

ALPHA PROTECTIVE SERVICES, INC.

ANSWERS BY THE TRUSTEE TO FREQUENTLY ASKED QUESTIONS FROM FORMER EMPLOYEES

What Is Going On?

As you may know already, Alpha Protective Services, Inc. ("APSI") filed bankruptcy on April 12, 2012. For the last few months, the Bankruptcy Court has permitted APSI to continue its business with the consent of its primary lender who had allowed its cash collateral to be used under strict guidelines to fund the operations of the business, including payroll. After recent defaults by APSI under the terms of those agreements, the lender withdrew its consent and refused to allow any further payroll to be funded from its cash collateral. On December 14, 2012, the Bankruptcy Court began the first day of hearings to determine whether APSI would be permitted to use the lender's cash collateral for payroll and other purposes. That hearing concluded after a full day of evidence and legal arguments on December 20, 2012. The Court that day converted the bankruptcy case to one under Chapter 7 of the Bankruptcy Code and Neil Gordon was appointed as the Chapter 7 Trustee. The Court also denied APSI the use of any of the lender's cash collateral to make payroll or for any other purpose. The result is that APSI was immediately closed and all employees were terminated. Unfortunately, this closure is permanent.

This is a difficult reality as there are no funds available to make payroll for your past work. This is doubly bitter news at this time of the year. However, you will have a claim in the bankruptcy case and if funds are available, the Trustee will make a distribution.

What do I do with APSI Equipment in my Possession?

Any equipment (including hand guns, vests, handcuffs, radios, etc.) that you have been issued previously by APSI remains property of the bankruptcy estate and must be returned to the Trustee's Representative. Please contact the Trustee if you have any property that is owned by APSI.

What Is The Trustee's Role?

The Trustee's job is to liquidate APSI's assets as they exist and try to make the best possible distribution to creditors including those of you now owed back pay

How Long Will This Take?

It is difficult to predict how long it will take to administer the bankruptcy case. Bankruptcy cases are seldom concluded in less than a year and often take quite a bit longer. The Trustee intends that this case be concluded fairly quickly, but there may be many obstacles that may delay the time it takes to sell the assets and recover funds to pay employees.

Am I On The List Of Creditors?

A list of all former employees is being compiled from the Debtor's records and a Claim Form will be mailed to all former employees in the very near future. If you do not get a Claim Form from the Trustee, you should download the Claim Form and contact the Trustee. The Claim Form will be posted on the web site at www.haysconsulting.net in the near future.

Please also make sure you keep the Trustee apprised of your address if you move or relocate in the future.

How will you Calculate my Claim?

The former Human Resources staff of APSI will calculate the final payroll and we will provide you with the amount of your claim for unpaid pay including any unpaid vacation pay and any other amount owed to you. Please do not complete a claim form until we provide you with the correct figures as this could delay your distribution as the Trustee has to object to your initial claim.

As soon as we have the correct figures, we will mail a claim form with amount of your claim included with specific instruction on how to complete.

The Trustee will work with you to make certain your claim is properly filed and you will have time to file a claim and receive a notice of the bar date and a letter from the Trustee with your claim amount.

What Documents do I need to Submit to the Trustee with Claim Form?

The Trustee will provide the information that you will need to attach to the signed claim form. This will include the calculation of your final paycheck and accrued vacation pay.

How do I get my money out of my 401K Plan?

The Trustee is working on a plan to terminate the 401K plan and will provide further instructions as soon as a final plan is developed. Closure of an ERISA qualified plan can take some time but we will get that information to you as soon as it is available.

What Happens to my Medical Insurance?

The medical insurance policy and other benefits plans are being terminated.

Is COBRA Insurance Coverage Available?

Unfortunately no COBRA coverage is available. The Trustee does not have funds to keep the medical insurance policy in place. Hopefully, most employees have secured jobs with new contractors that will provide medical coverage.

What will happen to the assets of Alpha Protective Services?

The Trustee and his team are in the process of analyzing the assets in an effort to determine how they should be administered for the benefit of creditors. The Trustee is in process of trying to sell the hard assets to generate cash. There may be potential claims against third parties and this could take some to recover funds from these claims.

How Do I Get More Information And Monitor The Status Of The Case?

The Trustee has established a website for this case, which you may access at www.haysconsulting.net. Click on the “Investors/Claimants” on home page and then on Alpha Protective Services, LLC. Any documents filed with the court will be posted on the web site. You can also simply Google “Alpha Protective Services Bankruptcy” and you will be directed to the page.

How Do I Communicate With The Trustee?

The best way to communicate with the Trustee with specific questions is by email. Please send your questions to neil.gordon@agg.com. You may also contact the Financial Advisor to the Trustee at ghays@haysconsulting.net or kmalek@haysconsulting.net.

There are over 300 former employees plus other creditors. In an effort to avoid unnecessary administrative costs, the Trustee requests that you please refrain from calling the Trustee’s office for routine updates. The Trustee will make every effort to keep the web site current.

Do I need to file a claim with Department of Labor?

The Trustee will be filing termination notices with the Department of Labor in near future. So if you apply for unemployment benefits, your termination should be on record. However, since most of the former employees have been re-employed by new contractors, this may not be an issue.

Do I Need To Hire An Attorney?

Each former employee needs to make this determination based upon his or her individual circumstance. It is important to remember that the Trustee is an officer of the Court, and part of his job to try to manage assets and effect recoveries with the ultimate goal of making a distribution to former employee and other creditors. Former employees should feel free to employ an attorney, but, based on our experience in other cases like this one, it is unlikely that having an attorney will effect either the timing or amount of a distribution from the Bankruptcy Estate.

The Trustee sincerely regrets the timing of these layoffs and is working expeditiously to recover assets and set a claim process in place in the hopes that your earned back pay can be paid as soon as possible.