

Form 5500-SFDepartment of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Short Form Annual Return/Report of Small Employee
Benefit Plan**This form is required to be filed under sections 104 and 4065 of the Employee Retirement
Income Security Act of 1974 (ERISA), and sections 6057(b) and 6058(a) of the Internal
Revenue Code (the Code).▶ **Complete all entries in accordance with the instructions to the Form 5500-SF.**OMB Nos. 1210-0110
1210-0089**2022****This Form is Open to
Public Inspection****Part I Annual Report Identification Information**For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022

- A** This return/report is for: a single-employer plan a multiple-employer plan (not multiemployer) (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
- B** This return/report is the first return/report the final return/report
 an amended return/report a short plan year return/report (less than 12 months)
- C** Check box if filing under: Form 5558 automatic extension DFVC program
 special extension (enter description)
- D** If this is a retroactively adopted plan permitted by SECURE Act section 201, check here. ▶

Part II Basic Plan Information—enter all requested information

1a Name of plan TEAL OPERATING, LLC 401(K) PLAN		1b Three-digit plan number (PN) ▶	001
		1c Effective date of plan	01/01/2020
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) TEAL OPERATING, LLC JOHN ROBY 8235 DOUGLAS AVE STE 1100 DALLAS, TX 75225-6011		2b Employer Identification Number (EIN)	81-1856120
		2c Sponsor's telephone number	214-613-0985
		2d Business code (see instructions)	211120
3a Plan administrator's name and address <input checked="" type="checkbox"/> Same as Plan Sponsor.		3b Administrator's EIN	
		3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report. a Sponsor's name c Plan Name		4b EIN	
		4d PN	
5a Total number of participants at the beginning of the plan year.....		5a	14
b Total number of participants at the end of the plan year		5b	0
c Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		5c	0
d(1) Total number of active participants at the beginning of the plan year		5d(1)	6
d(2) Total number of active participants at the end of the plan year.....		5d(2)	0
e Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....		5e	0

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including, if applicable, a Schedule SB or Schedule MB completed and signed by an enrolled actuary, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	08/12/2025	JOHN ROBY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor

For Paperwork Reduction Act Notice, see the Instructions for Form 5500-SF.

Form 5500-SF (2022)
v.220413

- 6a** Were all of the plan's assets during the plan year invested in eligible assets? (See instructions.) Yes No
- b** Are you claiming a waiver of the annual examination and report of an independent qualified public accountant (IQPA) under 29 CFR 2520.104-46? (See instructions on waiver eligibility and conditions.) Yes No
- If you answered "No" to either line 6a or line 6b, the plan cannot use Form 5500-SF and must instead use Form 5500.**
- c** If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? Yes No Not determined
- If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year: (See instructions.)

Part III Financial Information			
7 Plan Assets and Liabilities		(a) Beginning of Year	(b) End of Year
a Total plan assets.....	7a	187506	0
b Total plan liabilities.....	7b	0	0
c Net plan assets (subtract line 7b from line 7a).....	7c	187506	0
8 Income, Expenses, and Transfers for this Plan Year		(a) Amount	(b) Total
a Contributions received or receivable from:			
(1) Employers.....	8a(1)	0	
(2) Participants.....	8a(2)	0	
(3) Others (including rollovers).....	8a(3)	0	
b Other income (loss).....	8b	0	
c Total income (add lines 8a(1), 8a(2), 8a(3), and 8b).....	8c		0
d Benefits paid (including direct rollovers and insurance premiums to provide benefits).....	8d	187506	
e Certain deemed and/or corrective distributions (see instructions).....	8e	0	
f Administrative service providers (salaries, fees, commissions).....	8f	0	
g Other expenses.....	8g	0	
h Total expenses (add lines 8d, 8e, 8f, and 8g).....	8h		187506
i Net income (loss) (subtract line 8h from line 8c).....	8i		-187506
j Transfers to (from) the plan (see instructions).....	8j	0	

Part IV Plan Characteristics	
9a	If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions: 2E 3D 2G 2J 2K 2F 2T
b	If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

Part V Compliance Questions				
10 During the plan year:		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? (See instructions and DOL's Voluntary Fiduciary Correction Program).....	10a		X	
b Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 10a.).....	10b		X	
c Was the plan covered by a fidelity bond?.....	10c		X	
d Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?.....	10d		X	
e Were any fees or commissions paid to any brokers, agents, or other persons by an insurance carrier, insurance service, or other organization that provides some or all of the benefits under the plan? (See instructions.).....	10e		X	
f Has the plan failed to provide any benefit when due under the plan?.....	10f		X	
g Did the plan have any participant loans? (If "Yes," enter amount as of year-end.).....	10g		X	
h If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....	10h		X	
i If 10h was answered "Yes," check the box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.....	10i		X	

Part VI Pension Funding Compliance

11 Is this a defined benefit plan subject to minimum funding requirements? (If "Yes," see instructions and complete Schedule SB (Form 5500) and lines 11a and b below.) If this is a defined contribution pension plan, leave line 11 blank and complete line 12 below. Yes No

a Enter the unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40..... **11a**

b PBGC missed contribution reporting requirements. If the plan is covered by PBGC and the amount reported on line 11a is greater than \$0, has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

- Yes.
- No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.
- No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.
- No. Other. Provide explanation _____

12 Is this a defined contribution plan subject to the minimum funding requirements of section 412 of the Code or section 302 of ERISA? Yes No
 (If "Yes," complete line 12a or lines 12b, 12c, 12d, and 12e below, as applicable.) If this is a defined benefit pension plan, leave line 12 blank and complete line 11 above.

a If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions, and enter the date of the letter ruling granting the waiver.Month Day Year

If you completed line 12a, complete lines 3, 9, and 10 of Schedule MB (Form 5500), and skip to line 13.

b Enter the minimum required contribution for this plan year **12b**

c Enter the amount contributed by the employer to the plan for this plan year **12c**

d Subtract the amount in line 12c from the amount in line 12b. Enter the result (enter a minus sign to the left of a negative amount) **12d**

e Will the minimum funding amount reported on line 12d be met by the funding deadline?..... Yes No N/A

Part VII Plan Terminations and Transfers of Assets

13a Has a resolution to terminate the plan been adopted in any plan year? Yes No

If "Yes," enter the amount of any plan assets that reverted to the employer this year..... **13a** 0

b Were all the plan assets distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?..... Yes No

c If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

13c(1) Name of plan(s):	13c(2) EIN(s)	13c(3) PN(s)

SECTION 6652 REASONABLE CAUSE STATEMENT

I. FACTS

Teal Operating, LLC (“Taxpayer”) was a management entity that held a disregarded operating entity. During 2021, the operating entity went through a series of complex transactions. Taxpayer’s operating entity sold all its assets in multiple sales transactions each with a separate buyer. Thereafter, Taxpayer and Taxpayer’s operating entity began the process of winding up that included the termination of all employees, settling any outstanding obligations, and settling and concluding all business affairs.

As of December 31, 2021, Taxpayer’s operating entity had no employees. All employees were terminated because of the multiple asset sale transactions and winding up of the business.

However, given these complex events that were occurring in 2021, there was confusion regarding the status of Taxpayer’s 401K plan for its employees. Such confusion resulted in Taxpayer’s then Chief Financial Officer (whose employment was similarly terminated as a result of these transactions) inadvertently and unintentionally reflecting on Taxpayer’s timely filed 2021 Form 5500-SF that at the end of 2021 there were plan participants, the ending balances of the plan, and that the Form 5500-SF was not its “Final” Form 5500-SF despite the 2021 timely filed 2021 5500-SF affirmatively indicating that a resolution to terminate the plan had been adopted in the plan year.

That given all the transactions, process of winding up and dissolving both the Taxpayer and its operating entity, that there was confusion as to the 401K plan and the these were simply inadvertent and unintentional oversights. Taxpayer’s operating entity was fully closed in 2021; it had no employees and no plan participants at the end of 2021 and Taxpayer fully dissolved filing its final federal partnership return in 2022.

Clearly, this was an inadvertent and unintentional oversight at a time when Taxpayer was collaborating diligently with counsel to sell the assets of its operating entity and wind-up businesses. It is clear by Taxpayer’s filing of its 2021 Form 5500-SF that Taxpayer made every effort to comply, acted in a reasonable manner with prudence, and exercised good faith by having its CFO responsible for its Form 5500-SF. These are the actions of a reasonable, prudent taxpayer that exercised good faith such that reasonable cause should apply to abate any penalties.

Taxpayer after discovering that the complicated series of transactions resulted in confusion regarding the 401K plan filing for 2021, immediately began reviewing its files. Taxpayer is taking affirmative and swift action in filing this 2022 Form 5500-SF as its final 5500-SF further demonstrating Taxpayer’s good faith and prudent efforts for compliance.

II. LAW and ANALYSIS

Under Section 6652(e), the Service may assess a penalty in the case of any failure to timely file a return or statement required under Section 6058. No penalty is imposed if it is shown that such failure to file timely is due to reasonable cause.¹

Although Section 6652 and the Treasury Regulations promulgated thereunder do not contain provisions defining reasonable cause for such failure to file, Internal Revenue Manual (“IRM”) IRM 20.1.8.4.3(18) provides for the non-assertion of the Section 6652(e) penalty if reasonable cause can be shown. IRM 20.1.8.4.3(21) refers to IRM 20.1.1.3.2 for “a discussion of reasonable cause penalty relief.”²

For failure to file penalties, the IRM references Treas. Reg. Section 301.6651-1(c) as examples of circumstances that may aid in determining if reasonable cause has been established.³ As such, Section 6651 and the Treasury Regulations promulgated thereunder serve as guidance for determining reasonable cause in relation to Section 6652, as well as Section 6651.

Under Section 6651(a), a penalty may be assessed for failing to file a timely tax return by the prescribed date. Such penalty will not be imposed in instances in which the failure to file was due to reasonable cause and not willful neglect.⁴ Reasonable cause for failure to file will be found if the taxpayer exercised ordinary business care and prudence and was nevertheless unable to file the tax return within the prescribed time.⁵

Courts have found when applying the reasonable cause provision of Section 6651(a)(1), it is “appropriate to borrow the relevant component of the IRS’s formal regulatory implementation of “reasonable cause” in the closely analogous [S]ection 6664(c)(1)” as the statutory reasonable cause language is the same.⁶ In determining whether a taxpayer acted with reasonable cause and in good faith for purposes of Section 6664, the Service is to take into account (i) the taxpayer’s efforts to assess its proper tax liability; (ii) whether any understatement was due to an “honest misunderstanding of fact or law;” (iii) the fact that “[a]n isolated computational or transcriptional error generally is not inconsistent with reasonable cause and good faith;” and (iv) whether the understatement was due to reliance on the advice of a tax advisor.⁷

The reasonable cause exception of Section 6652(e), the IRM, Treas. Reg. Section 301.6651-1(c), case law and legislative history reflect that Congress, and the Service recognize

¹ Section 6652(e); Treasury Regulation Section 301.6652-3(b).

² IRM 20.1.1.3.2 states that “reasonable cause is based on all the facts and circumstances in each situation and allows the IRS to provide relief from a penalty that would otherwise apply. Reasonable cause relief is generally granted when the taxpayer exercised ordinary business care and prudence in determining their tax obligations but was nevertheless unable to comply with those obligations.”

³ IRM 20.1.1.3.2.1(2) (March 29, 2023).

⁴ Treas. Reg. § 301.6651-1(c)(1); Section 6651(a)(1).

⁵ Treas. Reg. § 301.6651-1(c)(1).

⁶ *Liftin v. United States*, 754 F.3d 975, 980 (Fed. Cir. 2014).

⁷ Treas. Reg. § 1.6664-4(b)(1).

that the provisions of the Code are complex and that there will be times that taxpayers will be unable to comply with such provisions despite their diligent, affirmative actions taken to comply with the tax law. Thus, it does not appear to Congress' nor the Service's intent to apply a strict liability standard with respect to compliance with the Code which would impose a penalty in connection with every lapse in compliance made by a taxpayer.

The determination of whether a taxpayer acted with reasonable cause and in good faith is made on a case-by-case basis, taking all facts and circumstances into account.⁸ As detailed above, the Taxpayer exercised ordinary business care and prudence by ensuring that the 2021 Form 5500-SF was timely filed; however, given the series of transactions and the complication of concluding the business affairs of two entities, there was confusion as to the 401K plan. It is clear there was no intentional disregard by Taxpayer, rather Taxpayer's CFO timely filed its 2021 Form 5500-SF, but may have inadvertently and unintentionally reflected on Taxpayer's timely filed 2021 Form 5500-SF that at the end of 2021 there were plan participants, there were ending balances of the plan, and that the Form 5500-SF was not its "Final" Form 5500-SF despite the 2021 timely filed 2021 5500-SF affirmatively indicating that a resolution to terminate the plan had been adopted in the plan year.

Clearly, this was an inadvertent and unintentional oversight at a time when Taxpayer was working diligently with counsel to sell the assets of its operating entity and wind-up businesses. It is clear by Taxpayer's filing of its 2021 Form 5500-SF that Taxpayer made every effort to comply, acted in a reasonable manner with prudence, and exercised good faith by having its CFO responsible for its Form 5500-SF. These are the actions of a reasonable, prudent taxpayer that exercised good faith such that reasonable cause should apply to abate any penalties.

Taxpayer's efforts to comply are further demonstrated by filling this Final 5500-SF further demonstrating its exercise of ordinary business care and prudence.

III. CONCLUSION

Taxpayer takes its filing responsibilities very seriously, and the factual situation as described above is clearly not one of intentional disregard or noncompliance but rather demonstrates a Taxpayer that acted with reasonable cause, good faith and ordinary business care and prudence. Taxpayer and including its CFO were working to timely and properly wind down the business operations of it and its operating entity and guide the operating entity through multiple asset sales as a part concluding its business. Taxpayer's timely filing of its 2021 Form 5500-SF demonstrates that Taxpayer made every effort to be in compliance, acted in a reasonable manner with prudence, and exercised good faith by having its CFO responsible for its Form 5500-SF. Taxpayer's actions demonstrate a reasonable, prudent taxpayer that exercised good faith and ordinary business care. Based on the above showing of reasonable cause, Taxpayer respectfully requests that no penalty under Section 6652 be imposed.

⁸ See IRM 20.1.1.3.2(1) (Nov. 21, 2017).

IV. DECLARATION OF TAXPAYER

Under penalties of perjury, I declare that I have reviewed this reasonable cause statement and have examined the accompanying information, and to the best of my knowledge and belief, they are true, correct, and complete.



John Roby
Former CEO of Teal Operating, LLC

Date: 8/11/25