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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:	:	Chapter 11
	:	
ADVANCE SCIENCE TECHNOLOGIES,	:	Case No. 17-13668 (SMB)
INC., and FS-IP LLC,	:	(Jointly Administered)
	:	
Debtors. ¹	:	
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**DECLARATION OF SEAN SULLIVAN IN SUPPORT OF DEBTORS’
AMENDED MOTION ESTABLISHING PROCEDURES FOR TRADING
OF THE BENEFICIAL OWNERSHIP OF RELATED PARTY EQUITY SECURITIES**

I, Sean Sullivan, declare as follows under penalty of perjury:

1. This declaration (the “**Declaration**”) is submitted in support of the *Debtors’ Amended Motion for an Order Pursuant to Sections 105(A), 362(A)(3), and 541 of the Bankruptcy Code and Bankruptcy Rule 3001 Establishing Notice and Hearing Procedures for Trading of the Beneficial Ownership of Related Party Equity Securities* (the “**Motion**”). This Declaration is intended to supplement the Declaration I submitted in support of the Debtors’ First Day Pleadings [Dkt. No. 3].

2. I am the Chief Financial Officer, Treasurer, and Executive Vice President of Fortior Solutions, Inc. (the “**Fortior**”). Fortior, which was formerly known as SureID, Inc., is the

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Advance Science Technologies, Inc. (6977); and FS-IP LLC (5674).

principal operating company and currently wholly owns Advance Science Technologies, Inc., an Oregon Corporation (“*AST*”), and FS-IP LLC, a New York limited liability company (“*FS-IP*”) (collectively, “*Debtors*”).² I am also a Director, Vice President and Treasurer of AST, and a Manager, Vice President and Treasurer of FS-IP. I first joined the executive management team of Fortior in 2010 after representing the shareholders’ interests on the Board of Directors from 2005 to 2010. In addition to oversight of the accounting, finance, investor relations, procurement, and various operational groups, I work closely with the executive team and Board of Directors to develop and implement long-range strategic programs, on external corporate positioning, and to orchestrate new business initiatives. I have served on the boards of private companies in diverse industries, including five years as a director of Fortior Solutions (at the time named Eid Passport, Inc.), where I worked alongside distinguished business, government, and military leaders.

3. I am intimately familiar with the Debtors’ business and financial affairs. The statements set forth below are true to the best of my knowledge and after reasonable inquiry. If called to testify to these statements, I could and would do so competently.

4. As described in the Motion, Fortior owns certain Tax Attributes.³ All of the members of the Fortior consolidated U.S. tax group, including the Debtors, have the ability to benefit from the preservation of the Tax Attributes, which provide significant value to the Debtors (as part of such group). I believe that it is in the best interests of the Debtors’ estates to preserve, to the fullest extent possible, the flexibility to maximize the availability of the Tax Attributes upon consummation of the Debtors’ proposed Plan. The Debtors therefore seek limited relief - only that which is necessary to enable the Debtors to closely monitor certain transfers of the beneficial ownership of Fortior’s equity securities, so as to be in a position to act expeditiously if necessary to preserve the Tax Attributes.

² Between October 2003 and August 2015, SureID was known as Eid Passport, Inc. Prior to that, SureID conducted business as Eid Access, Inc. (April 2002-October 2003), and Eid, Inc. (November 2001 – April 2002).

³ For purposes of this Motion, “Tax Attributes” means net operating loss carryforwards (“*NOLs*”), capital losses, unrealized built-in losses and certain other tax and business credits and other tax attributes.

5. Debtor FS-IP (f/k/a SID-IP LLC) was formed on July 14, 2017, and Debtor AST (f/k/a SID-GB, Inc.) was formed on August 1, 2017 in anticipation of and to facilitate the restructuring of Fortior and its subsidiaries, including the separation of Fortior's commercial and government businesses. In connection with a prepetition sale process, on or about July 24, 2017 Fortior transferred to FS-IP ownership of Fortior's physical kiosks (known as SureID Registration Stations or "SRSs") and related communication systems (known as Secured Communication Units or "SCUs") that are placed nationwide with a major retailer and which are used to input customer personal information to initiate fingerprinting and other identity-related services. Thereafter, the SRSs and SCUs owned by FS-IP were sold as part of Fortior's prepetition sale of commercial assets to Sterling. After the sale of assets to Sterling, Fortior transferred additional assets to FS-IP that were not sold to Sterling. Those assets include certain intellectual property, credentialing printers and laminators that may be used as party of Fortior's remaining business.

6. Following this internal restructuring, Fortior continued to own the government business and 100% of the equity interest in AST. AST's sole asset is the equity of its subsidiary, FS Merger Sub, Inc. Both Debtors are guarantors of Fortior's debt obligations to its secured lender.

7. As part of these prepackaged bankruptcies, the Debtors and Fortior, along with the rest of their affiliates, entered into a *Restructuring Support Agreement* with the principal secured lender and administrative agent (the "**RSA**"). The RSA outlines the restructuring of the Debtors' financial obligations, including a substantial reduction in debt and recapitalization, and imposes restrictions on Fortior's ability to issue or permit the transfer of its equity securities. In addition, as described in the Disclosure Statement and exhibits thereto, pursuant to the RSA, Fortior (f/k/a SureID, Inc.) amended its articles of incorporation to impose certain restrictions on the transfer of Fortior's stock.

8. Specifically, under the Fourth Amended and Restated Articles of Incorporation, no shares of stock of Fortior may be sold, assigned, transferred or conveyed without the consent of Fortior's Board of Directors.⁴

9. Prior to the Petition Date, the Debtors commenced and completed the solicitation of votes on the Plan through their Disclosure Statement. As set forth in more detail in the Disclosure Statement, the Debtors have filed a prepackaged Plan that, if confirmed, will result in a substantial reduction of the Debtors' debt and reorganization of the corporate structure and ownership of the Fortior corporate group.

10. Fortior has generated, and during the case is expected to generate further, a significant amount of Tax Attributes for U.S. federal income tax purposes. The Debtors estimate that Fortior has federal NOLs of approximately \$86 million that are available to offset future taxable income.

11. By establishing procedures for continuously monitoring the trading of the beneficial ownership of Fortior's equity securities, the Debtors and Fortior can preserve their ability to seek substantive relief at the appropriate time, particularly if it appears that additional trading of the beneficial ownership of Fortior's equity securities prior to the effective date of the Plan may result in an ownership change that would jeopardize the availability of the Tax Attributes.

12. Based on my experience with the Fortior corporate group, my understanding of the Tax Attributes and my review and understanding of the RSA, I believe it is clear that the Debtors have a direct and concrete interest in the Tax Attributes as members of the Fortior corporate group that are eligible to and intend to file 2017 consolidated tax returns as part of the corporate group. Accordingly, the Debtors would be significantly harmed by the loss of or

⁴ Article 7 of the Fourth Amended and Restated Articles of Incorporation of Fortior (a copy of which is annexed to the Disclosure Statement) contains the following restriction on the transfer of shares of Fortior: "No shares of capital stock of the Company may be sold, assigned, transferred or conveyed without the consent of the Board of Directors, which consent shall not be unreasonably withheld." (the "*Charter Restrictions*")

limitation on the ability to use the Tax Attributes. Prior to the Petition Date, the Debtors benefitted from the Tax Attributes in connection with the sale of the commercial business to Sterling. Similarly, the Debtors will be entitled to utilize the Tax Attributes in the future, including because upon consummation of the Plan (if confirmed), the Tax Attributes will be the direct property of Reorganized AST.

13. Moreover, preservation of the Tax Attributes is subject to an express written agreement—the RSA—expressly agreed to by Fortior’s shareholders. The RSA restricts Fortior’s ability to issue or permit trading in its equity securities so that the Tax Attributes will be preserved for the benefit of the Debtors.

14. Accordingly, I believe that the Debtors’ request for approval of procedures to protect the Debtors against the possible loss of the Tax Attributes, including the NOLs, is reasonable, appropriate and necessary to protect the Debtors’ assets.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that, to the best of my knowledge and after reasonable inquiry, the foregoing is true and correct.

Dated: January 15, 2018

/s/ Sean Sullivan
Sean Sullivan
Chief Financial Officer, Treasurer, & Executive Vice
President of Fortior Solutions, Inc.
Manager, Vice President & Treasurer of Advance
Science Technologies, Inc.
Director, Vice President & Treasurer of FS-IP, LLC