employee of LEI, used PIETER's new employment agreement as an impetus to activate his own dormant employment agreement in order to get paid a salary going forward 10 years into the future. This was agreed to by these co-conspirators, with MONICA and FRANCISCO, despite the fact the PETER LEPORT was not an employee of LEI and was devoting virtually zero time in or at the business outside of his responsibilities as a director for which he was separately compensated. Second, PETER LEPORT and

PIETER had agreed amongst themselves to approve a compensation package for MONICA that doubled her annual salary. PIETER's so-called new employment agreement was signed by Jim Treleaven as the supposed CEO of LEI on or about June 23, 2016 although Treleaven's employment contract had been terminated on or about June 2, 2016. LEI was therefore coerced into executing these agreements by the LEPORT Defendants and PIETER.

51. The new self-dealing employment agreements of PETER LEPORT, MONICA, and PIETER were then provided to the LEI Board of Directors for approval. Sitting on the LEI Board of Directors at the time were only PETER LEPORT, MONICA and FRANCISCO who then conspired to approve the new compensation packages for PIETER, PETER LEPORT and MONICA despite knowing they were inimical to LEI's and Plaintiff BARNEY's interests. LEI's Bylaws at the time required six directors on the Board with a quorum of four non-interested directors voting on issues within its purview. In fact, at an earlier Board meeting held on May 24, 2016, Corporate Counsel, Goodarz Agahi, advised the directors of their fiduciary duties in the context of the Bylaws requirements for a quorum of directors in order to take corporate actions. The Board had only three active directors and did not meet the quorum requirement. Further, the terms of Plaintiff BARNEY's April 20, 2016 loan of $500,000 to LEI required changes in compensation of senior executives to be approved by a quorum of non-interested directors. The LEI Board of Directors, on or about June 30, 2016, did purportedly approve of PIETER's new employment/retention agreement, PETER LEPORT'S so-called employment agreement, and the doubling of MONICA's annual compensation, however, the LEI Board acted without a quorum and, also, with two of three the directors voting being "interested" in the transaction, thus causing the "approval" to be against LEI's bylaws, against the terms of both the BARNEY note and the Leeds note, and also against California law. These agreements were therefore unenforeable and the benefits received by said Defendants should be disgorged and returned to Plaintiff BARNEY.

52. The LEPORT Defendants and PIETER knew that PIETER's new employment/ retention agreement, reactivation of PETER LEPORT's dormant employment agreement, and MONICA's increase in salary breached LEI's loan agreements with both Leeds and Plaintiff, and therefore they attempted to conceal these breaches from them. In fact, as noted, Mr. Treleaven was

told to sign the new agreement by said Defendants even though he was no longer the CEO of LEI to give it ostensible validity, which he did on June 23, 2016. Defendants also knew that the "approval" of the agreements by the LEI Board was not by a quorum of four disinterested directors as required under its Bylaws and the terms of Plaintiff BARNEY's note. Nevertheless, they proceeded with the unlawful execution of these new agreements to the detriment and injury of LEI and Plaintiff BARNEY. These agreements should be rescinded, and all compensation received by said Defendants accounted for and repaid to Plaintiff BARNEY. Subsequently, when PIETER asked about payment of his $200,000 bonus, PETER LEPORT replied, "If Carl doesn't agree to pay it, I will pay it personally." But PETER LEPORT later refused to do so.

53. The LEPORT Defendants and PIETER did not want to advise Plaintiff BARNEY of their self-dealing and financial mismanagement of LEI. Therefore, PIETER, with the knowledge and consent of the LEPORT Defendants, and while acting as a fiduciary of LEI, entered into a second financing arrangement with Leeds. On or about July 22, 2016, Leeds loaned LEI $2.2 million with an annual interest rate of 13% and a default interest rate of 20%. LEI was already in default over the initial Leeds $5 million loan transaction because the initial offer letter to PIETER included grant options, which were not previously approved by Leeds, and also PIETER had not informed Leeds of his new employment agreement authorizing the payment of a $200,000 bonus. Defendant PIETER again deliberately misled Leeds by not advising them of his new employment agreement authorizing the payment of a $200,000 bonus upon consummation of a successful financing transaction. Defendant PIETER also withheld from Leeds the June 23, 2016 employment agreement doubling MONICA's salary, which was a violation of the Leeds $5 million loan transaction.

54. On or about July 22, 2016, Defendant PIETER with the LEPORT Defendants' knowledge and consent, then orchestrated another loan transaction with Leeds for $2.2 million at the high 13% interest rate and a 20% default interest rate. When they negotiated that second loan with Leeds, these Defendants were aware that Plaintiff BARNEY would have extended a loan to LEI on much better and more favorable terms but that he would have objected to the favorable employment agreements they negotiated for themselves in violation of his existing $500,000 note. So, PIETER and the LEPORT Defendants, acting in a self-dealing manner, and on behalf of LEI and against its

interests, entered into that second loan with Leeds because they also knew that PIETER would be entitled to receive a higher salary and bonus under the terms of his "new" employment/retention agreement and that MONICA's compensation would be increased as a consequence of the completion of this second loan. This caused further damages to LEI through excessive interest payments that should have been avoided.

55. PIETER, acting with the knowledge and consent of the other LEPORT Defendants, used monies from the $2.2 million financing arrangement with Leeds to pay off Plaintiff's $500,000 note at a 6.5% interest rate versus the 13% interest rate in the Leeds note. Leeds agreed to loan the additional monies with a note provision that no Event of Default had occurred. PIETER, with the knowledge and consent of the LEPORT Defendants, knew that an Event of Default under the Leeds loan provisions for the initial $5 million loan had in fact occurred and thereby had obtained the additional $2.2 million Leeds loan by way of concealing material facts from Leeds.

56. Also, on or about July 29, 2016 and, again on or about August 8, 2016, PIETER, acting with the knowledge and consent of the LEPORT Defendants, caused LEI to borrow $500,000 on each occasion from Leeds. Each of these two separate $500,000 loans from Leeds carried an unfavorable compounded 13% interest rate and a default interest rate of 20%. PIETER, with the knowledge and consent of the LEPORT Defendants, knew that an Event of Default under the Leeds loan provisions for the initial $5 million loan had in fact occurred.

57. PIETER and the LEPORT Defendants then agreed and conspired to use monies from these two additional $500,000 loans from LEI to pay off Plaintiff BARNEY's $500,000 note of April 20, 2016 because they all knew that PIETER's new employment agreement, PETER LEPORT's reactivated employment agreement, and the doubling of MONICA's annual compensation package had violated the terms of Plaintiff BARNEY's April 20, 2016 note.

58. The above-mentioned three additional loans from Leeds (July 22, 2016 for $2.2 million, the separate $500,000 Leeds loans on July 29, 2016 and on August 8, 2016) were in addition to the $5 million note coming due on August 19, 2016. Once Plaintiff BARNEY found out about the Leeds loans, Plaintiff BARNEY offered PETER LEPORT and PIETER the opportunity for LEI to borrow money from him at a much more favorable and relatively low interest rate to pay of the Leeds

loans. Plaintiff made the following offer: "I will take over the company and will pay off Leeds because I believe that LEI stockholders, including me, are at risk and I want to avert that from happening.... I will step in to rescue the company." Plaintiff BARNEY offered $10 million to pay off Leeds, hoping that this would be the end of it since Plaintiff BARNEY believed that Leeds wanted to take over control of LEI and eventually acquire the company through default proceedings which they were known in the industry to do. Plaintiff BARNEY made this offer after having been falsely told that LEI's prospects for the coming year were promising by Jim Treleaven, who received his financial information about LEI from PIETER who knew how it would be used. Mr. Treleaven's specific representations of material fact to Plaintiff, as told to Mr. Treleaven by PIETER, were that LEI's EBITDA for the following year would be $5 million, and that the common stock share price was $0.86 when it was in fact $0.10 per share.

59. When Plaintiff offered the $10 million loan to bail out LEI, PIETER, acting with the knowledge and consent of the LEPORT Defendants, informed Plaintiff BARNEY that $10 million would not be enough. LEI, they represented, still needed another $5 million to see them through the following year. During the negotiations between LEI and BARNEY, BARNEY was told by PIETER and Jim Treleaven that $15 million would be enough; however, expenses for Brooklyn and NOVA were severely underestimated so that much more than $15 million was actually needed, which was also concealed from Plaintiff BARNEY. During these negotiations, PIETER specifically represented that that the Brooklyn school would be profitable which never occurred and further led to LEI's losses. Plaintiff BARNEY believed their representations as to the good financial prospects of LEI in the coming year. Plaintiff BARNEY then offered a $15 million loan to LEI at an 8% interest rate (versus Leeds at 13%) and with a default interest rate of 10% (versus Leeds at 20%).

60. On or about August 25, 2016, ignorant of the true facts and financial condition of LEI, Plaintiff BARNEY in fact loaned LEI the amount of $17 million ($15 million new money and approximately $2 million wrapped from a prior loan) at a favorable interest rate of 8%. Funds from this $17 million loan were used to pay off the three Leeds notes. Shortly thereafter, Plaintiff BARNEY first learned about PETER LEPORT's inequitable Founder's Agreement, which had been concealed from Plaintiff BARNEY during the investment negotiations. PETER LEPORT sent the

Founder's Agreement documents to Plaintiff BARNEY with a note to the effect that he supposedly thought Plaintiff BARNEY had previously received them, but that he wasn't sure. In reality, PETER LEPORT knew that these documents had not been previously provided to Plaintiff BARNEY. PETER LEPORT later told Plaintiff BARNEY that the documents had been available, but they had not been given to Plaintiff BARNEY because PIETER had denied Plaintiff BARNEY the opportunity to conduct due diligence.

61. Once LEI obtained the $17 million in funds from Plaintiff BARNEY's loan obtained by fraud, PIETER demanded the payment of his $200,000 bonus. LEI refused to immediately pay him the bonus under his new employment agreement. PIETER was told he needed "authorization" before the bonus could be paid. By that time, BARNEY was serving in the capacity as LEI's temporary CEO and was interacting more regularly with PIETER. BARNEY was concerned about whether PIETER had fulfilled his ethical and fiduciary responsibilities to LEI and to his TRUST as a shareholder and primary secured lender.

62. When Leeds discovered that PIETER and the LEPORT Defendants had obtained $17 million in loans from Plaintiff BARNEY in breach of its loan documents, Leeds immediately filed two lawsuits against LEI and attempted to foreclose on the collateral for these loans. Defendants' self-dealing and fraudulent acts toward Leeds ultimately forced LEI to pay a settlement of approximately $550,000 to Leeds in addition to about $500,000 in attorney fees and costs incurred by LEI for defending the lawsuits.

63. Ultimately, in or about late September 2016, Plaintiff BARNEY discovered that PETER LEPORT, MONICA, FRANCISCO, and PIETER had intentionally mismanaged LEI, had acted in a self-dealing manner and thereby breached their fiduciary obligations to LEI and the terms of Plaintiff BARNEY's note, and had, along with RAY, made significant false representations of material fact in causing Plaintiff BARNEY to originally invest $3.5 million in shares of common stock in 2014 (except PIETER who was not yet hired) and in obtaining loans from him to bail out the company. Plaintiff BARNEY discovered in or about September 2016 that these Defendants were involved in a conspiracy to defraud LEI and Plaintiff BARNEY.

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64. Plaintiff BARNEY then asked that PIETER voluntarily void his "new" employment agreement. PIETER refused, claiming he needed the money because he had just bought a new home in March 2016.

65. On Friday, December 9, 2016, the LEI Board decided to terminate PIETER for cause. A procedure was identified for handling the termination appropriately by its legal counsel who was present at the meeting. During said meeting PETER LEPORT expressly represented to the Board that he would personally pay PIETER's $200,000 requested bonus if he pursued it. However, immediately after the Board meeting adjourned, PETER LEPORT, without authorization and in direct violation of the Board's decision moments earlier, went into the office of PIETER and told PIETER he was to be terminated the next workday, on Monday. When PIETER asked PETER LEPORT about his $200,000 bonus, PETER LEPORT stated (for the second time): "If LEI will not pay you the $200,000, I will pay it myself." However, PETER LEPORT repeatedly failed and refused to abide by his representation to the LEI Board and PIETER. As a result of PETER LEPORT's intentional misconduct, PIETER filed a breach of contract and Labor Code violations suit against LEI which was only recently settled at great cost to LEI in an amount to be proved at trial. LEI's D&O insurance policy had expired earlier in the year. Because of numerous claims previously filed against the policy, D&O coverage could not be obtained from any carrier, which exposed the directors and corporate officers to risk.

66. After PETER LEPORT's unauthorized termination discussion alleged above, Plaintiff BARNEY, along with in-house counsel and the corporate secretary, entered PIETER's office and PIETER was asked to leave LEI's premises since they did not want PIETER to have the opportunity to cause further damage to LEI knowing he was about to be terminated. PIETER was asked to return all company property including the laptop he used, and he was given an opportunity to clean out his desk and collect his personal property. When he left, PIETER maintained confidential, proprietary, and sensitive LEI business records and trade secrets which he had previously removed from LEI in violation of both his employment agreement and California law. PIETER even unlawfully disclosed confidential, proprietary, and sensitive LEI financial information to prospective employers and others without LEI's consent and in violation of California law. LEI staff also then discovered that PIETER

was not recording his time out of the office (vacation and other leave) in the company's payroll management software though he was the CFO and responsible for overseeing financial matters of this nature. For example, PIETER took approximately three weeks off when his child was born which was not recorded. This intentional failure to record his time off, for which he was not entitled to be paid, caused further damages to LEI for which PIETER has never accounted to LEI. PIETER also then demanded that PETER LEPORT honor his personal agreement to pay his $200,000 bonus, which PETER LEPORT had earlier orchestrated to line his and his sister's pockets, but PETER LEPORT refused to do so which caused PIETER to sue LEI to recover his bonus which in turn caused LEI to suffer hundreds of thousands of dollars in attorney's fees to defend the action against LEI, during which PETER LEPORT repeatedly refused to honor his representations to PIETER and the Board.

67. PIETER was terminated not only because of his self-dealing, fraud and breach of fiduciary duties to LEI in relation to his own employment/retention agreement, but also because of other business matters demonstrating intentional mismanagement in which he was involved, all causing compensatory and other damage to LEI and Plaintiff BARNEY as a shareholder. These other business matters included, but were not limited to, each of the following:

A) His intentional mismanagement of the Leeds notes which resulted in the two Leeds lawsuits.

B) His intentional mismanagement of the sale of the Solano Beach school and a subsequent lease at a significantly higher rent.

C) His intentional mismanagement by failing to obtain consent before making loans to a company known as Cobble Hill, LLC and, further, the absence of any documentation pertaining to these loans.

D) His intentional mismanagement in the handling of the removal of RAY and two other executives, leaving LEI without a leader except for himself.

E) His intentional mismanagement in failing to obtain lien releases from contractors.

F) His intentional breaches of fiduciary duties and mismanagement as CFO regarding the increase in Defendant MONICA LEPORT's compensation as a predicate of his June 23, 2016 "new" employment/ retention agreement, which agreement violated the

Leeds notes and the April 2016 BARNEY note as well as creating further financial distress for an already floundering organization.

G) His intentional breaches of fiduciary duties in obtaining the 2016 Leeds loans when these loans were available at a much lower interest rate from Plaintiff BARNEY.

H) His intentional breaches of fiduciary duties by fraudulently reporting his time off that was neither approved nor reported in the LEI company records.

I) His intentional mismanagement with respect to payments of the contractor(s) for LEI's Brooklyn, New York school, which resulted in an overpayment of $400,000 to $800,000.

J) His intentional mismanagement with respect to ensuring that tax withholding for some immigrant personnel working for LEI was correctly processed.

III. GENERAL ALLEGATIONS RELATING TO CLAIMS FOR RELIEF AGAINST THE GIRN DEFENDANTS

68. Critical to LEI's success was that it hired, trained and developed talented key executives who were loyal to LEI and its mission to provide quality education to its students. Without such key executives LEI's ability to function and its value would be severely diminished.

GIRNS' Employment Contracts

69. RAY and REBECCA were each employed by LEI during 2015 and 2016 pursuant to a written "Executive Employment Agreement." Each of their contracts contained the following material terms:

> **5. Confidential Information.**
>
> **(a)** The Executive agrees not to disclose, either while in the Company's employ or at any time thereafter, to any person not employed by the Company, or not engaged to render services to the Company, any confidential information obtained while in the employ of the Company, including, without limitation, any of the Company's inventions, processes, methods, curriculum, training programs, student, family or customer lists, or trade secrets; provided, however, that the provisions of this Section shall not preclude the Executive: (1) from disclosing such information to the Executive's professional tax advisor or legal counsel solely to the extent necessary to the rendering of their professional services to the Executive if such individuals agree to keep such information confidential; and (2) from use or disclosure of

information known generally to the public or from disclosure required by law or court order.

6. Intellectual Property.

(a) Work for Hire. Executive understands and agrees that, to the extent permitted by law, all work, curriculum, textbooks, educational or pedagogical materials, manipulatives, written work product, handouts, assessments, lesson plans or notes, audio-visual materials, marketing materials or strategic documents, materials defining or relating to educational philosophy, documents of educational methods, papers, reports, documentation, drawings, images, product ideas, service ideas, photographs, negatives, tapes and masters therefor, computer programs including their source code and object code, prototypes and other materials (collectively, "Work Product"), including, without limitation, any and all such Work Product generated and maintained on any form of electronic media, that Executive generates, either alone or jointly with others, during employment with Company will be considered a "work made for hire," and ownership of any and all copyrights in any and all such Work Product will belong to Company. In the event that any portion of the Work Product should be deemed not to be a "work made for hire" for any reason, Executive hereby assigns, conveys, transfers and grants, and agrees to assign, convey, transfer and grant to Company all of Executive's right, title, and interest in and to the Work Product and any copyright therein, and agrees to cooperate with Company in the execution of appropriate instruments assigning and evidencing such ownership rights. Executive hereby waive any claim or right under "droit moral" or moral rights to object to Company's copyright in or use of the Work Product. Any Work Product not generally known to the public shall be deemed Confidential Information and shall be subject to the use and disclosure restrictions herein.

(b) Inventions. Executive hereby assigns and agrees to assign to Company all of Executive's right, title, and interest in and to any discoveries, inventions and improvements (each, an "Invention," and collectively, "Inventions"), whether patentable or not, that Executive makes, conceives or suggests, either alone or jointly with others, in the course of the Executive's employment with the Company. Any Invention that was made, conceived or suggested by Executive, either solely or jointly with others, within four (4) months following the Executive's Termination Date and that pertains to any Confidential Information or business activity of Company will be irrebuttably presumed to have been made, conceived or suggested in the course of Executive's employment and with the use of the time, materials or facilities of Company. Any Invention not generally known to the public shall be deemed Confidential Information and shall be subject to the use and disclosure restrictions herein.

> **12. Non-Solicitation of Employees.** During the term of the Executive's employment with the Company and for a period of 24 months following the Executive's Termination Date, the Executive shall not directly or indirectly solicit any other employee of the Company to terminate his or her employment with the Company.

RAY and REBECCA Unfairly Attempt To Extort Control Of LEI

70. In or about the summer of 2015, RAY and REBECCA formed an agreement and conspiracy to wrest control of LEI from its shareholders, pursuant to which, on December 6, 2015, RAY, in consultation with REBECCA, sent a letter to LEI's Board of Directors demanding that he be permitted to assume total control of LEI. Plaintiff is informed and believes that the 2015 Board of Directors members were PETER LEPORT, RAY, REBECCA, Guy Barnett, Cornelia Lockitch and Lindsay Journo.

71. On December 18, 2015, while he was still Chief Executive Officer of LEI, RAY proposed to reallocate the share of profits of LEI from its shareholders to himself by proposing that an entity owned and controlled by him would manage and control the schools owned by LEI, and that he be paid an exorbitant management fee for operating the schools. RAY also proposed to LEI's Board of Directors that LEI transfer all of LEI's intellectual property to this management company. RAY demanded that this proposal be presented to all of LEI's employees. A shareholders' meeting was held on February 1, 2016, at which a new Board of Directors was voted into office. The members were PETER LEPORT, MONICA, Jesse McCarthy, FRANCISCO, Keith Schacht, and Pari Schacht. LEI's new Board of Directors rejected Ray's proposal of December 18, 2015.

GIRN Defendants' Ongoing Conspiracy to Form an Unfairly Competitive Business and Unlawfully Solicit LEI's Employees

72. After LEI's Board of Directors rejected the above proposal, RAY and REBECCA further agreed and conspired that they would, while CEO and General Counsel respectively, unlawfully, unethically, and unfairly solicit LEI employees to terminate their employment with LEI to join them in a new business they would form to unfairly, illegally, unethically and in violation of their employment agreements compete with LEI, with the intention of crippling or putting LEI out of business and taking their students, and with the intention of buying from LEI the NOVA schools

which they had previously orchestrated be purchased by LEI at great expense and despite the fact that LEI could not afford to do so. Pursuant to this conspiracy, RAY expressly threatened LEI that he would solicit key employees of LEI to join a new entity (HGE) that he would form to compete with LEI, despite the express non-solicitation clause in his employment agreement.

73. Before and after the termination of their employment with LEI, RAY and REBECCA unfairly and unlawfully used confidential and private information, consisting of contact information, salary and benefits information, and job descriptions, to solicit and induce LEI's key executives and other employees to resign their employment with LEI and to join them in a new venture in competition with LEI. RAY and REBECCA were successful in part because RAY had curried favor with select employees and key executives of LEI by intentionally providing them outrageously high salary increases at the expense of LEI. Pursuant to RAY's and REBECCA's agreement and conspiracy and unfair business practices, in three years, Ray increased the payroll burden 193% with a total increase of $977,445 for 11 of his favorite executives (the "Girn Group") while not increasing the salaries of other employees.

74. On or about January 23, 2016, while still employed as LEI's Chief Executive Officer, and in concert with REBECCA, RAY submitted to LEI a document wherein he proposed for himself and the LEI employees that he had successfully recruited (the Girn Group). In this document RAY proposed the following:

- That the members of the Girn Group formally resign as directors of the company;
- That the Girn Group resign as officers and employees of the company with two weeks' notice for RAY and REBECCA;
- That LEI pay each member of the Girn Group four months' severance and/or LEI pay to the Girn Group one full month's severance for each full year or partial year that each had been employed;
- That until the Girn Group shares were repurchased, each member of the group would receive monthly their current salary after the base severance is complete;
- That children of the Girn Group and children of existing LEI staff who joined the Girn Group (or a business started by the Girn Group) (up to 15 students) would continue to receive tuition discounts through June 2017;
- That the Girn Group would be permitted to compete and to engage in any business opportunity including, without limitation, any projects for which LEI has not submitted an LOI, or which LEI has affirmatively declined to pursue, such as the prospective Arlington campus;

- That the Girn Group would not open a school campus within ten miles of an existing LEI school for one year; and within five miles of an existing LEI campus for two years;
- That the Girn Group for two years will not directly solicit existing enrolled families of LEI for enrollment;
- That the Girn Group would be permitted to solicit up to eight staff members of LEI, to be specified, to join them in such solicitation containing the following terms:
    a) Up to four of these employees may join the Girn Group with two weeks' notice;
    b) Up to two of them may join with one month's notice;
    c) Up to two of them may join with two months' notice; and
    d) Prior to solicitation of eight employees, the Girn Group would provide 48 hours prior notice to Dr. LePort.
- That until September 1, 2016, other than the eight employees referred to above, the Girn Group will not solicit any additional existing LEI corporate level staff;
- That the Girn Group will not solicit any campus-level staff (other than if such staff is included in the eight employees referred to above) until after July 1, 2017;
- That members of the Girn Group shall not constitute part of the eight employees above;
- That notwithstanding all of the foregoing, any general solicitation for hiring or the independent solicitation of a LEI employee of the Girn Group shall not be deemed to be a violation of such restriction;
- That the Girn Group would individually retain certain intellectual property of LEI;
- That the Girn Group would have access to all of the plans and work product related to the design, construction and approval of the Arlington campus;
- That LEI agree to a specific share buy-back of stock arrangement for RAY's stock;
- That LEI agree to an arrangement that provides for an escalating value to the shares as time elapses;
- That the Girn Group have pre-emptive rights and the right of exercise of such shares in connection with a purchase of Girn Group Shares;
- That each party would be responsible for its/their own legal costs and fees; and
- That each party would have all rights to indemnification to the fullest extent of the law.

LEI's Board of Directors rejected these extortionist and coercive proposals.

75. At the instigation of RAY and REBECCA, during December 2015 and January 2016, the Girn Group had discussions with a number of LEI's employees explaining their proposed new company and the opportunities that it represented. After these discussions, additional employees of LEI joined e-mail threads regarding the proposed new company, including Cornelia Lockitch, Maris Mendes and Joel Mendes, all of whom ultimately resigned their employment with LEI and accepted immediate employment with HGE.

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LEI Terminates RAY's Employment and REBECCA Immediately Resigns

76. At the February 2, 2016 meeting of LEI's Board of Directors, RAY was terminated for his unlawful, unethical, unfair, immoral, extortionist and illegal conduct.

77. Shortly after RAY was terminated and REBECCA resigned as General Counsel with no reasonable notice, they conducted weekly evening meetings with LEI's employees whom RAY and REBECCA had solicited prior to their terminations, and who were considering joining their new venture.

78. After February 2, 2016 several Girn Group members resigned, most only providing LEI with two to four weeks' notice. All had been offered employment at HGE by RAY and REBECCA, consistent with their pre-termination plan to take LEI's leadership and pre-termination solicitation of that LEI leadership. These employees constituted the majority of LEI's executive team upon whom LEI relied for its success.

79. RAY and REBECCA encouraged these executives and other employees of LEI to only give short notice to LEI in connection with their resignation. As a result of these resignations on short notice, LEI was unable to promptly replace the key employees resulting in LEI's operations being severely hampered.

80. In February 2016 REBECCA worked to set up payroll, health insurance and other aspects of the new venture to make it possible for people to transition their employment from LEI to HGE without a lapse in pay or benefits based on the confidential information she had concerning these employees.

RAY and REBECCA Continue to Unfairly Solicit Key Executives of LEI to Resign in order to Accept Employment with HGE

81. In or about mid-February 2016 LEI attempted to convince employees who had not yet resigned their employment with LEI to remain with LEI. In response, on February 22, 2016 RAY sent an e-mail to the Girn Group unfairly, unethically, and unlawfully disparaging, defaming and libeling LEI, and arguing why people should not be swayed by LEI's efforts. RAY proposed that employees resign their employment with LEI and if they felt the need to assist LEI that they should contract their work for LEI as consultants.

82. On February 23, 2016, the GIRN Defendants, through an HGE employee and former employee of LEI, sent an e-mail to the Girn Group wherein they attempted to dissuade the Girn Group from even assisting LEI in the capacity of consultants. On February 22, 2016 LEI's employee, Heike Larson, sent an e-mail to RAY informing him that she would not be joining the new venture and instead would remain in LEI's employment for the foreseeable future. RAY responded to this e-mail wherein he attempted to convince Ms. Larson to resign from her employment with LEI and, if she so desired, work for LEI as a consultant rather than as a full-time employee. RAY encouraged Ms. Larson to make it clear that she "stood with the Girn Group" even if she was willing to continue working for LEI for several more months.

83. Ultimately, at least 20 LEI employees resigned and accepted positions with HGE, including most key executives, which was immensely detrimental to LEI especially because it occurred during a critical time of the year during the middle of re-enrollment and the hiring season, and because LEI had to manage the acquisition of newly acquired NOVA schools which caused LEI and Plaintiff damages of not less than $24 million.

GIRNS' Illegal Hiring of Undocumented Workers

84. Prior to the departure of RAY and REBECCA, in her capacity as head of human resources of LEI, and with the knowledge and approval of RAY, REBECCA caused LEI to hire at least four employees whom she and RAY knew were not legally authorized to work in the United States, exposing LEI to criminal penalties under 8 U.S.C. § 1324(a). REBECCA and RAY attempted to conceal this unlawful conduct by paying the undocumented employees in gift cards and cash in lieu of a salary, paying the legal spouse of an undocumented employee instead of the employee himself, and clandestinely paying at least one of the employees out of an ostensible bonus payment to another employee.

85. In the case of at least one of the employees, the unlawful compensation arrangement appears to have lasted a year or more. Due to this concealment, the other members of LEI's Board of Directors and senior management were unaware of this misconduct, which came to light as part of a due diligence process for a financing transaction with Leeds.

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86. Leeds therefore alleged that these immigration-related violations caused LEI to be in default under a certain August 19, 2015 Note Purchase Agreement between the parties ("NPA") and an event of default under the Convertible Senior Secured Note ("Note") issued thereunder, as well as several amendments to the NPA and the Note, in which Defendants caused LEI to breach a series of representations contained in the NPA and amendments. As a result of Defendants' violations, LEI incurred costs and fees in connection with two lawsuits commenced by Leeds. LEI also was forced to obtain a bridge loan due to delays in obtaining longer term financing caused by the discovery of Defendants' illegal and unauthorized actions, and to conduct an I-9 investigation.

87. As a direct result of the hiring of undocumented employees LEI faces potential exposure of millions of dollars for illegal hiring practices, income tax violations, stock grants, tuition discounts and visa refunds.

GIRN Defendants' Conspiratorial Misappropriation of LEI's Trade Secret, Confidential and Proprietary Information During and After Their Employments Ended.

88. At great expense, LEI has developed a substantial amount of trade secret and other confidential and proprietary information that affords LEI a competitive edge in its industry. This information includes, but is not limited to curriculum, textbooks, educational or pedagogical materials, manipulatives, written work product, handouts, assessments, lesson plans or notes, audio-visual materials, marketing materials or strategic documents, materials defining or relating to educational philosophy, documents of educational methods, papers, reports, documentation, drawings, images, product ideas, service ideas, photographs, negatives, tapes and masters therefor, computer programs including their source code and object code, prototypes and other materials.

89. RAY and REBECCA conspired and intentionally misappropriated LEI's proprietary and trade secret information. Specifically, on January 21, 2016, while still the Chief Executive Officer of LEI, RAY sent an e-mail from his personal e-mail account, raygirn@gmail.com, to the personal e-mail accounts of numerous employees of LEI, including Jane Erickson jane.erickson99@gmail.com, Lindsay Journo lindsayjourno@gmail.com, Heike Larson heikelarson@gmail.com, Nicole St. Pierre nnstpierre@gmail.com, Guy Barnett guyusj@hotmail.com and REBECCA rebecca.girn@gmail.com, with instructions on how to export Google App data to an

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external hard drive wherein RAY stated: "Hi all, Here's a link on how you can easily archive all your google app data (email, drive, etc.) to an external hard drive: https://support.google.com/accounts/answer/3024190. Ray."

90. Another Girn Group employee replied to all recipients of RAY's January 21, 2016 e-mail wherein he stated: "I've also ordered a huge external drive, arriving Friday, that will let me archive everything on Dropbox. I might coordinate with some of you to get access to things that I might be missing."

91. Pursuant to the above-described conspiracy, the GIRN Defendants downloaded LEI's trade secret, confidential and proprietary information and converted it to their own use and continue to use this information in direct competition with LEI.

92. The GIRN Defendants have breached the confidentiality and assignment provisions of their employment agreements by retaining and misusing LEI's confidential, proprietary and trade secret information in connection with establishing HGE, their competing venture. Without LEI's authorization, the GIRN Defendants are using LEI's confidential, proprietary and trade secret information to their unfairly competitive advantage.

REBECCA GIRN's Professional Miconduct

93. As General Counsel for LEI, REBECCA was charged with the responsibility of completing the task of converting LEI from a California corporation to a Delaware corporation. During May 2014 REBECCA filed a certificate of incorporation in Delaware for the new Delaware corporation and filed a certificate of dissolution of LEI in California. However, REBECCA knowingly made several false statements in the certificate, including, but not limited to, the statement that the Board of Directors of LEI had authorized the dissolution. As a result of this misconduct, LEI's assets never properly transferred or vested in the Delaware entity. REBECCA concealed this from LEI's Board of Directors and other members of senior management.

94. As a result, Leeds alleged that LEI's representations and warranties concerning its corporate existence and authorized capital stock were false. As a consequence, LEI incurred costs in connection with two lawsuits commenced by Leeds and wherein Leeds alleged that LEI was liable for default interest on the aggregate principal amount the Note and amendments thereto at an annual rate

of 20%, attorney's fees and transaction costs. Plaintiffs learned of these damages within two years of filing this action.

95. REBECCA managed LEI's human resources activities. REBECCA knowingly and intentionally facilitated illegal activity in hiring and improperly paying employees lacking the required immigration status, instead of informing officers and directors of LEI who were not involved in the scheme. Her actions exposed LEI to criminal liability under federal law and caused LEI to breach representations made by it in the Leeds NPA, which representations REBECCA had reviewed and approved in her position as LEI's General Counsel. LEI has incurred approximately $1.2 million in costs in attempting to remedy the problem created by REBECCA, and costs continue to accrue.

96. REBECCA, herself, intentionally negotiated RAY's and her own employment agreements with LEI in direct conflict with her duties to LEI as General Counsel.

97. REBECCA advised PETER LEPORT on the transfer of LEI's shares owned by Dr. LePort to RAY, her husband, in direct conflict with her duties to LEI as its General Counsel.

98. REBECCA prepared inter-company agreements without the requisite shareholder approvals.

99. REBECCA was responsible for the termination of Jason Monaghan's employment with LEI resulting in a discrimination lawsuit against LEI.

100. As a direct result of REBECCA's professional negligence within two years of the filing of this action, LEI has incurred costs and suffered damages in excess of $2 million, excluding the amount for the illegal hiring set forth above.

Improper Lukas Pieter Option Agreement

101. In her capacity as head of human resources for LEI, REBECCA included an option grant in LEI's employment offer to Lukas Pieter. This option grant constituted a breach of LEI's loan agreement with Leeds and triggered $400,000 in additional interest plus fees and legal expenses of approximately $1 million in damages which accrued within two years of the filing of this action.

GIRN Defendants' Wrongful Acquisition of NOVA Schools

102. Pursuant to their ongoing conspiracy and unfair business practices, in November 2015, RAY and his key executives convinced PETER LEPORT and LEI to agree to the purchase of seven

NOVA schools for the purchase price of approximately $7 million. In December 2015, RAY announced that the deal had concluded even though he and REBECCA knew LEI did not have the financial ability to carry these additional schools especially if and when they left LEI and stole its key employees.

103. RAY ominously threatened BARNEY that he would one day get the NOVA schools for a song. In keeping with this threat, after approximately 12 months of machinations and negotiations, and in order to mitigate the ongoing damages the GIRN Defendants have caused to LEI, including massive losses of operating those schools from the GIRNS' departure and wrongful actions in early 2016 through the present, within the last 30 days, LEI was forced to sell the NOVA schools to the GIRN Defendants for no cash consideration but merely assumption of certain liabilities, which resulted in significant damages to LEI in excess of $7 million. The GIRN Defendants therefore accomplished their mission and conspiracy in recent weeks.

FIRST CAUSE OF ACTION

(Breach of Contract and Implied Covenant of Good Faith and Fair Dealing Against PIETER, PETER LEPORT, RAY and REBECCA)

104. Plaintiff BARNEY repeats and realleges all of the allegations contained in Paragraphs 1 through 104, inclusive, hereinabove and by reference thereto incorporates them herein as though set forth in full.

105. RAY, REBECCA, PETER LEPORT and PIETER entered into written employment and shareholder agreements with LEI wherein they expressly agreed that during and after their employment with LEI they would not disclose LEI's confidential information to persons not employed by or engaged by LEI, that all intellectual property that they developed while employed by LEI was the property of LEI, that all inventions that they developed were the property of LEI, and that they would not solicit employees of LEI for a period of two years after the cessation of their employment with LEI.

106. LEI has performed all of its obligations under these contracts except for those that are excused because of said Defendants' conduct and prior breaches.

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107. Said Defendants, and each of them, breached the provisions of their employment and shareholder agreements with LEI, including the implied covenant of good faith and fair dealing therein, by soliciting LEI's employees to terminate their employment with LEI on short notice and to work for HGE in competition with LEI, and by surreptitiously downloading and converting to their own use and HGE's use LEI's trade secret and other confidential and proprietary information.

108. As a direct and proximate result of Defendants' breaches of their employment contracts LEI and Plaintiff BARNEY have been damaged in an amount to be proven at trial, but in no event less than $24 million.

109. Wherefore, Plaintiff BARNEY prays for judgment as stated hereinafter.

SECOND CAUSE OF ACTION

(Breach of Fiduciary Duty and Abetting Breach of Fiduciary Duty Against All Defendants except HGE)

110. Plaintiff repeats and realleges all of the allegations contained in Paragraphs 1 through 104, inclusive, hereinabove and by reference thereto incorporates them herein as though set forth in full.

111. RAY, the LEPORT Defendants and PIETER, as shareholders, corporate officers and directors, owed LEI and Plaintiff BARNEY fiduciary duties, including the duties of care and loyalty. REBECCA, as General Counsel also owed fiduciary duties to LEI.

112. During said Defendants' tenures as officers, directors and General Counsel of LEI, said Defendants, and each of them, violated their fiduciary duty of loyalty to LEI and Plaintiff BARNEY, and aided and abetted each other, by engaging in the acts and omissions alleged hereinabove.

113. As a direct and proximate result of said Defendants' breaches of fiduciary duties, and aiding and abetting one another in so doing, LEI and Plaintiff BARNEY were harmed and damaged in an amount to be proven at trial but in no event in an amount less than $24 million.

114. Said Defendants' conduct was a substantial factor in causing LEI's and Plaintiff BARNEY's harm and damages.

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115. The above-described conduct by said Defendants was committed maliciously, fraudulently and oppressively, in bad faith, and in conscious disregard of the rights of LEI within the meaning of California Civil Code section 3294. Thus, Plaintiff BARNEY is entitled to recover punitive damages against said Defendants, and each of them, in an amount sufficient to punish and make an example of said Defendants.

116. WHEREFORE, Plaintiff BARNEY prays for judgment against said Defendants as hereinafter set forth.

THIRD CAUSE OF ACTION

(Misappropriation of Trade Secrets and Violation of Trade Secrets Act Against PIETER and GIRN Defendants)

117. Plaintiff repeats and realleges all of the allegations contained in Paragraphs 1 through 104, inclusive, hereinabove and by reference thereto incorporates them herein as though set forth in full.

118. Through expenditure of funds and labor LEI developed and owns trade secrets, including, but not limited to, employee lists and personal information, customer information, educational policies, practices and procedures, and pricing information, as more particularly alleged above (collectively, "Trade Secrets").

119. The Trade Secrets are not known outside of LEI.

120. The Trade Secrets are difficult for others to properly acquire or independently duplicate.

121. The Trade Secrets have actual independent economic value because they are not generally known and they allow LEI to have a competitive advantage in its industry.

122. LEI undertook reasonable efforts to keep the Trade Secrets secret, including, *inter alia*, requiring employees to sign employment agreements that contain the provisions set forth above.

123. The Trade Secrets were necessarily disclosed to PIETER and the GIRN Defendants in the course and scope of their employment with LEI after each Defendant signed agreements to maintain them confidential.

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124. Said Defendants, and each of them, have misappropriated LEI's Trade Secrets, and are using the Trade Secrets in direct completion with LEI for their own economic benefit and/or the economic benefit of HGE.

125. HGE acquired LEI's Trade Secrets by improper and illegal means, as alleged above. LEI is informed and believes and thereon alleges that HGE is using LEI's Trade Secrets in violation of LEI's rights.

126. As a direct and proximate result of said Defendants' misappropriation of LEI's Trade Secrets LEI and Plaintiff BARNEY were injured and harmed in an amount to be proven at trial, but in no event in an amount less than $10 million.

127. Said Defendants' conduct was a substantial factor in causing LEI's and Plaintiff BARNEY's harm.

128. Plaintiff BARNEY is entitled to an injunction pursuant to California Civil Code Section 3426.2(a) enjoining said Defendants from further use of LEI's Trade Secrets.

129. Defendants have been and continue to be unjustly enriched as a result of using LEI's Trade Secrets, and therefore said Defendants, including HGE, should be required to disgorge all profits derived from said conduct pursuant to California Civil Code Section 3426.3(a).

130. Alternatively, Plaintiff BARNEY should be awarded royalty payments for said Defendants' use of its Trade Secrets pursuant to California Civil Code Section 3426.2(a).

131. Defendants' misappropriation of LEI's Trade Secrets was willful and malicious within the meaning of California Civil Code section 3426.3(c). Therefore, Plaintiff BARNEY is entitled to recover punitive damages against Defendants, and each of them, in accordance with California Civil Code section 3426.3(c) in an amount sufficient to punish and make an example of said Defendants.

132. WHEREFORE, Plaintiff BARNEY prays for judgment as stated hereinafter.

FOURTH CAUSE OF ACTION

(Conversion Against GIRN Defendants and PIETER)

133. Plaintiff BARNEY repeats and realleges all of the allegations contained in Paragraphs 1 through 104, inclusive, hereinabove and by reference thereto incorporates them herein as though set forth in full.

134. Pursuant to California Labor Code Section 2860 "Everything which an employee acquires by virtue of his employment, except the compensation which is due to him from his employer, belongs to the employer, whether acquired lawfully or unlawfully, or during or after the expiration of the term of his employment."

135. LEI holds exclusive title to Trade Secrets, confidential and proprietary information, as alleged above, and has an immediate right to exclusive possession of same.

136. Secretly and without LEI's knowledge or consent the GIRN Defendants and PIETER, and each of them, intentionally and substantially interfered with LEI's property by downloading and copying from LEI's computer systems LEI's Trade Secrets, confidential and proprietary information, and converted the same to their own use and economic benefit in direct competition with LEI.

137. HGE acquired LEI's Trade Secrets, confidential and proprietary information through improper and illegal means in violation of LEI's rights and is using same in violation of LEI's exclusive rights. HGE has been and continues to be unjustly enriched as a result of using Trade Secrets, confidential and proprietary information, and therefore HGE should be required to disgorge all profits derived from said conduct.

138. LEI and Plaintiff BARNEY have demanded that said Defendants cease and desist from continuing to use LEI's Trade Secrets, confidential and proprietary information, but said Defendants refuse to do so.

139. As a direct and proximate result of conversion of LEI's Trade Secrets, confidential and proprietary information LEI and Plaintiff BARNEY were harmed in an amount to be proven at trial, but in no event in an amount less than $10 million.

140. Said Defendants' conduct was a substantial factor in causing LEI's and Plaintiff BARNEY's harm.

141. The above-described conduct by said Defendants was committed maliciously, fraudulently and oppressively, in bad faith, and in conscious disregard of the rights of LEI within the meaning of California Civil Code section 3294. Thus, Plaintiff BARNEY is entitled to recover punitive damages against said Defendants, and each of them, in an amount sufficient to punish and make an example of said Defendants.

142. WHEREFORE, Plaintiff BARNEY prays for judgment as stated hereinafter.

FIFTH CAUSE OF ACTION

(Tortious Interference with Contractual Relations Against GIRN Defendants)

143. LEI repeats and realleges all of the allegations contained in Paragraphs 1 through 104, inclusive, hereinabove and by reference thereto incorporates them herein as though set forth in full.

144. In 2015 and 2016 written employment contracts existed between LEI and the following persons, among others:

a) Jane Erickson

b) Lindsay Journo

c) Cornelia Lockitch

d) Maris Mendes

e) Nicole St. Pierre

f) Elan Walshe

g) Guy Barnett

h) Matt Bateman

145. The GIRN Defendants, and each of them, knew of the above referenced contracts.

146. By their conduct as alleged above, said Defendants intentionally and willfully interfered with the contractual relations between LEI and its aforementioned employees, thereby preventing performance of the contracts.

147. Said Defendants intended to disrupt the performance of the aforementioned contracts.

148. The GIRN Defendants have been and continue to be unjustly enriched as a result of said Defendants' tortious interference with LEI's contractual relations, and therefore said Defendants should be required to disgorge all profits derived from said conduct.

149. As a direct and proximate result of said Defendants' tortious interference with LEI's contractual relations LEI and Plaintiff BARNEY were harmed in an amount to be proven at trial but in no event in an amount less than $10 million.

150. Said Defendants' conduct was a substantial factor in causing LEI's and Plaintiff BARNEY's harm.

151. The above-described conduct by said Defendants was committed maliciously, fraudulently and oppressively, in bad faith, and in conscious disregard of the rights of LEI within the meaning of California Civil Code section 3294. Thus, Plaintiff BARNEY is entitled to recover punitive damages against said Defendants, and each of them, in an amount sufficient to punish and make an example of said Defendants.

152. WHEREFORE, Plaintiff BARNEY prays for judgment as stated hereinafter.

SIXTH CAUSE OF ACTION

(Intentional Interference with Prospective Economic Advantage Against GIRN Defendants)

153. Plaintiff BARNEY repeats and realleges all of the allegations contained in Paragraphs 1 through 104, inclusive, hereinabove and by reference thereto incorporates them herein as though set forth in full.

154. The following LEI employees, among others, were in an economic relationship that would have resulted in a continuing and prospective economic benefit to LEI:

a) Jane Erickson

b) Lindsay Journo

c) Cornelia Lockitch

d) Maris Mendes

e) Nicole St. Pierre

f) Elan Walshe

g) Guy Barnett

h) Matt Bateman

155. The GIRN Defendants, and each of them, knew of these economic relationships.

156. By their conduct as alleged above, the GIRN Defendants intended to and did disrupt these economic relationships.

157. Said Defendants' conduct was independently wrongful because they committed the acts in violation of their Executive Employment Agreements and in breach of their duty of loyalty owed to LEI.

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158. Said Defendants have been and continue to be unjustly enriched as a result of said Defendants' intentional interference with LEI's prospective economic advantage, and therefore said Defendants should be required to disgorge all profits derived from said conduct.

159. As a direct and proximate result of said Defendants' intentional interference with LEI's prospective economic advantage LEI and Plaintiff BARNEY were harmed in an amount to be proven at trial, but in no event in an amount less than $10 million.

160. Said Defendants' conduct was a substantial factor in causing LEI's and Plaintiff BARNEY's harm.

161. The above-described conduct by said Defendants was committed maliciously, fraudulently and oppressively, in bad faith, and in conscious disregard of the rights of LEI within the meaning of California Civil Code section 3294. Thus, Plaintiff BARNEY is entitled to recover punitive damages against Defendants, and each of them, in an amount sufficient to punish and make an example of said Defendants.

162. WHEREFORE, Plaintiff BARNEY prays for judgment as stated hereinafter.

SEVENTH CAUSE OF ACTION

(Legal Malpractice Against REBECCA)

163. Plaintiff LEI repeats and realleges all of the allegations contained in Paragraphs 1 through 104, inclusive, hereinabove and by reference thereto incorporates them herein as though set forth in full.

164. At all times relevant to this action REBECCA was General Counsel to LEI.

165. In acting as General Counsel for LEI REBECCA owed a duty to Plaintiff LEI to use such skill, prudence, and diligence as other members of her profession commonly possess and exercise.

166. REBECCA breach her duty owed to Plaintiff LEI by negligently, carelessly and recklessly committing the acts and omissions alleged above.

167. As a direct and proximate cause of the breach of REBECCA's duty owed to Plaintiff LEI LEI was harmed in an amount to be proven at trial, but in no event in an amount less than $10 million.

168. WHEREFORE, Plaintiff LEI prays for judgment as stated hereinafter.

EIGHTH CAUSE OF ACTION

(Unfair Competition/Business Practices – Violation of Business & Professions Code Sections 17200, Et Seq. Against All Defendants)

169. Plaintiff BARNEY repeats and realleges all of the allegations contained in Paragraphs 1 through 104, inclusive, hereinabove and by reference thereto incorporates them herein as though set forth in full.

170. California Business Code Section 17200 prohibits any unlawful, unfair, unethical, immoral or fraudulent business act or practice.

171. The aforementioned conduct of Defendants, and each of them, alleged above constitutes acts of unfair competition, as defined by Business & Professions Code Sections 17200, *et seq*. for which they should be ordered to restore to Plaintiff BARNEY all ill-gotten profits and make restitution to Plaintiff of all amounts by which they profited from their illegal actions.

172. LEI and Plaintiff BARNEY are entitled to a temporary restraining order, preliminary injunction and permanent injunction enjoining Defendants from, among other things, continuing to solicit LEI's employees and from using LEI's Trade Secrets and confidential and proprietary information.

173. WHEREFORE, Plaintiff BARNEY prays for judgment as stated hereinafter.

NINTH CAUSE OF ACTION

(Disgorgement of Salary and Benefits Against RAY and REBECCA for Violation of Labor Code Section 2863)

174. Plaintiff BARNEY repeats and realleges all of the allegations contained in Paragraphs 1 through 104, inclusive, in this Complaint and by reference thereto incorporates them herein as though set forth in full.

175. Under California law every employee owes a duty of loyalty to his or her employer.

176. California Labor Code Section 2863 provides: "An employee who has any business to transact on his own account, similar to that entrusted to him by his employer, shall always give the preference to the business of the employer."

177. Any profit made in breach of the employee's duty of loyalty belongs to the employer. *Rest.2d Agency* § 403, comment "a." This includes disgorgement of salary and benefits paid to a faithless employee while secretly competing with his employer. *Service Employees Int'l Union, Local 250 v. Colcord*, 160 Cal. App. 4th 362, 371 (2008).

178. While still employed by LEI, RAY and REBECCA conspired to and did compete with LEI. Thus, Plaintiff BARNEY is entitled to an order requiring Defendants to disgorge all salary and benefits they received from LEI from the time that they commenced competing with LEI, in an amount to be proven at trial.

179. WHEREFORE, Plaintiff BARNEY prays for judgment as stated hereinafter.

TENTH CAUSE OF ACTION

(Fraud by Intentional Misrepresentation Against Defendants RAY, PIETER and PETER LEPORT)

180. Plaintiff BARNEY specifically alleges and incorporates herein by this reference those allegations contained in paragraphs 1 through 104, inclusive, hereinabove as though fully set forth herein.

181. RAY, PIETER and PETER LEPORT intentionally misrepresented material facts as more particularly alleged hereinabove. Said Defendants knew their representations were false and made them despite knowledge of their falsity.

182. Plaintiff BARNEY and LEI reasonably and justifiably relied to their detriment on the false and fraudulent misrepresentations of said Defendants by, among other things, hiring PIETER, paying him benefits, investing in LEI, acquiring its stock, and providing loans to LEI at a favorable interest rate in the principal amount of over $20 million to LEI. Had LEI and Plaintiff BARNEY known the true facts, which were concealed by said Defendants, they would not have acted as they did.

183. Plaintiff BARNEY and LEI have sustained significant financial losses and damages as a result of said Defendants' conduct in an amount to be proved at trial, but which is not less than $5 million.

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184. The conduct of said Defendants was intentional, malicious, fraudulent, oppressive and despicable, and was designed to, and did, cause injury to Plaintiff BARNEY and LEI. Plaintiff BARNEY is therefore entitled to an award of punitive damages from said Defendants in an amount according to proof at the trial of this action in an amount to punish and deter said Defendants.

185. WHEREFORE, Plaintiff BARNEY prays for judgment as hereinafter stated.

ELEVENTH CAUSE OF ACTION

(Fraud by Intentional Concealment of Material Facts Against RAY, PIETER, PETER LEPORT, MONICA and FRANCISCO)

186. Plaintiff BARNEY specifically alleges and incorporates herein by this reference those allegations contained in paragraphs 1 through 104, inclusive, hereinabove as though fully set forth herein.

187. RAY, PIETER and the LEPORT DEFENDANTS knowingly and intentionally concealed from Plaintiff BARNEY and LEI material matters and facts as alleged hereinabove.

188. Plaintiff BARNEY and LEI reasonably and justifiably relied to their detriment on the concealment by said Defendants as alleged hereinabove.

189. As a direct and proximate result of said concealed material facts, Plaintiff BARNEY and LEI have sustained significant financial losses and damages as alleged hereinabove.

190. The conduct of said Defendants was intentional, malicious, fraudulent, oppressive and despicable, and was designed to, and did, cause injury to Plaintiff BARNEY and LEI. Plaintiff BARNEY is therefore entitled to an award of punitive damages from said Defendants in an amount according to proof at the trial of this action in an amount to punish and deter them.

191. WHEREFORE, Plaintiff BARNEY prays for judgment as hereinafter stated.

TWELFTH CAUSE OF ACTION

(Duress and Coercion Against All Defendants)

192. Plaintiff BARNEY specifically alleges and incorporates herein by this reference those allegations contained in paragraphs 1 through 104, inclusive, hereinabove as though fully set forth herein.

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193. Defendants, and each of them, intentionally used their positions of trust and superior knowledge and detrimental circumstances to force LEI, through economic duress and coercion, to act in the ways and manners alleged hereinabove.

194. As a direct and proximate result of the wrongful actions of Defendants, and each of them, LEI and Plaintiff BARNEY suffered damages and Defendants unduly profited at LEI's expense for which, under principles of equity, Defendants should be required to account to Plaintiff BARNEY and restore to it said sums by way of appropriate restitution in an amount to be proved at trial, but in excess of $24 million.

195. WHEREFORE, Plaintiff BARNEY prays for judgment against Defendants, and each of them as hereinafter stated.

IV. PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for judgment against Defendants, and each of them, as follows:

ON THE FIRST CAUSE OF ACTION

1. For compensatory and consequential damages according to proof, but in no event less than $10 million.

ON THE SECOND CAUSE OF ACTION

1. For compensatory and consequential damages according to proof, but in no event less than $24 million;
2. For an order requiring said Defendants to disgorge all salary and benefits during the time that they competed with LEI while employed by LEI, according to proof; and
3. For punitive and exemplary damages in an amount sufficient to punish and make an example of said Defendants.

ON THE THIRD CAUSE OF ACTION

1. For compensatory and consequential damages according to proof, but in no event less than $10 million;
2. For an award in addition to LEI's actual damages in the amount that said Defendants have been unjustly enriched pursuant to California Civil Code Section 3426.3(a);

3. For a temporary restraining order, preliminary injunction and permanent injunction enjoining said Defendants from further use of LEI's Trade Secrets;

4. Alternatively, for an order requiring said Defendants to pay a royalty for their past and future use of LEI's Trade Secrets;

5. For punitive and exemplary damages in an amount sufficient to punish and make an example of said Defendants pursuant to California Civil Code Section 3426.3(c).

ON THE FOURTH CAUSE OF ACTION

1. For compensatory and consequential damages according to proof, but in no event less than $10 million;

2. For an order requiring Defendants to disgorge all salary and benefits during the time that they competed with LEI while employed by LEI, according to proof; and

3. For punitive and exemplary damages in an amount sufficient to punish and make an example of said Defendants.

ON THE FIFTH CAUSE OF ACTION

1. For compensatory and consequential damages according to proof, but in no event less than $24 million;

2. For an order requiring said Defendants to disgorge all salary and benefits during the time that they competed with LEI while employed by LEI, according to proof; and

3. For punitive and exemplary damages in an amount sufficient to punish and make an example of said Defendants.

ON THE SIXTH CAUSE OF ACTION

1. For compensatory and consequential damages according to proof, but in no event less than $24 million;

2. For an order requiring said Defendants to disgorge all salary and benefits during the time that they competed with LEI while employed by LEI, according to proof; and

3. For punitive and exemplary damages in an amount sufficient to punish and make an example of said Defendants.

/ / /

ON THE SEVENTH CAUSE OF ACTION

1. For compensatory damages according to proof, but in no event less than $2 million.

ON THE EIGHTH CAUSE OF ACTION

1. For a temporary restraining order, preliminary injunction and permanent injunction enjoining said Defendants from continuing to solicit LEI's employees and from using LEI's Trade Secrets and confidential and proprietary information.

2. For restitution in an amount according to proof.

ON THE NINTH CAUSE OF ACTION

1. For an order requiring said Defendants to disgorge all salary and benefits during the time that they competed with LEI while employed by LEI, according to proof.

ON THE TENTH CAUSE OF ACTION

1. For compensatory and consequential damages according to proof, but in no event less than $10 million.

2. For punitive and exemplary damages in an amount sufficient to punish and make an example of said Defendants.

ON THE ELEVENTH CAUSE OF ACTION

1. For compensatory and consequential damages according to proof, but in no event less than $10 million.

ON THE TWELFTH CAUSE OF ACTION

1. For damages or restitution according to proof, but in no event less than $24 million;

2. For an accounting from Defendants as to all amounts unlawfully obtained by them from LEI while employed by LEI.

ON ALL CAUSES OF ACTION

1. For prejudgment interest at the maximum legal rate;

2. For costs of suit incurred herein, including attorney's fees as provided for by statute, case law and/or agreement of the parties; and

/ / /

/ / /

3 For such other and further relief as this Court deems just and proper.

Dated: August 26, 2021 JACKSON LEWIS P.C.

By_____
Jonathan D. Kent, Counsel for Plaintiff

DEMAND FOR JURY TRIAL

1. Plaintiffs demand a trial by jury.

Dated: August 26, 2021 JACKSON LEWIS P.C.

By_____
Jonathan D. Kent, Counsel for Plaintiff

PROOF OF SERVICE

SUPERIOR COURT FOR THE STATE OF CALIFORNIA, COUNTY OF ORANGE

CASE NAME: ***BARNEY* v. *PIETER, et al.***

CASE NO.: **30-2018-01006531-CU-FR-CJC**

STATE OF CALIFORNIA, COUNTY OF ORANGE

I am employed in the County of Orange, State of California. I am over the age of 18 and not a party to the within action. My business address is: 200 Spectrum Center Drive, Suite 500, Irvine, CA 92618.

On **August 26, 2021,** I caused the following document(s) described as:

THIRD AMENDED COMPLAINT FOR DAMAGES, ACCOUNTING, RESTITUTION AND INJUNCTIVE RELIEF

to be served on all interested parties in this actionas follows:

Douglas Barritt, Esq. Barritt Smith LLP 2601 Main Street, Ste. 530 Irvine, CA 92614	***Attorneys for Defendant and Cross-Complainant, LUKAS PIETER*** Phone: (949) 553-0700 Ext. 1 Fax: (949) 553-0715 E-Mail: dbarritt@barrittsmith.com
Julie Z. Kimball, Esq. Leanne Oates. Vanecek, Esq. Elkins Kalt Weintraub Reuben Gartside LLP 10345 W. Olympic Blvd. Los Angeles, CA 90064-2524	***Attorneys for Defendants PETER LePORT, M.D., MONICA LePORT, FRANCISCO LePORT*** Phone: (310) 746-4420 Fax: (310) 476-4499 Email: jkimball@elkinskalt.com
Mark Mermelstein, Esq. Mona S. Amer, Esq. Holmes, Taylor, Athey, Cowan & Jones LLP 811 Wilshire Boulevard, Suite 1460 Los Angeles, CA 90017	***Attorneys for Defendants RAMANDEEP GIRN, REBECCA GIRN and HIGHER GROUND EDUCATION, INC.*** Phone: (213) 360-5317 Fax: (213) 973-6282 Email: mmermelstein@holomestaylor.com mamer@holmestaylor.com
Michael J. Sundstedt, Esq. Lani M. Goodman, Esq. Michael S. Zar, Esq. Sundstedt & Goodman Law Offices 7755 Center Avenue, 11th Floor Huntington Beach, CA 92647	***Attorneys for Cross-Defendant LePort Educational Institute, Inc.*** Phone: (714) 960-9999 Fax: E-Mail: counsel@sundlaw.com msz@sundlaw.com

☒ **E-MAIL:** Pursuant to Cal. Rule of Court 2060 and 2.251, and Cal. Code Civ. Proc. § 1010.6, I caused a true copy of the foregoing document(s) to be served by electronic email transmission to e-mail address(es) indicated herein. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful. My e-mail address is Laura.Castillo@JacksonLewis.com.

STATE: I declare under the laws of the State of California that the foregoing is true and correct.

Executed on **August 26, 2021**, at Irvine, California.

Laura Castillo

4848-4015-4104, v. 1

EXHIBIT 4

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Attorneys for Carl Barney, individually and
as Trustee of the Carl Barney Living Trust

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In Re:	§	
HIGHER GROUND EDUCATION, INC., et al	§	Case No. 25-80121-mvl
	§	Chapter 11
Debtors.	§	(Jointly Administered)

OBJECTION OF CARL BARNEY TO DISCLOSURE STATEMENT

Carl Barney, individually and as Trustee of the Carl Barney Living Trust, ("Barney"), by and through his undersigned counsel, files this Objection to Disclosure Statement (the "Objection") and would respectfully state as follows:

1. On June 17, 2025, Debtor Higher Ground Education, Inc. (together with its filing subsidiaries, the "Debtors") filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in this Court.

2. The Disclosure Statement for the Joint Plan of Reorganization of Higher Ground Education, Inc. and Its Affiliated Debtors was filed on June 26, 2025 [Docket No. 97] (the

"Disclosure Statement").[1] The Disclosure Statement should not be approved because it does not meet the statutory requirements of Section 1125 of the Bankruptcy Code. Further the Disclosure Statement should not be approved because it describes a plan of reorganization (the "Plan") that cannot be confirmed. The basis for these objections is stated in the following paragraphs.

3. Barney is a plaintiff in litigation pending in the Superior Court of the State of California for the County of Orange (the "State Court Litigation").[2] In the State Court Litigation, Barney asserts ten causes of action against Higher Ground Education, Inc. ("HGE") and six individuals, including Ramandeep Girn (and his wife Rebecca – the "Girns"), the former president, director, CEO, and one of the shareholders of HGE. The claims of Barney include allegations that Girn and the other individual defendants systematically stripped Leport Educational Institute ("LPI") of its assets, recruited its teachers and students, and took the goodwill build up by the LPI. HGE was the entity used by the individuals to be the vehicle to utilize this property, relationships, and goodwill. Barney seeks to recover in excess of $30 million from the Defendants in the State Court Litigation.

The Information of the Disclosure Statement Is Inadequate and Inaccurate

4. A Disclosure Statement must contain adequate information "that would enable such a hypothetical investor of the relevant class to make an informed judgment about the plan…" 11 U.S.C. §1125(a)(1); *In re Divine Ripe*, L.L.C., 554 B.R. 395, 400 (Bankr. S.D. Tex. 2016). The Disclosure Statement states that unsecured creditors are impaired and therefore can vote on the Plan. However, the Disclosure Statement does not provide adequate information to unsecured creditors, and key aspects of the disclosures are not accurate. First, the Disclosure

[1] References to the Disclosure Statement herein refer to the pagination of the document, and not the pagination of the Docket Sheet.
[2] Case No. 30-2018-01006531-CU-FR-CJC.

Statement does not disclose what the unsecured creditor class will actually receive as a class, nor does it state the percentage of recovery unsecured creditors can expect to receive. A hypothetical investor cannot make a decision without knowing what the investor will receive if the plan is confirmed.

5. The Disclosure Statement also fails to clearly and adequately disclose accurate information about the fundamental issues of the case. For example, the Debtors' Monthly Operating Report for June[3] (the "MOR") states the current assets of the Debtor HGE exceeds $46 million.[4] Yet at the 341 Meeting conducted on June 28, Mr. McCarthy, the president of the Debtor, testified under oath the Debtors have no current assets, only possible tax benefits of operating losses. Debtor has no employees, according to the MOR. Mr. McCarthy also testified the Debtor had no intellectual property assets.

6. The Disclosure Statement states that as of the Petition Date, "the Debtor owns and operates seven schools." (Disclosure Statement, page 10), and in the risk factors for the proposed plan, the Debtor states that "The success of the Reorganized Debtors hinges largely operation of these Schools, including maintaining and/or growing Student enrollment." (Disclosure Statement, page 74). Likewise, the Disclosure Statement justifies the Restructuring Agreement in the following way:

> The restructuring transactions contemplated by the Restructuring Support Agreement will allow the Debtors to maximize value for creditors and parties in interest, keep the largest number of employees employed, and provide students and families with ongoing access to the Remaining Schools.[5]

[3] Docket No. 213.
[4] The notes to the Monthly Operating Report indicate the reporting for the lead Debtor, Higher Ground Education, LLC, reflect the combined assets of that entity and its affiliates.
[5] Disclosure Statement, page 26.

Mr. McCarthy testified at the 341 meeting that all of the schools are closed and have no employees or students. The Disclosure Statement is inaccurate in this regard.

7. The Disclosure Statement uses the term "assets" but in the narrative about the Debtor and its business, the Disclosure Statement does not provide any meaningful description of the what the Debtor currently owns, the nature of those assets, or their value. For example, in the liquidation analysis, the Debtor states the following:

> The Debtors' principal assets consist of the Schools, cash and cash equivalents, accounts receivable, inventory, equipment and fixed assets, intellectual property rights, and rights under certain contracts and licenses. Based on the Debtors' most recent audited financial statements, the Debtors believe they also have approximately $243 million of federal net operating losses, $174 million of state net operating losses, and $2.5 million of foreign net operating losses as of the Petition Date.[6]

This description implies that the Debtors hold significant assets other than operating losses and intercompany obligations. In fact, the Debtors have minimal assets – for example, the accounts receivable of the Debtors as of the Petition Date was $25,550, according to the Schedules. The truth is that intangible assets - the operating losses and intercompany obligations - make up 99.99% of the Debtor's assets.

8. Compounding the foregoing is the absence of financial projections or a liquidation analysis, which are "to be filed." (Disclosure Statement page 64, fn. 21). While this practice could perhaps be permitted for a company with an established reporting history that is continuing its operations post-confirmation, that is not the situation here, where the Debtors have no assets and no income, and if there are post-confirmation operations, they will be vastly different from the pre-petition operations of the Debtor.

[6] Disclosure Statement, page 62.

9. Likewise, creditors cannot evaluate the Debtor's general assertion that they will receive more under the Plan than under a liquidation under Chapter 7. The assumptions made by the Debtors in the Disclosure Statement are unsubstantiated and do not provide any meaningful assessment of a liquidation under Chapter 7, and as noted above, the liquidation analysis itself is not filed and cannot be evaluated by the Court as to its adequacy or accuracy. The Disclosure Statement provides no disclosure of the amount available for payment to unsecured creditors, whether that fund is subject to any risks, or the total amount of unsecured allowed claims that would share in payment from this fund. Arguably, a fund of $50,000 could be more than unsecured creditors would receive in Chapter 7 (assuming the validity of all of the secured debt and no recovery of Chapter 5 actions), even though the recovery to each creditor may be miniscule.[7]

10. The Disclosure Statement provides no evaluation of potential avoidance actions, even though the Debtors plowed through hundreds of millions of dollars in the past four years. Instead, the proposed plan goes to great lengths to put into place releases of any claims relating to any transfers.

11. The risk factors in the Disclosure Statement also reveal the break between what is disclosed for voting purposes and what other court documents and testimony show. For example, the Disclosure Statement imports standard factors that simply do not apply here. For example, the risk factors cited by the Debtor include the following:

Risk Factor	Contradictory Facts
Debtors' ability to obtain and maintain normal trade terms with service providers	The Debtor has no operations or creditors with normal trade terms

[7] See Docket No. 281, showing scheduled unsecured claims of over $38,000,000. Even if the plan proposes $1 million for unsecured creditors, their payment would be about two and a half cents on the dollar.

and maintain contracts that are critical to their operations	
Debtors' ability to motivate and retain key employees	The Debtor has no employees
Debtors' ability to attract and retain students and families	All the schools are closed
Negative events or publicity associated with the Chapter 11 Cases could adversely affect the Debtors' relationships with their customers, as well as their suppliers and employees, which, in turn, could adversely affect the Debtors' operations and financial condition	The risk of negative publicity assumes relationships with customers and suppliers which do not exist
The Debtor currently operates seven (7) Schools. The success of the Reorganized Debtors hinges largely operation of these Schools, including maintaining and/or growing Student enrollment. If the Debtors are unable to at least maintain Student enrollment the Debtors' future revenue and overall performance, as well as its brand image, may be adversely affected.	The schools are all closed

The discontinuity between the Disclosure Statement and the actual facts is not easily solved by amendment, since the underlying Plan is based upon operations, Schools, customers, suppliers, and positive publicity.

The Disclosure Statement Is Inadequate Because Confirmation Standards Described Therein Cannot Be Met

12. A disclosure statement should be approved by the Court only if the underlying plan is likely to be confirmed. *See In re* American Capital Equip. LLC, 688 F.3d 145, 155 (3rd Cir. 2012); *7 Collier on Bankruptcy P 1125.* ("most courts will not approve a disclosure statement if the underlying plan is clearly unconfirmable on its face").

13. There are several areas in which the Disclosure Statement describes plan elements that cannot be approved by the Court.

14. The Proposed Releases Are Improper. In Article X of the Plan, the Debtor proposes that several non-Debtor parties receive releases. For example, Ramandeep Girn receives a release even though he was a former officer and director and shareholder of certain of the Debtors and is being paid $500,000.00 under the Plan. Such a release is clearly impermissible, and is not saved by an opt in/opt out mechanism.

15. The Plan Does Not Satisfy 11 U.S.C. §1129(a)(11). The requirements of plan confirmation include the mandate that confirmation of the plan is not likely to be followed by liquidation. 11 U.S.C. §1129(a)(11). Here, the Disclosure Statement repeatedly refers to "operations" but does not explain what this term means or how operations will generate any cash flow. Nor does the Disclosure Statement explicitly state this is a liquidation plan. Specifically with respect to feasibility, the Disclosure Statement asserts the following:

> Based on a detailed assessment of the Debtors' post-emergence business operations, funding sources, and creditor treatment, the Plan is feasible and is not likely to be followed by liquidation or the need for further reorganization.[8]

As noted above, the Debtors expect creditors to rely upon a to-be-filed "Financial Projections." Yet the Disclosure does not say anything about what "post-emergence business operations" means, such as management, the number of employees, whether schools are operated and in what locations, what material contracts will enable these operations, or whether additional funding will be needed after confirmation. The Court should not approve a disclosure statement where the failure to disclose is so fundamental it calls into question the purpose of the plan itself

[8] Disclosure Statement, pages 64-64.

16. The Plan Does Not Satisfy 11 U.S.C. §1129(a)(3). A plan must be proposed in good faith. Here, the plan proposed is simply a vehicle by which secured creditors and insiders "cleanse" their pre-petition foreclosures through the bankruptcy system and obtain releases. There is no real recovery for creditors. The lenders themselves simply advance funds through a DIP loan to pay the administrative costs of the case and then pay themselves the net, with a small amount set aside for unsecured creditors as window dressing. The "plan" is dressed up in legalese so dense that no other parties in interest can afford to spend the legal fees sorting through the documents. The Restructuring Agreement is the glue that ensures these secured creditors and insiders get the result they seek. In proposing the Plan, the Debtors may not have objective bad faith motives, but it is also clear the rehabilitative purpose of Chapter 11 is not the goal of this case.

17. The Fifth Circuit Court of Appeals has held that good faith is also a non-enumerated ground for conversion or dismissal of a Chapter 11 case under 11 U.S.C. §1112(b). *See In re Little Creek Dev. Co.*, 779 F.2d 1068, 1072 (5th Cir. 1986), and allows a court to examine whether the bankruptcy is filed with a valid business purpose. *See In re NRA of Am.*, 628 B.R. 262, 279 (Bankr. N.D. Tex. 2021). The same question can be raised in this case, namely, whether Chapter 11 can be used as a tool to obtain validation of pre-petition foreclosure sales and releases of principals and lenders of the Debtor.

IV. PRAYER FOR RELIEF

WHEREFORE, Movants respectfully request that this Court deny approval of the Disclosure Statement.

Dated: August 1, 2025

Respectfully submitted,

/s/ Charles B. Hendricks

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Attorneys for Carl Barney, individually and
as Trustee of the Carl Barney Living Trust

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing was served on August 1, 2025 by electronic transmission through the Court's automated Case Management and Electronic Docketing System for the U.S. Bankruptcy Court for the Northern District of Texas on all parties-in-interest submitting to service of papers in this case by said means and via U.S. First Class Mail on the following parties:

United States Trustee
1100 Commerce Street, Room 976
Dallas, TX 75242-0996

/s/ Charles B. Hendricks
Charles B. Hendricks

EXHIBIT 5

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Attorneys for Carl Barney, individually, and as Trustee of the Carl Barney Living Trust

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In Re:	§	
	§	
HIGHER GROUND EDUCATION, INC., et al.	§	Case No. 25-80121-11 (MVL)
	§	
Debtors.	§	Chapter 11
	§	
	§	

OBJECTION BY CARL BARNEY TO DEBTOR'S MOTION TO ASSUME RESTRUCTURING SUPPORT AGREEMENT [DOCKET NO. 93]

Carl Barney, individually, and as Trustee of the Carl Barney Living Trust, ("Barney") files this Objection to the Debtors' Motion to Assume Restructuring Support Agreement (the "Objection") and would respectfully state as follows:

1. On June 17, 2025, Debtor Higher Ground Education, Inc. (together with its filing subsidiaries, the "Debtors") filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in this Court.

2. On June 26, 2025, the Debtors filed a Motion to Assume Restructuring Support Agreement [Docket No. 93] (the "Motion").

3. The Motion is improper and should be denied. The Restructuring Support Agreement ("RSA") [Docket No. 93, Ex. B] that is the subject of the Motion does not advance a fundamental bankruptcy purpose. Instead, the RSA, along with the Debtors' Disclosure Statement [Docket No. 97] and Plan of Reorganization [Docket No. 94], are simply a way for the principal secured creditors and insiders improperly to assure themselves that the pre-petition foreclosures they conducted are held immune from challenge and to provide blanket releases to the lenders and insiders, principally Ramandeep and Rebecca Girn ("Girn"), who together with the primary secured lender, Learn Capital, caused this horrific situation. To ensure this improper result, the RSA instead implements elaborate Challenge Proceedings to insulate the secured lenders from preference and fraudulent transfer actions, among other things. (RSA, paragraph 2).

4. The Motion should not be granted because there is no business to reorganize. This case is analogous to cases where debtors have sought to convert the case from a chapter 7 to a chapter 11. Here, the Debtor acknowledges that the RSA was made after three secured creditors had foreclosed on substantially all of the assets of the Debtor (McCarthy Declaration, Docket No. 15, paragraphs 83-102), and that it had no employees to carry out transition services agreements with the foreclosure buyers (see McCarthy Declaration, Docket No. 15, paragraph 109). For all practical purposes, the Debtors were and are in liquidation. This Chapter 11 is, in effect, a conversion of a liquidated company to a Chapter 11, which should not be permitted. As stated in *In re With Purpose, Inc.*, "the purpose of conversion would merely be to liquidate the estate. The Supreme Court has identified two basic purposes of Chapter 11: (1) preserving the going concern value of debtor's business and (2) maximizing property available to satisfy

creditor claims." No. 23-30246-MVL7, 2025 Bankr. LEXIS 98, at *47-48 (Bankr. N.D. Tex. 2025) (*quoting Bank of Am. Nat'l Trust & Sav. Ass'n v. 203 N. LaSalle St. P'ship*, 526 U.S. 434, 453 (1999)).

5. The RSA does not preserve the estate and instead adds $8 million of obligations. And for what purpose? To enable the secured creditors to control the case, including the Debtors acting in their fiduciary capacity. The RSA is more than simply describing the terms of a DIP loan and ensuring repayment, or supporting a plan of reorganization. The secured lenders control all aspects of the case, including (1) pre-approval of all of the Debtors' filings in the case (RSA, Section 3(a)(vi) and Section 3(b)(xiii)-(xvi)); (2) requiring the Debtor to object to any motion for a trustee or examiner, for conversion, or for dismissal (RSA Section 3(a)(vii)) or to terminate or shorten the exclusivity periods (RSA Section 3(a)(viii); (3) permitting access by the secured creditors to all of the Debtors' "advisors and employees" and any information they reasonably request (RSA Section 3(a)(ix); and (4) requiring notice to the lenders and Girn of any threatened lawsuit and other events (RSA Section 3(a)(xi)). The Debtors are also prohibited from taking virtually any action, regardless of its merit, that could directly or indirectly affect any "Alternative Transaction" (defined broadly in RSA paragraph 2 to include any other plan, financing, or sale).[1]

6. As stated in Barney's objection to the Debtors' Disclosure Statement, the Debtor Higher Ground Education, Inc. ("HGE") has no business operations, no employees, and no real purpose other than to facilitate these secured lender protections. There are no jobs, no students, no schools and no ongoing operations that deserve the level of protection that the Debtors seek in

[1] The Motion describes a fiduciary "out" to the Debtors for a "better alternative" (Motion, paragraph 9), but the Debtor cannot even speak to a third party about a "better alternative" without violating the RSA and nothing in the Motion indicates the Debtor is attempting to find or would ever try to find a "better alternative." The fiduciary "out" is illusory.

the Motion. This shortcoming is compared to other cases where RSAs are used for legitimate purposes. *See. e.g., In re Robertshaw US Holding Corp.*, 662 B.R. 300, 324 (Bankr. S.D. Tex. 2024) ("It [the RSA] also allows a company with a proud American history of operating for over 100 years to emerge from chapter 11 and saves jobs"); *In re Ditech Holding Corp.*, 606 B.R. 544, 554 (Bankr. S.D.N.Y. 2019) (RSA utilized in reorganization of a company operating as an independent servicer and originator of mortgage loans and servicer of reverse mortgage loans for more than 50 years).

7. The Debtors' Motion is also premised on the assertion that it is beneficial to unsecured creditors. The Motion states:

> Importantly, with the exception of a $500,000 payment being made to Ray Girn on account of his Bridge CN-3 claims, the Plan provides that the RSA Parties are waiving their rights to Plan distributions in an effort to ensure some recoveries for the Debtors' unsecured creditors. Notably, absent these concessions, unsecured creditors would receive no recovery under the Plan (Motion, paragraph 11, emphasis added).

These statements are significant. First, the RSA preserves the claim of an insider, Ray Girn, in a specific and significant amount - $500,000. Second, as to the unsecured creditors, there is a vague statement that they may receive "some recoveries." However, nowhere in any of the Debtors' filings, including the Motion, the Disclosure Statement, or the Plan, is there any detailed information about what distributions will be available to unsecured creditors. Third, the Debtors also assert a kind of liquidation analysis in the language quoted above, stating that no other recoveries are available for unsecured creditors. This implies that in a case where the Debtors have burned through hundreds of millions of dollars in the four years prior to bankruptcy, there are no Chapter 5 causes of action that would not be subject to secured creditor

claims. Finally, the Motion does not establish this fact. The Motion is very clear, however, that by placing $8 million of Chapter 11 post-petition debt, the likelihood of any significant recovery by unsecured creditors is very small to nonexistent, and, in any event, is controlled by the "generosity" of the secured lenders/insiders.

8. Based on the foregoing, the Motion does not establish that it is in the best interest of the bankruptcy estate for the Motion to be granted. This is a liquidation case. The RSA does not aid in liquidation, and instead unnecessarily complicates the case and puts handcuffs on any trustee who may succeed the DIP in the event of a conversion of the cases (RSA, paragraph 19). Moreover, the Motion cannot survive the business judgment test because the Debtor attempts to justify their decision by standards applicable to an operating Chapter 11 debtor. In this case, where the Debtors have essentially no post-petition operations, the only business justification for the Motion must hinge on whether creditors' interests are being protected. The Motion does not protect creditors, rather, it only protects undeserving insiders and secured creditors who have already foreclosed on their secured positions.

WHEREFORE, Barney respectfully requests this Court deny approval of the Motion.

Dated: August 8, 2025

Respectfully submitted,

/s/ Charles B. Hendricks

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Attorneys for Carl Barney, individually, and as Trustee of the Carl Barney Living Trust

Certificate of Service

I certify that a true and correct copy of the foregoing was served on August 8, 2025 by electronic transmission through the Court's automated Case Management and Electronic Docketing System for the U.S. Bankruptcy Court for the Northern District of Texas on all parties-in-interest submitting to service of papers in this case by said means and via U.S. First Class Mail on the following parties:

United States Trustee
1100 Commerce Street, Room 976
Dallas, TX 75242-0996

/s/ Charles B. Hendricks
Charles B. Hendricks

EXHIBIT 6

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Attorneys for Carl Barney, individually and
as Trustee of the Carl Barney Living Trust

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In Re:	§	
	§	
HIGHER GROUND EDUCATION, INC., et al	§	Case No. 25-80121-mvl
	§	
	§	Chapter 11
Debtors.	§	(Jointly Administered)
	§	

NOTICE OF WITHDRAWAL OF DISCLOSURE STATEMENT OBJECTION

Please take notice that the *Objection of Carl Barney to Disclosure Statement* [Docket No. 285] is hereby WITHDRAWN, but Carl Barney reserves all rights to object to any plan or any proposed third-party releases in this case.

Respectfully submitted,

/s/ Charles B. Hendricks

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Attorneys for Carl Barney, individually and
as Trustee of the Carl Barney Living Trust

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing was served on October 13, 2025, by electronic transmission through the Court's automated Case Management and Electronic Docketing System for the U.S. Bankruptcy Court for the Northern District of Texas on all parties-in-interest submitting to service of papers in this case by said means

/s/ Charles B. Hendricks
Charles B. Hendricks

EXHIBIT 7

Electronically Filed by Superior Court of California, County of Orange, 05/13/2026 01:19:35 PM.
30-2026-01571029-CU-MC-CJC - ROA # 2 - DAVID H. YAMASAKI, Clerk of the Court By J. Garay, Deputy Clerk.

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Attorneys for Plaintiff
CARL B. BARNEY, INDIVIDUALLY, AS TRUSTEE OF THE CARL BARNEY LIVING TRUST, AND DERIVATIVELY ON BEHALF OF LEPORT EDUCATIONAL INSTITUTE, INC.

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF ORANGE

CARL B. BARNEY, individually, as Trustee of the Carl Barney Living Trust, and derivatively on behalf of LEPORT EDUCATIONAL INSTITUTE, INC., a California corporation,

Plaintiff,

vs.

LEARN CAPITAL, LLC, a Delaware limited liability company; GUIDEPOST GLOBAL EDUCATION, INC., a Delaware corporation; GREG MAURO, an individual; ROB HUTTER, an individual; LEPORT EDUCATIONAL INSTITUTE, INC., a California corporation as a nominal defendant; and DOES 1 through 100, inclusive,

Defendants.

CASE NO.: 30-2026-01571029-CU-MC-CJC

PLAINTIFF'S COMPLAINT FOR DAMAGES:

1) CIVIL RICO (18 U.S.C. § 1962)
2) ACTUAL INTENT TO HINDER, DELAY, OR DEFRAUD A CREDITOR
3) CONSTRUCTIVE FRAUDULENT TRANSFER – INSOLVENCY
4) CONVERSION
5) RECEIVING AND WITHHOLDING STOLEN PROPERTY (Cal. Pen. Code § 496)
6) UNFAIR BUSINESS PRACTICES (Cal. Bus. & Prof. Code § 17200 et seq.)

DEMAND FOR JURY TRIAL

Assigned for All Purposes
Judge Lee Gabriel

Plaintiff Carl Barney, individually and as Trustee of the Carl Barney Living Trust, as well as derivatively as a shareholder on behalf of LePort Educational Institute, Inc. ("LEI") ("Mr. Barney"), hereby alleges as follows:

PARTIES

1. Mr. Barney is a resident of California and has a duly formed and maintained living trust known as the Carl Barney Living Trust ("Trust"). Mr. Barney is authorized to bring this action on

behalf of the Trust as its Trustee under the terms of the Trust. The Trust is a shareholder of LePort Educational Institute, Inc. ("LEI"), a California corporation that no longer has assets, and owns over three million shares of its stock. LEI's then officers assigned to Mr. Barney's Trust all of its assignable rights, claims, and interests against and involving the below-defined Defendants. LEI's then officers authorized Mr. Barney to pursue LEI's claims directly in his name on behalf of LEI.

2. The assignment agreement was expressly and impliedly ratified by several parties for several years thereafter, and Mr. Barney exercised apparent authority in pursuing claims under the assignment agreement. All parties are equitably estopped from claiming otherwise. The assignment agreement indicates that any action arising out of that agreement shall be filed in Orange County Superior Court.

3. Mr. Barney, through his Trust, thus sues in his own capacity and as the legal and beneficial owner, assignee, and transferee, of the claims, as well as derivatively on behalf of LEI as a shareholder.

4. Upon information and belief, Defendant Learn Capital, LLC ("Learn Capital") was at all relevant times a limited liability company formed in the State of Delaware with its principal places of business at first in the State of California and later in the State of Texas. At key relevant times, Learn Capital operated in the County of Orange, California. Defendant was and is a traditional venture capital fund in the sector of human capital development, including education.

5. Upon information and belief, defendant Guidepost Global Education, Inc. ("GGE") was at all times a corporation formed in the State of Delaware with a principal place of business in the State of Texas. Upon information and belief, GGE was formed by Learn Capital and its founder, Defendant Greg Mauro ("Mauro"), in the spring of 2025 to carry out the racketeering scheme alleged below. As part of the scheme, GGE also gave Ramandeep Girn ("Ray Girn") an interest in GGE with a right to convert into priority equity in the event of a sale of schools or assets.

6. Upon information and belief, Mauro was a resident of California, County of Orange, at key relevant times. Mauro founded Learn Capital in 2008 with Defendant Rob Hutter ("Hutter") and owned and operated Learn Capital at all relevant times. Mauro and Hutter were the founders, owners, and operators of GGE at all relevant times.

7. Nominal defendant LEI is, and at all relevant times was, a corporation organized and existing under the laws of the State of California. LEI is named in this action as a nominal defendant solely in a derivative capacity, and the derivative portions of this action are brought on its behalf.

8. Learn Capital, GGE, Mauro, and Hutter and the below defined DOES 1-100 shall be referred to herein collectively as "Defendants."

9. Mr. Barney alleges upon information and belief that at all relevant times each named and unnamed Defendants were the agents and/or employees of the other co-Defendants, and at all times each of the Defendants was acting within the purpose and scope of such agency and/or employment and with the permission and consent of the other co-Defendants with knowledge, authorization, consent, and/or subsequent ratification and approval of each. Mr. Barney is further informed and believes that each of the named and unnamed Defendants knowingly and willfully conspired and agreed among each other to deprive Mr. Barney of his rights and to cause the damages described below.

10. Mr. Barney is further informed and believes that at all relevant times each wrongful act by Defendants were done in furtherance of a common design, plan, and scheme, and that the wrongs and breaches alleged were accomplished by means of a carefully constructed and planned conspiracy between Defendants.

11. Mr. Barney is ignorant of the true names and capacities of the Defendants sued herein as DOES 1-100, inclusive, and therefore Mr. Barney sues those Defendants under such fictitious names. Mr. Barney alleges upon information and belief that each of the fictitiously named Defendants are responsible in some manner for the actions or omissions alleged below. Mr. Barney will amend this Complaint when the true identifies of any DOES are ascertained.

JURISDICTION AND VENUE

12. This Court has personal jurisdiction over Defendants because Defendants committed the wrongful acts alleged in this Complaint in the County of Orange, ultimately defrauding and destroying an Orange County company, LEI, to which Mr. Barney was a significant investor, shareholder, and assignee of legal claims. The assignment agreement also indicates that any such lawsuit shall be filed in Orange County. The amount in controversy exceeds the jurisdictional minimum of this Court.

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FUTILITY OF DEMAND

13. Mr. Barney was not (and is not) obligated to make a demand upon LEI's board of directors to pursue this lawsuit derivatively because making such a demand would have been (and is) futile. Mr. Barney has been pursuing the sole remaining officer and board director and member of LEI, Peter LePort ("LePort"), in multiple separate lawsuits for unrelated conduct, including improper conduct relating to self-dealing at LEI. Mr. Barney has previously sought corporate records from LEI which LePort has refused to provide to him, even though Mr. Barney has an absolute right to them under the California Corporations Code. LePort has also effectively sided with the below-defined Girns in defending these claims and has improperly ceded LEI's rights to the Girns and others on several occasions. LePort has also tried to hire counsel to wrest control of other litigation that Mr. Barney is defending for LEI through counsel of his choosing. LePort has also failed and refused for several years now to conduct requirement meetings of the board of directors and shareholders of LEI, despite Mr. Barney's demands, and has refused to account to Mr. Barney in violation of his duties.

14. Because of LePort's foregoing misconduct, actions, and refusal to act in the best interests of LEI, LePort has effectively deprived LEI of the internal controls and systems for management compliance necessary to help detect, deter, and ultimately prevent the improper conduct at issue in this action. LePort faces substantial risk of liability for his own breaches of fiduciary duty, among other things, rendering him unable to fairly and objectively evaluate a pre-suit demand. Thus, demand on LEI is (and has always been) futile, and that obligation is therefore excused as a matter of law.

FACTS

15. For years, Mr. Barney has been pursuing Higher Ground Education, Inc., a Delaware corporation ("HGE"), and its former officers, Ray and Rebecca Girn (the "Girns"), as a plaintiff in a lawsuit in Orange County Superior Court entitled *Carl Barney v. Lukas Pieter, et al.,* Case No. 30-2018-01006531 (the "Girn Lawsuit"). On June 17, 2025, HGE filed for Chapter 11 bankruptcy in the United States Bankruptcy Court for the Northern District of Texas, Case No. 8:25-bk-80121 (the "HGE Bankruptcy Proceeding"). The Girn Lawsuit was stayed as to HGE pending the HGE Bankruptcy Proceeding.

16. The Girn Lawsuit involves business tort and fraud claims against the Girns and HGE for their destruction of LEI. Indeed, the Girns were former officers of LEI and absconded with LEI's entire executive team, trade secrets, and business opportunities, including startup funding from Learn Capital, to demolish LEI and form HGE in the spring of 2016. HGE proceeded to take many schools from LEI, including seven schools in Northern Virginia (the "NOVA Schools")[1] in 2019, for no money due to their prior destruction of LEI after they left the company.

17. Learn Capital was a third-party investor purportedly considering investing in LEI. In November 2015, Learn Capital provided a term sheet for investing in LEI but did not engage in any meaningful due diligence efforts despite LEI outreach. The Girn Lawsuit alleges that the Girns diverted Learn Capital funding for LEI to initial startup funding for HGE, but Mr. Barney did not know of or accuse Learn Capital of any wrongdoing. Through the HGE Bankruptcy Proceeding, and specifically the depositions of Mauro under FRCP Rule 30(b)(6) and Ray Girn, Mr. Barney only recently discovered that Learn Capital was not an innocent party and that its racketeering scheme has materialized and been revealed in 2025.

18. From November 2015 through February 2016, Learn Capital, Mauro, and Hutter conspired to steal LEI's schools, executives, and promote Ray Girn's vision to split from LEI and form HGE, for which it provided startup funding. Mauro was a parent of a child enrolled at LEI and met Ray Girn at LEI where they discussed this scheme. Upon information and belief, Learn Capital feigned interest in investing in LEI to provide leverage for Ray Girn to make his "play for control" of LEI, overleverage LEI with schools it could not afford without Learn Capital, and, ultimately, take the executives and LEI information and opportunities to start HGE. This destroyed LEI and is the subject of the Girn Lawsuit.

19. Upon information and belief, Mr. Barney discovered that Learn Capital fraudulently used the Girns as pawns from the beginning and became a majority equity holder in HGE and had a majority of HGE's board of directors, with both Mauro and Hutter sitting on HGE's board for nearly 10 years—the entirety of its existence through the HGE Bankruptcy Proceeding. Learn Capital presided over the

[1] These NOVA Schools were purchased in late 2015, by the Girns for LEI, when they knew that LEI could not afford them without Learn Capital funding and that HGE would eventually purchase them "for a song" in 2019 after LEI's demise.

growth of HGE to over 100 Montessori schools, at Ray Girn's direction, knowing that Ray Girn's plan was unsustainable. Learn Capital knew Ray Girn's vision and plan was unsustainable because it personally witnessed LEI's collapse under the same vision and quest for control of LEI.

20. Learn Capital was well-aware of Mr. Barney's ownership interest in LEI throughout its operation of HGE, knowing that Mr. Barney is a creditor and would be a huge liability for HGE due to the misconduct and exposure created by the Girns during their time at LEI, to the tune of $24,000,000 or more. Upon information and belief, in 2025, Learn Capital, and specifically Mauro and Hutter, conspired to have HGE fraudulently sell its schools—some of which were stolen from LEI originally—to a brand new entity it created, GGE. Learn Capital and Mauro founded, owned, and operated GGE.

21. Upon information and belief, Ray Girn objected to this plan and resigned from his position as CEO of HGE in February of 2025. Ray Girn had proposed other exit plans, namely, that he create a "management company" of which he would hold the equity and then have a licensing arrangement for HGE's schools. Notably, this is the same type of scheme Ray Girn engaged in with LEI before its demise. Learn Capital was well-aware of Ray Girn's scheming and incompetence and rejected his alternative.

22. Upon information and belief, Learn Capital fraudulently transferred around 80 of HGE's schools to its new entity, GGE, and entered into fraudulent transfer arrangements for GGE to hire the same executives that had fled LEI with Ray Girn. Simply put, Defendants engaged in a series of fraudulent sales to avoid foreclosures on its schools after Ray Girn's mismanagement. After the fraudulent transfers were completed and the schools were now GGE's assets, and HGE's executives were now GGE's executives, Learn Capital had HGE file for Chapter 11 bankruptcy in the HGE Bankruptcy Proceeding, discussed above, to discharge all liability, including any liability from Mr. Barney, who is HGE's largest creditor.

23. To avoid this lawsuit and the ire of Mr. Barney, around the time of the HGE Bankruptcy Proceeding, upon information and belief, Defendants attempted to resolve all claims with Ray Girn and conceal Ray Girn's granted equity interest in GGE. Defendants attempted to purchase Ray Girn's loyalty for the HGE Bankruptcy Proceeding and silence the Girns on these issues. Defendants did so to

try to avoid Mr. Barney from having standing to pursue them under the assignment agreement, to no avail.

24. Mr. Barney, through LEI, has been damaged significantly through Defendants' long-term racketeering scheme of fraud ranging from November 2015 through the present date. Mr. Barney, through LEI, has also been damaged significantly due to Defendants' intentional and fraudulent transfers of assets, information, and executives from HGE to GGE prior to the HGE Bankruptcy Proceeding. Upon information and belief, Defendants did this to stay the Girn Lawsuit, delay any judgment against HGE, and defraud Mr. Barney as a creditor.

FIRST CAUSE OF ACTION

(For RICO (18 U.S.C. § 1962) Against All Defendants and DOES 1-100)

25. Mr. Barney repeats and incorporates by reference into this cause of action the allegations set forth above as thought fully set forth in this cause of action.

26. In acting or failing to act as described above, Mr. Barney alleges upon information and belief that Defendants conspired to and did receive assets and executives from HGE, which previously were from LEI, through the pattern of racketeering activity as described in depth above.

27. Defendants engaged in a series of instances of racketeering by fraudulently engaging with LEI to give leverage to the Girns to exit with LEI's assets, information, and executives to HGE, which it then controlled. Then, Defendants fraudulently transferred around 80 schools and HGE's executives and information to GGE, an entity Learn Capital created in 2025 for the sole purpose of this theft, prior to filing the HGE Bankruptcy Proceeding. Defendants defrauded the creditors, including school parents, Montessori school landlords, and Mr. Barney, and fraudulently concealed Ray Girn's interest in GGE to avoid this lawsuit.

28. Mr. Barney alleges further upon information and belief that Defendants used all of these fraudulently obtained assets and human capital to operate GGE, an enterprise that is engaged in interstate and foreign commerce through their services and Montessori school education.

29. As a direct and proximate result of the wrongful actions and inactions of Defendants, Mr. Barney alleges upon information and belief that he and LEI have been damaged in at least the sum of $24,000,000, with the exact amount to be proven at time of trial.

30. Defendants are also liable to Mr. Barney and LEI not only for treble damages pursuant to 18 U.S.C. § 1964(c), but also for reasonable attorneys' fees and costs upon prevailing on this claim at trial.

31. In addition, Mr. Barney seeks equitable relief under 18 U.S.C. § 1964(a) for an order for Learn Capital to divest itself of any interest in GGE, to impose reasonable restrictions on the future activities of Defendants, and for a dissolution or reorganization of GGE, making due provision for the rights of innocent citizens.

SECOND CAUSE OF ACTION

(For Actual Intent to Hinder, Delay, or Defraud a Creditor (Civ. Code § 3439.01(a)(1)) Against All Defendants and DOES 1-100)

32. Mr. Barney repeats and incorporates by reference into this cause of action the allegations set forth above as though fully set forth in this cause of action.

33. In acting or failing to act as described above, Mr. Barney alleges upon information and belief that Mr. Barney was harmed because Defendants fraudulently transferred assets, executives, and information from HGE to GGE prior to filing Chapter 11 bankruptcy in order to avoid paying a debt to Mr. Barney as a result of the Girn Lawsuit and to make it more difficult for creditors to collect payment in the HGE Bankruptcy.

34. Mr. Barney has a right to payment from HGE in the amount of $24,000,000 or more, as stated in the HGE Bankruptcy and also depending upon the upcoming judgment in the Girn Lawsuit, and upon information and belief Defendants had HGE transfer its assets, executives, and information (some of which were formerly LEI's) to GGE and with the intent to hinder, delay, or defraud Mr. Barney and other creditors.

35. Mr. Barney was harmed and, as discussed above, Defendants' conduct was a substantial factor in causing Mr. Barney's harm.

36. In acting or failing to act as described above, Defendants acted with oppression, fraud, and malice, and thus Mr. Barney is entitled to an award of punitive damages for the sake of example and by way of punishment.

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THIRD CAUSE OF ACTION

(For Constructive Fraudulent Transfer – Insolvency (Civ. Code § 3439.05) Against All Defendants and DOES 1-100)

37. Mr. Barney repeats and incorporates by reference into this cause of action the allegations set forth above as though fully set forth in this cause of action.

38. In acting or failing to act as described above, Mr. Barney alleges upon information and belief that Mr. Barney was harmed because Defendants fraudulently transferred assets, executives, and information from HGE to GGE prior to filing Chapter 11 bankruptcy and was and is unable to pay Mr. Barney that was owed.

39. Mr. Barney has a right to payment from HGE in the amount of $24,000,000 or more, as stated in the HGE Bankruptcy and also depending upon the upcoming judgment in the Girn Lawsuit, and upon information and belief Defendants had HGE transfer its assets, executives, and information (some of which were formerly LEI's) to GGE.

40. Mr. Barney alleges upon information and belief that HGE did not receive a reasonably equivalent value in exchange for the transfer of its assets, executives, and information to Defendants and, specifically, to GGE. Mr. Barney's right to payment from HGE arose before these transfers, and Mr. Barney alleges upon information and belief that HGE became insolvent as a result of these transfers.

41. Mr. Barney was harmed and, as discussed above, Defendants' conduct was a substantial factor in causing Mr. Barney's harm.

42. In acting or failing to act as described above, Defendants acted with oppression, fraud, and malice, and thus Mr. Barney is entitled to an award of punitive damages for the sake of example and by way of punishment.

FOURTH CAUSE OF ACTION

(For Conversion Against All Defendants and DOES 1-100)

43. Mr. Barney repeats and incorporates by reference into this cause of action the allegations set forth above as though fully set forth in this cause of action.

44. At all relevant times, LEI owned and had a right to possess its own property and assets, including without limitation its schools and other capital discussed above. At all relevant times,

Defendants were aware, agreed, and intended to commit the wrongful acts discussed above to take LEI's property.

45. In acting or failing to act as described above, Mr. Barney alleges upon information and belief that Defendant intentionally and substantially interfered with LEI's property in many ways, including without limitation taking LEI's assets, information, and executives to HGE. Then, Defendants fraudulently transferred around 80 schools and HGE's executives and information to GGE, an entity Learn Capital created in 2025.

46. Accordingly, Defendants wrongfully and fraudulently exerted personal control over LEI's property. In so doing, Defendants' conduct was a substantial factor in causing harm to LEI's business, finances, and reputation. Neither Mr. Barney nor LEI provided informed consent to Defendants' above-described conduct.

47. As a direct and proximate result of the wrongful actions and inactions of Defendants, Mr. Barney alleges upon information and belief that LEI has been damaged in at least the sum of $24,000,000, with the exact amount to be proven at time of trial.

48. In acting or failing to act as described above, Defendants acted with oppression, fraud, and malice, and thus Mr. Barney and LEI are entitled to an award of punitive damages for the sake of example and by way of punishment.

FIFTH CAUSE OF ACTION

(For Receiving and Withholding Stolen Property (Penal Code § 496) Against All Defendants and DOES 1-100)

49. Mr. Barney repeats and incorporates by reference into this cause of action the allegations set forth above as though fully set forth in this cause of action.

50. In acting or failing to act as described above, Mr. Barney alleges upon information and belief that Defendants willfully received and withheld LEI's property knowing that these items were fraudulently and illegally obtained.

51. As a result, Defendants' possession of LEI's property constitutes the receipt of stolen property, as defined by Penal Code section 496(a).

52. Accordingly, Defendants are jointly and severally liable to Mr. Barney and LEI for treble damages pursuant to Penal Code section 496(c). Further, Penal Code section 496(c) entitles Mr. Barney to reasonable attorneys' fees and costs upon prevailing in this action against Defendants.

SIXTH CAUSE OF ACTION

(For Unfair Business Practices (Bus. & Prof. Code § 17200 et seq.) Against All Defendants and DOES 1-100)

53. Mr. Barney repeats and incorporates by reference into this cause of action the allegations set forth above as though fully set forth in this case of action.

54. In acting or failing to act as described above, Mr. Barney alleges upon information and belief that Defendants engaged in unfair and/or fraudulent business practices as defined by Business and Professions Code section 17200 et seq.

55. The unfair business practices include all the above-described wrongful conduct, including fraudulently engaging with LEI to give leverage to the Girns to exit with LEI's assets, information, and executives to HGE, which it then controlled. It also includes Defendants' fraudulent transfer around 80 schools and HGE's executives and information to GGE, an entity Learn Capital created in 2025 for the sole purpose of this theft, prior to filing the HGE Bankruptcy Proceeding. Defendants defrauded the creditors, including school parents, Montessori school landlords, and Mr. Barney, and fraudulently concealed Ray Girn's interest in GGE to avoid this lawsuit.

56. As a direct and proximate result of the wrongful actions and inactions of Defendnats, Mr. Barney alleges upon information and belief that Mr. Barney has been damaged in at least the sum of $24,000,000, with the exact amount to be proven at time of trial.

57. Mr. Barney is also entitled to injunctive relief to enjoin Defendants from continuing these unfair business practices, as well as restitution under Business and Professions Code section 17203. Mr. Barney is further entitled to reasonable attorneys' fees and costs under Code of Civil Procedure section 1021.5.

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WHEREFORE, Plaintiff respectfully prays for relief as follows:

1. For general, special, compensatory, and/or consequential damages and lost profits in excess of the jurisdictional minimum of this Court, with the exact amount to be proven at time of trial;

2. For pre-judgment interest at the maximum legal rate in an amount to be proven at time of trial;

3. For treble damages under 18 U.S.C. § 1964(c);

4. For an order under 18 U.S.C. § 1964(a) for Learn Capital to divest itself of any interest in GGE, to impose reasonable restrictions on the future activities of Defendants, and for a dissolution or reorganization of GGE, making due provision for the rights of innocent citizens;

5. For an order to enjoin Defendants from continuing these unfair business practices, as well as restitution under Business and Professions Code section 17203.

6. For punitive damages according to proof;

7. For further restitution and injunctive relief;

8. For reasonable attorneys' fees and costs; and

9. For such other relief as the Court deems just and proper.

DATED: May 13, 2026

JACKSON LEWIS P.C.

By: _____

James P. Carter
Jonathan P. Schmidt
Kelli M. Dreger

Attorneys for Plaintiffs
CARL B. BARNEY, INDIVIDUALLY, AS TRUSTEE OF THE CARL BARNEY LIVING TRUST, AND DERIVATIVELY ON BEHALF OF LEPORT EDUCATIONAL INSTITUTE, INC.

EXHIBIT 8

KANE RUSSELL COLEMAN LOGAN

JASON BINFORD
Direct (512) 487-6566
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June 17, 2026

VIA EMAIL

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Re: Complaint Filed in the Superior Court for Orange County, California
Case No: 30-2026-01571029-CU-MC-CJC (the "Complaint")

Counsel:

This firm represents Guidepost Global Education, Inc. ("GGE") and Learn Capital, LLC ("Learn"). We do not represent Greg Mauro ("Mauro") or Rob Hutter ("Hutter") personally, but I have copied Mauro and Hutter's attorney Nathan Owens on this letter.

I am in receipt of the Complaint filed by Carl B. Barney, in his individual capacity and as trustee of the Carl Barney Living Trust and derivatively on behalf of LePort Educational Institute, Inc. (collectively, the "Plaintiffs") filed the Superior Court for Orange County, California (the "California Court"). The Complaint alleges certain causes of action against defendants including GGE and Learn directly related to the matters addressed by the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "Bankruptcy Court") in the jointly administered Chapter 11 bankruptcy case (Case No. 25-80121, the "Bankruptcy Case") of Higher Ground Education, Inc. and its affiliated companies (collectively, the "Debtors").

As you are well aware, given Mr. Barney's active participation in the Bankruptcy Case, on November 25, 2025, the Bankruptcy Court entered an order [Doc. No. 708] (the "Confirmation Order") confirming the *Modified Second Amended Joint Plan of Reorganization* (the "Plan"). The Effective Date[1] of the Plan was December 16, 2025. *See* Notice filed in the Bankruptcy Case at Doc. No. 721.

[1] Capitalized terms not otherwise defined in this letter have the meanings ascribed to them in the Plan.

Pursuant to the terms of the Plan, the assets of the Debtors were vested in "Reorganized HGE." This was effectuated via the issuance of the Reorganized HGE Common Stock, which occurred "free and clear of all Liens, Claims, Equity Interests and encumbrances of any kind, except as provided in the Plan." *See* Plan at sections 1.1.128 and 4.11. The Plan also provided for assets transferred to GGE free and clear of lien, claims, encumbrances, and other interests. *See* Plan at section 4.8 (covering the Designated EB-5 Entities).

In addition, the Plan provided for a broad release of the "Released Parties," which includes (but is not limited to) Reorganized HGE, GGE, and Learn.[2] The Plan release released GGE and Learn of:

> [A]ny Claim or Cause of Action, directly or derivatively, by, through, for, or because of the foregoing Entities, from any and all Claims, Interests, obligations, rights, suits, damages, and Causes of Action whatsoever (including any derivative claims and Avoidance Actions, asserted or assertable on behalf of the Debtors, Reorganized HGE, the Liquidating Trustee, and the Debtors' Estates), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or herein-after arising, whether in law or equity, whether sounding in tort or contract, whether arising under federal or state statutory or common law, or any other applicable international, foreign, or domestic law, rule, statute, regulation, treaty, right, duty, requirement, or otherwise . . . .[3]

Once again, Barney was an active participant in the Bankruptcy Case. In fact, his counsel participated in the Plan confirmation hearing and he filed an objection to a prior version of the Debtors' disclosure statement. Barney ultimately withdrew that objection. *See* Bankruptcy Case at Doc. No. 285 and 547. Ultimately, Barney determined not to object to confirmation of the Plan.

Notwithstanding these facts, Barney has now filed the Complaint alleging claims that are derivative of the Debtors, were released under the Plan, and otherwise are a clear and unmistakable collateral attack on the Bankruptcy Court's Confirmation Order. To put it another way, Barney appears to have made the determination that he was unlikely to prevail in his arguments before the Bankruptcy Court and instead has now sought adjudication of the same claims in the California Court.

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[2] GGE and Learn are included in the definition of the "Settlement Parties." *See* definition of the Released Parties at Plan section 1.1.124.

[3] Plan at section 10.2 (see the Plan for the full language of the release).

This knowing and willful attempt to circumvent the terms of a binding federal court order is unacceptable. Please be advised that if the Complaint is not withdrawn in its entirety on or before June 30, 2026, GGE and Learn will file an emergency motion in the Bankruptcy Court seeking to enforce the terms of the Confirmation Order. If GGE and Learn are forced to expend such time and resources, GGE and Learn will seek that the Bankruptcy Court's order require the Plaintiffs to reimburse GGE and Learn for costs incurred in dealing with this matter.

Please govern yourselves accordingly.

Sincerely,

KANE RUSSELL COLEMAN LOGAN PC

By: _____
Jason Binford

cc:
Nathan Owens
nathan.owens@ndlf.com

EXHIBIT 9

Electronically Filed by Superior Court of California, County of Orange, 07/23/2026 03:48:00 PM.
30-2026-01571029-CU-MC-CJC - ROA # 23 - DAVID H. YAMASAKI, Clerk of the Court By A. Wilcher, Deputy Clerk.

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Attorneys for Defendants LEARN CAPITAL, LLC; and GUIDEPOST GLOBAL EDUCATION, INC.

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF ORANGE - CENTRAL JUSTICE CENTER

CARL B. BARNEY, individually, as Trustee of the Carl Barney Living Trust, and derivatively on behalf of LEPORT EDUCATIONAL INSTITUTE, INC., a California corporation, Plaintiffs, v. LEARN CAPITAL, LLC; et al., Defendants.	Case No. 30-2026-01571029-CU-MC-CJC Assigned for all Purposes to: Hon. Lee Gabriel Dept. C32 **DEFENDANT GUIDEPOST GLOBAL EDUCATION, INC.'S ANSWER TO COMPLAINT** Action Filed: May 13, 2026 Trial Date: None set

Pursuant to Code of Civil Procedure section 431.10, *et seq.*, Defendant GUIDEPOST GLOBAL EDUCATION, INC. ("Defendant") answers the Complaint of Plaintiff CARL B. BARNEY ("Plaintiff"). Defendant denies, both generally and specifically, each and every allegation of the Complaint and denies that Plaintiff is entitled to any relief whatsoever.

AFFIRMATIVE DEFENSES

Defendant pleads the following separate defenses. Defendant reserves the right to assert additional affirmative defenses that discovery indicates are proper.

/ / /

FIRST AFFIRMATIVE DEFENSE

(Accord and Satisfaction)

1. The Complaint is barred and fails to state a cause of action by reason of the provisions of Civil Code section 1521 et seq. concerning accord and satisfaction.

SECOND AFFIRMATIVE DEFENSE

(Acquiescence)

2. Plaintiff acquiesced to any conduct engaged in by Defendant.

THIRD AFFIRMATIVE DEFENSE

(Another Action Pending)

3. Plaintiff's claims are barred, in whole or in part, to the extent they are precluded by the doctrine of abatement and/or the presence of another action pending on the same subject.

FOURTH AFFIRMATIVE DEFENSE

(Apportionment)

4. Defendant is informed and believes that any and all events, happenings, and occurrences in connection with the allegations of the Complaint were proximately caused by persons or entities other than Defendant. To the extent such alleged injuries or damages, if any, were caused by other parties or entities, there must be an apportionment of liability between and among these parties or entities, and Defendant is entitled to indemnity and/or contribution from, such causing or contributing parties or entities, to the extent that each such causing or contributing party or entity is determined to have caused or contributed to Plaintiff's alleged injuries or damages, if any.

FIFTH AFFIRMATIVE DEFENSE

(Complete Performance)

5. Defendant has appropriately, completely, and fully performed and discharged any and all obligations and legal duties arising out of the matters alleged in the Complaint.

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SIXTH AFFIRMATIVE DEFENSE

(Compliance with Applicable Laws)

6. Plaintiff's claims are barred in whole or in part by reason of Defendant's compliance with all applicable laws, statutes and regulations.

SEVENTH AFFIRMATIVE DEFENSE

(Conduct of Third Persons)

7. Defendant is informed and believes that any and all events, happenings, and occurrences in connection with the allegations of the Complaint, and alleged resulting damages, if any, sustained by Plaintiff, were wholly, directly, and proximately caused by the willful or negligent acts or omissions of third parties over whom Defendant exercised no control and for whom Defendant is not otherwise responsible.

EIGHTH AFFIRMATIVE DEFENSE

(Consent)

8. Plaintiff expressly or impliedly consented to and approved all the acts and omissions about which Plaintiff now complains. Accordingly, Plaintiff is barred from pursuing this action.

NINTH AFFIRMATIVE DEFENSE

(Estoppel)

9. By conduct, representations and omissions, Plaintiff is equitably estopped to assert any claim for relief against this Defendant respecting the matters which are the subject of the Complaint.

TENTH AFFIRMATIVE DEFENSE

(Failure to Mitigate)

10. Without peril to Defendant's denial of the existence of every alleged defect and claimed damage, Defendant alleges that Plaintiff, while knowing of the purported defects and damages complained of, if any there be, failed to undertake to mitigate his damages and/or increased its damages, if any there be. Accordingly, if Plaintiff suffered

any damages proximately caused by Defendant, which Defendant expressly denies, such damages should have been mitigated by reasonable efforts on the part of Plaintiff.

ELEVENTH AFFIRMATIVE DEFENSE

(Failure to State a Cause of Action)

11. Plaintiff's Complaint fails to state facts sufficient to constitute a cause of action upon which relief can be granted against Defendant. The Complaint also seeks relief against Defendant that is not properly recoverable by Plaintiff, and Plaintiff is therefore barred from any recovery against Defendant.

TWELFTH AFFIRMATIVE DEFENSE

(Justification)

12. The conduct of Defendant with respect to the matters alleged in the Complaint was justified, and, by reason of the foregoing, Plaintiff is barred from any recovery against Defendant.

THIRTEENTH AFFIRMATIVE DEFENSE

(Laches)

13. Plaintiff is barred from any recovery against Defendant by reason of the doctrine of laches and undue delay in giving notice to Defendant of the matters alleged in the Complaint and in commencing this litigation.

FOURTEENTH AFFIRMATIVE DEFENSE

(Lack of Capacity to Sue)

14. The capacity of the Plaintiff to sue is not shown by the Complaint and is open to question and uncertainty. To the extent Plaintiff is lacking capacity to sue, he cannot proceed in this action.

FIFTEENTH AFFIRMATIVE DEFENSE

(Lack of Standing)

15. Plaintiff lacks standing to seek the relief against Defendant that he pursues in his Complaint.

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SIXTEENTH AFFIRMATIVE DEFENSE

(Misjoinder)

16. Defendant is improperly joined as a Defendant in this action. As a result, there is a defect or misjoinder of parties pursuant to California Code of Civil Procedure section 430.10(d). Accordingly, this action should not be permitted to proceed against this Defendant.

SEVENTEENTH AFFIRMATIVE DEFENSE

(No Duty Owed)

17. No duty was owed by Defendant to Plaintiff. If a duty is alleged to have existed, Defendant acted in good faith and did not directly or indirectly perform any acts whatsoever which would constitute a breach of any duty owed to Plaintiff.

EIGHTEENTH AFFIRMATIVE DEFENSE

(No Entitlement to Attorneys' Fees)

18. The Complaint, and each cause of action contained therein, fails to allege any facts or any legal theory sufficient to entitle Plaintiff to recover attorneys' fees in this action.

NINETEENTH AFFIRMATIVE DEFENSE

(No Proximate Cause)

19. The acts and/or omissions, if any, of Defendant were not the proximate cause of the losses, damage or injuries alleged in the Complaint.

TWENTIETH AFFIRMATIVE DEFENSE

(Nonjoinder)

20. The purported claims and causes of action contained in the Complaint require, for their complete adjudication, the joining of additional, necessary or indispensable parties, without whom the purported claims and causes of action cannot be fully, finally and completely resolved.

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TWENTY-FIRST AFFIRMATIVE DEFENSE

(Performance by Law)

21. Each claimed act or failure to act alleged by Plaintiff was performed or not performed under the express authority of statute or pursuant to other requirements of law and, therefore, the Complaint and each cause of action asserted against Defendant are barred.

TWENTY-SECOND AFFIRMATIVE DEFENSE

(Preemption)

22. To the extent Plaintiff's Complaint is inconsistent with preemptive federal law, Plaintiff's claims are preempted.

TWENTY-THIRD AFFIRMATIVE DEFENSE

(Primary Jurisdiction)

23. Plaintiff's claims are barred under the doctrines of primary jurisdiction and/or exhaustion of remedies to the extent that the conduct alleged in the Complaint falls within the purview of an administrative or other agency or body that regulates the conduct at issue.

TWENTY-FOURTH AFFIRMATIVE DEFENSE

(Lack of Jurisdiction)

24. The California Superior Court in which Plaintiff's claims are brought lacks jurisdiction over the claims.

TWENTY-FIFTH AFFIRMATIVE DEFENSE

(Privilege)

25. Plaintiff's claims against Defendant are barred in that any conduct by Defendant was privileged.

TWENTY-SIXTH AFFIRMATIVE DEFENSE

(Public Policy)

26. Plaintiff's claims are barred by public policy.

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TWENTY-SEVENTH AFFIRMATIVE DEFENSE

(Ratification)

27. Plaintiff expressly ordered, approved, authorized, participated in and ratified the actions and transactions complained of and the actions upon which recovery is allegedly sought, and Plaintiff is accordingly precluded from recovery.

TWENTY-EIGHTH AFFIRMATIVE DEFENSE

(Release)

28. By virtue of Plaintiff's conduct both before and after the events alleged in the Complaint, all alleged rights, claims, and obligations which Plaintiff seeks to enforce against Defendant have been released.

TWENTY-NINTH AFFIRMATIVE DEFENSE

(Res Judicata / Collateral Estoppel)

29. Plaintiff's claims are barred, in whole or in part, to the extent they are subject to the doctrines of res judicata and/or collateral estoppel.

THIRTIETH AFFIRMATIVE DEFENSE

(Statute of Limitations)

30. Plaintiff's Complaint and the allegations contained therein are barred or diminished, in whole or in part, by the applicable statutes of limitation, including, but not limited to, California Code of Civil Procedure sections 337, 338, 339, 340, and 343, Civil Code sections 3439.09, Bus. & Prof. Code, § 17208, and *Agency Holding Corp. v. Malley-Duff & Associates, Inc.* (1987) 483 U.S. 143, including any subparts contained therein.

THIRTY-FIRST AFFIRMATIVE DEFENSE

(Unclean Hands)

31. Plaintiff, through his conduct, acts and omissions, is barred by the doctrine of unclean hands from recovering any damages or other relief herein against Defendant.

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THIRTY-SECOND AFFIRMATIVE DEFENSE

(Unjust Enrichment)

32. The Complaint and each cause of action contained therein are barred by the doctrine of unjust enrichment.

THIRTY-THIRD AFFIRMATIVE DEFENSE

(Waiver)

33. Plaintiff, through his conduct, acts and omissions, has waived, relinquished and/or abandoned any claim for relief against this Defendant respecting matters which are the subject of the Complaint.

THIRTY-FOURTH AFFIRMATIVE DEFENSE

(Willful Misconduct)

34. Defendant is informed and believes and thereon alleges that Plaintiff was guilty of willful misconduct and proximately contributed to the occurrence of the events complained of in Plaintiff's Complaint and the damages alleged to have been suffered therein, and Plaintiff is therefore precluded from comparing such conduct with the alleged fault on the part of this answering Defendant, if any.

THIRTY-FIFTH AFFIRMATIVE DEFENSE

(Good Faith and Reasonably Equivalent Value)

35. Any transfer or obligation at issue in Plaintiff's complaint was obtained by Defendant in good faith and for a reasonably equivalent value.

THIRTY-SIXTH AFFIRMATIVE DEFENSE

(Lack of Racketeering Activity)

36. Plaintiff's Complaint and the allegations contained therein are barred due to the failure to satisfy 18 U.S.C. § 1961(1).

THIRTY-SEVENTH AFFIRMATIVE DEFENSE

(Lack of Participation in the Conduct at Issue)

37. Plaintiff's Complaint and the allegations contained therein fails to establish that Defendant participated in any enterprise under 18 U.S.C. 1962.

THIRTY-EIGHTH AFFIRMATIVE DEFENSE

(Statutory Safe Harbor)

38. Plaintiff's Complaint and the allegations contained therein fail because Defendant acted in compliance with legislation

THIRTY-NINTH AFFIRMATIVE DEFENSE

(Lack of Injury in Fact)

39. Plaintiff's Complaint and the allegations contained therein fail because Plaintiff did not suffer an injury in fact.

FORTIETH AFFIRMATIVE DEFENSE

(Invalid Assignment)

40. Plaintiff's Complaint alleges an assignment of claims that Defendant is informed and believes is and was invalid.

FORTY-FIRST AFFIRMATIVE DEFENSE

(Unstated Additional Defenses)

41. Defendant presently has insufficient knowledge and information on which to form a belief as to whether there exists additional, as yet unstated, affirmative defenses. Defendant reserves herein the right to assert additional affirmative defenses in the event that discovery indicates that such a defense would be appropriate.

WHEREFORE, Defendant prays for relief as follows:

1. That the Complaint be dismissed, with prejudice and in its entirety;

2. That Plaintiff take nothing by reason of this Complaint and that judgment be entered against Plaintiff and in favor of Defendant;

3. That Defendant be awarded its costs incurred in defending this action;

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4. That Defendant be granted such other and further relief as the Court may deem just and proper.

Dated: July 23, 2026

NEWMEYER & DILLION LLP

By: _____

J. Nathan Owens
Jeffrey R. Brower
Madison J. Trust
Attorneys for Defendant LEARN CAPITAL, LLC; and GUIDEPOST GLOBAL EDUCATION, INC.

PROOF OF SERVICE

Barney v. Learn Capital
OCSC Case No. 30-2026-01571029-CU-MC-CJC

STATE OF CALIFORNIA, COUNTY OF ORANGE

I, Susan L. Peterson, declare:

I am a citizen of the United States and employed in Orange County, California. I am over the age of eighteen years and not a party to the within-entitled action. My business address is 895 Dove Street, Second Floor, Newport Beach, CA 92660. My business email address is Sue.Peterson@ndlf.com. On July 23, 2026, I served true copies of the within document(s):

DEFENDANT GUIDEPOST GLOBAL EDUCATION, INC.'S ANSWER TO COMPLAINT

BY E-MAIL: I electronically transmitted the above document(s) to the person(s) at the e-mail address(es) listed in the Service List below.

Please see attached service list.

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

Executed on July 23, 2026, at Newport Beach, California.

Susan L. Peterson

Susan L. Peterson

NEWMEYER DILLION

SERVICE LIST
Barney v. Learn Capital
OCSC Case No. 30-2026-01571029-CU-MC-CJC

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