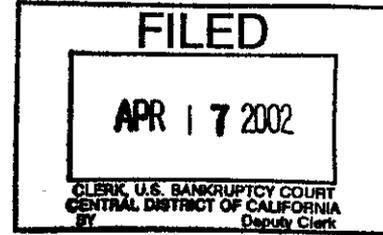


ORIGINAL

Attorney or Party Name, Address, Telephone and Fax Number, and CA State Bar No.

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FOR COURT USE ONLY



**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA**

In re:
RNETHEALTH, INC., a Colorado corporation

Debtor(s).

CASE NO.: **SA 01-18607 JR**
Chapter 11

NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: **Hearing Date: May 7, 2002**

Time: **2:30 P.M.**

Location: **U.S. Bankruptcy Court, Ronald Reagan Federal Building and United States Courthouse,
411 West Fourth Street, Santa Ana, California 92701**

Type of Sale: Public

Private

Last date to file objections: **April 23, 2002**

Description of Property to be Sold: Estate's interest in Tobacco School LLC - see the attached Notice of Hearing on Debtor's Motion for Order Authorizing Sale and Assignment of Estate's Interest in Tobacco School LLC Free and Clear of Liens and Approval of Overbid Procedures (the "Hearing Notice")

Terms and Conditions of Sale: See the attached Hearing Notice

Proposed Sale Price: See the attached Hearing Notice

Overbid Procedure (If Any): See the attached Hearing Notice

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:

May 7, 2002 at 2:30 P.M., in Courtroom 5A, U.S. Bankruptcy Court, Ronald Reagan Federal Building and United States Courthouse, 411 West Fourth Street, Santa Ana, California 92701

Contact Person for Potential Bidders (include name, address, telephone, fax and/or e:mail address):

James C. Bastian, Jr., Esq.
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Date: April 17, 2002

● FILE COPY ●

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Attorneys for the Debtor and Debtor in Possession
RnetHelath, Inc., a Colorado corporation

UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA, SANTA ANA DIVISION

In re	Case No. SA 01-18607 JR
RNETHEALTH, INC., a Colorado corporation,	Chapter 11
Debtor.	NOTICE OF HEARING ON DEBTOR'S MOTION FOR ORDER AUTHORIZING SALE AND ASSIGNMENT OF ESTATE'S INTEREST IN TOBACCO SCHOOL LLC FREE AND CLEAR OF LIENS AND APPROVAL OF OVERBID PROCEDURES
<u>Debtor's Current Address:</u> 1301 Dove Street Suite 800 Newport Beach, CA 92660	Date: May 7, 2002 Time: 2:30 P.M. Place: Courtroom 5A Ronald Reagan Federal Building and United States Courthouse, 411 West Fourth Street Santa Ana, California 92701
<u>Debtor's Prior Address:</u> 2600 Michelson Suite 1650 Irvine, CA 92612	
Tax I.D. No. 391731029	

PLEASE TAKE NOTICE that on May 7, 2002 at 2:30 P.M., in Courtroom 5A of the above-entitled Court located at Ronald Reagan Federal Building and United States Courthouse, 411 West Fourth Street, Santa Ana, California 92701, RnetHealth, Inc., a Colorado corporation, fka RnetHealth.com, Inc., fka Recovery Network, Inc., the Debtor and Debtor in Possession ("Debtor") herein, will bring a Motion For Order Authorizing Sale And Assignment Of Estate's Interest In Tobacco School Free And Clear Of Liens And Approval of Overbid Procedures ("Sale Motion").

THE PROPOSED TOBACCO SCHOOL SALE

The principal terms of the Agreement for Purchase and Sale of Assets (the "Tobacco School Agreement") regarding the estate's interest Tobacco School LLC, an entity organized and based in Ottawa, Canada ("Tobacco School") are as follows (to the extent there is any discrepancy between the terms set forth herein below and the terms of the Tobacco School Agreement, the terms of the Tobacco School Agreement shall control):

Purchase Price. The Buyers agrees to pay to the Debtor within five (5) business days of the entry of a Bankruptcy Court order approving the Agreement (the "Effective Date") the sum of Ten million dollars (\$10,000.00) (the "Purchase Price"), or an amount as increased by a successful overbid, for the Asset pursuant to the terms as set forth below. The Seller agrees to transfer ownership of

the Asset upon closing, 50% to Mr. Henry and 50% to Mr. Portrie. Closing shall occur upon payment of the Purchase Price (the "Closing Date").

2. Payment of the Purchase Price. The Purchase Price shall be payable as follows:

Credit against such \$12,500.00 secured credit that Buyer, Robert E. Portrie maintains against the Asset	\$5,000.00, leaving Mr. Portrie with a \$7,500.00 secured claim in the estate
Cash payment by Buyer, George A. Henry	\$5,000.00
Total	\$10,000.00 or an amount as increased by successful overbid

3. Transfer of Title. The Debtor shall convey title to the Asset free and clear of any and all liens, charges, claims, security interests or other encumbrances of any nature whatsoever (the "Encumbrances") of the Secured Creditors pursuant to Bankruptcy Code Section 363(f).

4. Risk of Loss. The Parties agree that the risk of loss to the Asset shall transfer to the Buyers immediately upon the Buyers taking possession of the Asset.

5. Good Faith of the Buyers. The Seller is to seek and obtain a Court finding that the Buyers are in good faith pursuant to Bankruptcy Code section 363(m).

6. Purchase Without Warranties. The Buyers acknowledge that they are purchasing the Asset from the Seller on an "AS IS - WHERE IS" basis without representations or warranties of any kind, express or implied, being given by the Debtor, concerning the value, condition or fitness of purpose for any use thereof. The Buyers represent and warrant that they are purchasing the Asset as a result of their own investigations and are not buying the Asset pursuant to any representation made by any broker, agent, accountant, attorney or employee acting at the direction or on behalf of the Debtor. The Buyers acknowledge that the Buyers have inspected the Asset, and upon Bankruptcy Court approval of this Agreement, Buyers forever waive, for themselves, and their successors and assigns, any and all claims against the Debtor, the Debtor's bankruptcy estate, and its attorneys, agents, and employees, arising or which might otherwise arise in the future concerning the Asset.

NOTICE OF OVERBID PROCEDURES REGARDING THE TOBACCO SCHOOL SALE

The sale contemplated by the Tobacco School Agreement will be subject to the following overbid procedures:

1. Potential overbidders must bid an initial amount of at least One Thousand Dollars (\$1,000.00) over the Purchase Price offered by the Buyers. Minimum bid increments thereafter shall also be One Thousand Dollars (\$1,000.00).

2. Overbids must be in writing and be received by the Debtor's counsel, Marshack Shulman Hodges & Bastian LLP to the attention of James C. Bastian, Jr. by no three (3) days prior to the hearing on the motion to the Bankruptcy Court seeking approval of this Agreement.

3. Overbids must be accompanied by certified funds in an amount equal to Ten Percent (10%) of the overbid purchase price.

4. The overbidder must seek to acquire the Asset on terms and conditions not less favorable to the Debtor's bankruptcy estate than the terms and conditions to which the Buyers have agreed to purchase the

Asset as set forth in the Agreement and any competing bidder must be obligated to perform within the same time that the Buyers would be obligated to perform under the Agreement.

5. If overbids are received, the final bidding round shall be held concurrent with the Bankruptcy Court hearing on the Debtor motion for a Bankruptcy Court approving this Agreement in order to allow all potential bidders the opportunity to overbid and purchase the Asset.

6. The overbidder's deposit shall be refunded within five (5) days of the final bidding round in the event that the overbidder is outbid.

CASE BACKGROUND INFORMATION

The Debtor filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code on October 16, , 2001 (the "Petition Date"). The Debtor is continuing in the operation and management of its business pursuant to Bankruptcy Code Sections 1107 and 1108. Prior to the Petition Date, the Debtor's business consisted of a suite of interactive tools and products, available via individual or employer subscription, for consumers seeking active solutions to their behavioral health and general wellness issues.

Postpetition, the Debtor intends to reorganize first through the sale of certain assets and interests in third party entities.

The Debtor currently holds a twenty percent (20%) ownership interest in Tobacco School, an entity organized and based in Ottawa, Canada for the purpose of designing programs to treat smoking addictions in a holistic healing manner and to educate people on the effects of smoking. In 2000, Murray Kelly, founder of the Tobacco School partnered with the Debtor to bring the classroom school to the Internet. The Buyers are Robert E. Portrie and George A. Henry. Mr. Portrie is a current member of the Debtor's board of directors, is a shareholder holding three hundred and eighty three thousand (383,000) shares and is a secured creditor owed \$12,500. Mr. Portrie's secured debt arises from his advance of \$12,500 cash just prior to the Petition Date which was used by the Debtor to fund one-half of the \$25,000 retainer provided to the Debtor's counsel. Mr. Henry is a major shareholder of the Debtor and a former board member.

A. Events Leading To The Bankruptcy Filing

Facing financial difficulties arising from a lack of profitability and a lack of capital, approximately eight months prior to the Petition Date, the Debtor entered into a merger transaction with a private company, Access Television Network ("Access TV"). The Debtor moved its operations into Access TV's offices and the majority of the Debtor's operations were taken over by Access TV's management. However, after only a few months, after Access TV ran up the Debtor's bills in an amount exceeding \$500,000, Access TV backed out of the merger transaction leaving the Debtor in an even more financially troubled situation than prior to the commencement of the merger. During the attempted merger, Debtor incurred additional liabilities exceeding \$600,000 to law firms, accountants, various consultants and employees. In addition, the Debtor lost two employee lawsuits that went uncontested resulting in additional liabilities of approximately \$700,000.

The Debtor commenced the Chapter 11 bankruptcy case to preserve the value of its assets until either a restructuring of the company could be developed or a reorganization strategy is developed that may include a sale of some or substantially all of the Debtor's assets as a going concern. In addition, the Debtor anticipates that it will be employing special counsel to prosecute the estate's claims against Access TV arising from the failed merger transaction (the "Access TV Action").

B. The Debtor's Secured Obligations

The Debtor's interest in Tobacco School which is the subject of this proposed sale (sometimes referred to herein as the "Asset") is subject to the secured interests of certain creditors as follows (collectively the "Secured Creditors"):

<u>Secured Creditor</u>	<u>Description of Secured Interest</u>	<u>Approximate Amount</u>
William Moses	Convertible Note, Collateral Agreement and Security Agreement dated May 30, 2001	\$50,000.00 This lien is to be released through the Recovery Direct sale.
Balmore S.A.	Convertible Note, Collateral Agreement and Security Agreement dated May 30, 2001	\$100,000.00 This lien is to be released through the Recovery Direct sale.
BET Capital	UCC-1 Financing Statement filed with the California Secretary of State on or about August 2, 2001, Filing No. 0121460249	\$50,000.00 See the Bankruptcy Code Section 506(c) <i>Surcharge discussion</i> below wherein this claim will be subordinated to professional fees and to allow a percentage of <i>additional recoveries in this case</i> to paid to general unsecured creditors prior to this claim being paid in full.
Worldcom aka MCI Telecommunications	UCC-1 Judgment Lien filed with the California Secretary of State on or about August 27, 2001, Filing No. 0124260118	\$74,926.15 This lien is disputed – the Debtor believes that there are causes of action to have this lien set aside under Bankruptcy Code Sections 547 and/or 548 as the lien was recorded within 90 days prior to the Petition Date.
Jay Handline	UCC-1 Judgment Lien filed with the California Secretary of State on or about October 22, 2001, Filing No. 0129760262	\$424,030.70 This lien is disputed – the Debtor believes that there are causes of action to have this lien set aside under Bankruptcy Code Section 549 as the lien was recorded after the Petition Date without Court approval.
Barbara Mittman	UCC-1 Financing Statement filed with the California Secretary of State on or about January 29, 1999, Filing No. 9903660585	Unknown Disputed This lien is disputed – the Debtor believes that there are causes of action to have this lien set aside or that the debt is not owed.

Secured Creditor	Description of Secured Interest	Approximate Amount
Ashford Capital LLC	<p>UCC-Financing Statement filed on or about August 2, 2001, Filing No. 0121460251</p> <p>UCC-Financing Statement filed with the California Secretary of State on or about August 20, 2001, Filing No. 0123560286</p> <p>UCC-Financing Statement filed with the California Secretary of State on or about August 6, 2001, Filing No. 0121860764</p> <p>UCC-Financing Statement filed with the California Secretary of State on or about July 25, 2001, Filing No. 0121160602</p> <p>UCC-Financing Statement filed with the Colorado Secretary of State on or about September 7, Filing No. 20012080985</p> <p>UCC-Financing Statement filed on or about August 28, 2001, Filing No. 20012077123</p> <p>UCC-Financing Statement filed with the Colorado Secretary of State on or about August 28, 2001, Filing No. 20012077124</p>	<p>\$100,000.00</p> <p>Subject to the Investigation Period and a final determination on the Lien Objection of Handline, if any, the lien of Ashford Capital LLC may be reduced by the amount of up to \$75,000, through the Health Challenge and Recovery Direct sales. If it receives the full \$75,000, Ashford Capital LLC has agreed to accept such amount in full satisfaction of its claim. Thereafter, any remaining lien of Ashford Capital LLC up to the amount of \$75,000, shall attach to the net sale proceeds and remaining assets of the estate in the same validity and priority as prior to the Petition Date, subject to a Bankruptcy Code Section 506(c) surcharge and a subordination agreement to allow a percentage of additional recoveries in this case to paid to general unsecured creditors prior to this claim being paid in full.</p>
Robert E. Portrie	<p>UCC-Financing Statement filed with the California Secretary of State on or about September 19, 2001, Filing No. 0126460466</p>	<p>\$12,500.00</p> <p>See the Bankruptcy Code Section 506(c) Surcharge discussion below wherein this claim will be subordinated to professional fees and to allow a percentage of additional recoveries in this case to paid to general unsecured creditors prior to this claim being paid in full.</p>

<u>Secured Creditor</u>	<u>Description of Secured Interest</u>	<u>Approximate Amount</u>
Wendy Borow-Johnson	UCC-Financing Statement filed with the California Secretary of State on or about September 25, 2001, Filing No. 0126960790	\$120,000.00 See the Bankruptcy Code Section 506(c) Surcharge discussion below wherein this claim will be subordinated to professional fees and to allow a percentage of additional recoveries in this case to be paid to general unsecured creditors prior to this claim being paid in full.

Pursuant to a proposed sale of the Debtor's sole-shareholder interest in the corporation known as Recovery Direct, Inc., to HOJO, Inc., a California corporation for \$200,000, the liens of Secured Creditors William Moses and Balmore, S.A. will be released and the lien of Ashford Capital will be reduced by \$50,000. A motion for approval of the sale of Recovery Direct, Inc., is anticipated to be filed concurrently herewith.

Under a proposed sale of the Debtor's approximate 14 and 2/3% membership interest in Health Challenge LLC aka Wellness Challenge aka Art Ulene's Wellness Challenge ("Health Challenge") to Sickbay Health Media, Inc., a Utah corporation for a purchase price of \$50,000, the Debtor will distribute \$25,000 to Ashford Capital LLC subject to the Investigation Period and a final Determination on the Lien Objection of Handline discussed below. The remaining \$25,000 proceeds from the sale of Health Challenge shall be earmarked for distribution to professionals employed by the estate pursuant to a Bankruptcy Code Section 506(c) Surcharge (the "Surcharge") agreed to by the undisputed Secured Creditors, to pay the firm's allowed fees and expenses upon further application and Court order. At a Court hearing held on April 11, 2002, the motion for approval of the sale of Debtor's membership interest in Health Challenge was approved and the sale is anticipated to close the week of April 15, 2002.

Pursuant to the Court approved Health Challenge sale, \$25,000 of the sale proceeds shall be held by Debtor's counsel in a segregated interest bearing account to allow creditor Jay Handline ("Handline") to investigate the validity of the Ashford Capital LLC lien (the "Lien Funds Account"). Within fifteen (15) days of the date of entry of the order approving the Health Challenge sale, the Debtor shall provide Handline through his counsel Dempsey & Johnson P.C., a copy of any and all documents and/or information in its possession related to the Ashford Capital LLC liens and support for the validity of the such liens indicating why such liens are not subject to avoidance. Handline shall have thirty (30) days from the date of delivery of such information and support to investigate the Ashford Capital LLC liens and to file with the Court and serve on the Debtor, the Debtor's counsel and Ashford Capital LLC an objection to the liens of Ashford Capital LLC (the "Investigation Period"). Upon the expiration of the Investigation Period, if no timely objection to challenge the validity of Ashford Capital LLC's liens has been filed with the Court and served on the Debtor, the Debtor's counsel and Ashford Capital LLC (the "Lien Objection"), the \$25,000, plus all accrued interest held in the Lien Funds Account, shall be released to Ashford Capital LLC without further notice, hearing or Court order, and the lien of Ashford Capital LLC will be reduced by \$25,000. In the event that a Lien Objection is pending upon the expiration of the Investigation Period, the \$25,000, shall continue to be held by Debtor's counsel in the Lien Funds Account pending a final determination on the Lien Objection.

C Treatment of the Encumbrances Under the Tobacco School Sale:

The Tobacco School asset shall be sold free and clear of the liens of the Secured Creditors, with such proceeds to be added to the remaining assets of the bankruptcy estate in the same validity and priority as prior to the sale. The proceeds from the sale of Tobacco School shall be earmarked for distribution to professionals employed by the estate pursuant to a Bankruptcy Code Section 506(c) Surcharge (the "Surcharge") agreed to by the undisputed Secured Creditors, to pay the firm's allowed fees and expenses upon further application and Court order.

allowed fees and expenses upon further application and Court order. See the further discussion below regarding the Surcharge.

D. Summary of the Combined Sales of Recovery Direct, Health Challenge and Tobacco School

In summary, through the combined proposed sales of Recovery Direct, Health Challenge and Tobacco School, the total gross sale proceeds are anticipated to be at least \$260,000. Under the combined sales of Recovery Direct, Health Challenge and Tobacco School, the liens of William Moses and Balmore S.A. shall be released in their entirety, subject to the Investigation Period and Lien Objection of Handline the lien of Ashford Capital LLC shall be satisfied through a payment of \$75,000, and the lien of Robert E. Portrie shall be reduced to \$7,500. The remaining sale proceeds of approximately \$30,000 shall be earmarked for the Surcharge for professionals employed by the estate. Under the combined sales, liens of the remaining Secured Creditors shall attach to the remaining assets of the bankruptcy estate in the same validity and priority as prior to the Petition Date. It is anticipated that pursuit of the Access TV Action will provide the funds for payment of the remaining Secured Creditors and for funding a plan of reorganization and distribution to unsecured creditors.

E. Surcharge Under Bankruptcy Code Section 506(c)

BET Capital, Robert E. Portrie and Wendy Borow-Johnson have each agreed that they will not obtain any recovery on account of their secured claims from this sale and other sales of the bankruptcy estate to be proposed concurrent herewith. BET Capital, Robert E. Portrie and Wendy Borow-Johnson have agreed to subordinate their secured claim to professional fees and will allow a percentage of additional recovery from assets of the estate to be paid to general unsecured creditors prior to their secured claims being paid in full.

Pursuant to Court order entered on or about January 3, 2002, the Debtor was authorized to employ Marshack Shulman Hodges & Bastian LLP as its general counsel herein (the "Professionals"). In the preservation and disposal of the Asset, which constituted the alleged collateral of the Secured Creditors herein, as of March 31, 2002, the Professionals have incurred reasonable and necessary fees and expenses of at least the following amounts:

	<u>Fees</u>	<u>Expenses</u>
Marshack Shulman Hodges & Bastian LLP October 16, 2002 to March 31, 2002	\$40,796.00	\$2,876.67

Pursuant to Bankruptcy Code Section 506(c) the Debtor requests authorization to Surcharge the collateral of any lienholders who have not entered into subordination agreements with the Debtor for the costs the estate may have incurred in the maintenance of their respective collateral as well as with the preservation and disposition of such collateral. Secured Creditors whose liens are not being satisfied and who have not consented to the Surcharge through subordination agreements with the Debtor are Worldcom aka MCI Telecommunications, Jay Handline, and Barbara Mittman. The Debtor and its professionals believe that their diligent efforts to preserve and dispose of the Secured Creditors' collateral clearly has benefited the collateral. Moreover, the Debtor believes all of the efforts of the professionals in this case were directly related to the preservation and eventual disposition of Secured Creditors' collateral. Thus, surcharging Secured Creditors' collateral under Bankruptcy Code Section 506(c) is appropriate. Payment to professionals covered by the Surcharge will be subject to further application and Court order on the allowance of the professionals' fees and expenses under the applicable provisions of the Bankruptcy Code. The Debtor's professionals will be filing applications for fees in accordance with the applicable provisions of the Bankruptcy Code which will detail that their fees are reasonable, necessary and benefited the Secured Creditors. The funds from the sale of the Asset will be held by the Debtor in a Surcharge account subject to the fee application process under the applicable provisions of the Bankruptcy Code.

F. Marketing Efforts

Since about June, 2001, the Debtor has conducted negotiations with a number of prospective acquirers of the Debtor's assets. Since the Petition Date, the Debtor has had extensive discussions with potential merger partners and acquirers of assets. The Debtor has pursued negotiations with these parties in order to achieve the most favorable terms for the sale of the Debtor's interest in the Tobacco School. A copy of the Notice of the hearing on the Sale Motion will be provided to these parties and others to solicit an overbid. However, based on the specialized nature of the Debtor's interest in Tobacco School, the Debtor does not believe that there is an extensive market for this asset. Indeed, the Debtor believes that but for this proposal, the Debtor would possibly have to abandon its interest in the Tobacco School. The Debtor will provide notice of this Sale Motion to parties who are in the recovery industry and who the Debtor believes may have an interest in the purchase of the Asset.

G. The Proposed Sale Serves The Best Interests Of The Estate

The Debtor has made a business decision that it is in the best interest of the creditors of this estate that this Sale Motion be approved. Due to the amount of liens and encumbrances and operating costs, without additional financing and/or a plan partner, the Debtor does not believe that its business can be reorganized. Furthermore, if the Sale Motion is not approved, the Debtor may be unable to find other buyers for the Asset and will likely lose the Asset through a foreclosure sale by the Secured Creditors. However, through this Sale Motion, the Debtor will preserve an opportunity for creditors to receive something on account of their claims.

The Debtor acknowledges that, in light of secured claims, there will be no distribution to unsecured creditors pursuant to the Tobacco School Buyer's offer. Nevertheless, the Debtor believes that allowing the Debtor to attempt to sell its interest in the Tobacco School through an auction proceeding is more favorable for unsecured creditors than the only alternative now facing the Debtor - Secured Creditors foreclosing on the Asset. An auction proceeding offers unsecured creditors their only hope of receiving any distribution on account of their claims.

The sale transaction is subject to auction proceedings. The Tobacco School Agreement contains no material impediments to competitive bidding for the Debtor's interest in Tobacco School. The proposed Tobacco School Buyer's bid is effectively a "stalking horse" bid which may serve to elicit competitive bids. In the event that overbids for the Assets are received, a more meaningful distribution to be made on account of unsecured claims will be possible. On the other hand, if no overbids are received and the sale to the Tobacco School Buyer proposed herein is authorized, unsecured creditors will be better off than they would have been had Secured Creditors foreclosed on the Asset. Under such circumstances, it is estimated that there will at least be an opportunity for a nominal fund to be established for a recovery for unsecured creditors.

In addition, the Debtor believes that the proposed sale to the Tobacco School Buyer as set forth herein provides the maximum possible value for the Asset. The Debtor has marketed for sale all of its business assets and has been in discussions with several parties. While the Debtor and other parties in interest have previously asserted that the Debtor's assets may be worth substantially more than the purchase price set forth herein, the reality of this case is that no buyer has stepped forward offering such believed fair market value. As a result, the Debtor is forced to sell now because of no additional financing sources and an immediate offer that avoids conversion or foreclosure. Because the Debtor is in touch with the potential market for purchasers of the Debtor's assets and has gone through the process attempting to market and sell the assets, the Debtor believes that the proposed sale herein is in the best interests of the estate and creditors. Moreover, in order to determine whether or not the other potential purchasers are interested in overbidding, notice of sale will be provided to all parties which were in contact with the Debtor regarding a possible purchase of the Debtor's assets.

In summary, the Debtor has concluded that the best available option to preserve value for creditors is to consent to sell its interest in Tobacco School on terms at least equal to those set forth herein and create an opportunity for overbids through this procedure. The Debtor has concluded that reorganization of its business affairs is impossible without additional funding which it cannot secure at this time despite conscientious efforts. Therefore, the Debtor proposes to sell its interest in Tobacco School through the Chapter 11 process and the proposed

accorded under Bankruptcy Code Section 363 is the best and only means to maximize recovery for creditors of this estate.

Accordingly, under the facts of this case, the Debtor respectfully submits that this Court should approve the Sale Motion and thereby allow the Debtor to maximize the value of the Debtor's assets for the benefit of the Debtor's creditors.

For further information please see the Motion For Order Authorizing Sale And Assignment Of Estate's Interest In Tobacco School LLC Free And Clear Of Liens And Approval of Overbid Procedures; Memorandum of Points and Authorities and Declaration of Wendy Borow-Johnson in Support on file with the Clerk of the above-entitled Court which may be reviewed on Monday through Friday from 9:00 A.M. to 4:00 P.M. A copy of the Sale Motion may be obtained by written request to the Debtor's counsel Marshack Shulman Hodges & Bastian LLP to the attention of James C. Bastian, Jr. at the address indicated above.

PLEASE TAKE FURTHER NOTICE, that objections, if any, shall be filed with the Clerk of the above Court and a copy served upon Marshack Shulman Hodges & Bastian LLP to the attention of James C. Bastian, Jr., 26632 Towne Centre, Suite 300, Foothill Ranch, California 92610 and the Office of the United States Trustee, Ronald Reagan Federal Building and United States Courthouse, 411 West Fourth Street, #9041, Santa Ana, California 92701-8000 no later than fourteen (14) days prior to the scheduled hearing. Failure to file a timely response may be deemed as consent to the relief requested in the Motion. **SEE, LOCAL BANKRUPTCY RULE 9013-1(a)(7).**

Dated: April 12, 2002

MARSHACK SHULMAN HODGES & BASTIAN LLP



James C. Bastian, Jr.
Attorneys for the Debtor and Debtor in Possession,
RnetHelath, Inc., a Colorado corporation