

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF PUERTO RICO**

**IN THE MATTER OF:**

**CARIAN, MANAGMENT., INC.**

**Debtor in possession**

CASE NO. 10-04052 BKT

**CHAPTER 11**

**AMENDED PLAN OF REORGANIZATION - MARCH 18, 2011**

The above captioned Debtor **Carian Management, Inc.** (hereinafter, the “Debtor” or “Carian”) through its undersigned counsel, hereby submit the following proposed joint plan of reorganization (hereinafter, the “Plan”) pursuant to Section 1121(e) of Chapter 11 of Title 11 of the United States Bankruptcy Code and FRBP 3017.1.

Pursuant to the provisions of Sections 1122 and 1123 of the Code, the Debtor proposes the classification and treatment of claims as hereinafter stated.

Creditors and other parties in interest are urged to read and consider the Plan in full since it represents a proposed legally binding agreement between the Debtor, creditors and parties in interest.

**ARTICLE I  
DEFINITIONS**

For the purposes of this Plan of Reorganization, the following terms shall have the respective

meanings set forth. A term used but not defined herein, which is also used in the Bankruptcy Code, shall have the meaning ascribed to that term in the Bankruptcy Code. Wherever from the context it appears appropriate, each term stated shall include both the singular and the plural, and pronouns shall include the masculine, feminine and neuter, regardless of how stated. The words “herein”, “hereof”, “hereto”, “hereunder” and other words of similar import refer to the Plan as a whole and not to any particular Section, sub-section or clause contained in the Plan. The rules of construction contained in Section 102 of the Bankruptcy Code shall apply to the terms of this Plan. The headings in the plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof.

1. ***“Administrative Creditor”*** shall mean a person entitled to payment of an Administrative Expense Claim.
2. ***“Administrative Expense Claim”*** shall mean any Claim constituting a cost or expense of administration of the Chapter 11 proceeding allowed under 11 U.S.C. Sec. 503(b) and 507(a)(1).
3. ***“Allowed Claim”*** shall mean any Claim, proof of which was properly filed on or before the Bar Date set by the Bankruptcy Court, namely September 20, 2010 for all creditors except governmental units and November 15, 2010 for a governmental unit, or if no proof of claim has been so filed, any claim which has been or hereafter is listed by the Debtor in its Schedules (as they may be amended or supplemented from time to time in accordance with the Bankruptcy Rules) and is not listed as disputed, contingent or unliquidated and, in either case, a claim to which no objection to the allowance thereof has been interposed within the applicable period of limitation (if any) fixed by the Bankruptcy Court, or as to which any objection has been determined by a Final Order. Unless otherwise provided for in this Plan, “Allowed Claim” shall not include interest, costs, fees, expenses or other charges on the principal amount of such Claim from and after the Petition Date.
4. ***“Allowed Secured Claim”*** shall mean any Allowed Claim which is a Secured Claim and shall include in the amount thereof -- unless otherwise stated in this Plan - all interest accrued

- on or after the Petition Date, fees, costs, and charges as may be allowed.
5. **"Bankruptcy Code" or "Code"** shall mean the provision of Title 11 of the United States Code, 11 U.S.C. Sections 101 et seq., as amended from time to time.
  6. **"Bankruptcy Court" or "Court"** shall mean the United States Bankruptcy Court for the District of Puerto Rico, having jurisdiction over this Chapter 11 proceeding, or such other court as may be exercising jurisdiction over this Chapter 11 proceeding.
  7. **"Bankruptcy Rules" or "Rules"** shall mean the Federal Rules of Bankruptcy Procedure, as amended from time to time, as promulgated under 28 U.S.C. §2075, and any local rules of the Bankruptcy Court.
  8. **"Bar Date"** shall mean the deadline September 20, 2010 for all creditors except a governmental unit and November 15, 2010 for a governmental unit, after which any proof of claim filed will not have any effect on this Plan and will not entitle its holder to participate with other Claims in distributions under this Plan or to vote on the Plan.
  9. **"Cash"** shall mean lawful currency of the United States of America (including wire transfers, cashier's checks drawn on a bank insured by the Federal Deposit Insurance Corporation, certified checks and money orders).
  10. **"Claim"** shall mean any right to payment whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, continent, matured, unmatured, disputed, undisputed, secured or unsecured.
  11. **"Class"** shall mean a category of holders of Claims or Interests as those classes are designated in Article II of this Plan.
  12. **"Collateral"** shall mean any property or interest in property of the Estate subject to a lien to secure the payment or performance of a Claim, which lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable law.

13. **"Confirmation Date"** shall mean the date the Confirmation Order in this Chapter 11 proceeding made in accordance with the provisions of 11 U.S.C. section 1129 becomes a Final Order.
14. **"Confirmation Order"** Shall mean the order of the Bankruptcy Court confirming the Plan pursuant to the provisions of the Bankruptcy Code.
15. **"Consummation Date"** shall mean the date by which all of the conditions precedent to consummation as set forth in this Plan, shall have been met or waived.
16. **"Cramdown"** shall mean the confirmation of the Plan under 11 U.S.C. §1129 (b).
17. **"Creditor"** shall mean any Person who has a Claim against the Debtor which arose on or before the Petition Date or a Claim of any kind specified in 11 U.S.C. Sections 502(g), 503(h) or 502(I).
18. **"Creditors' Committee"** shall mean the elected committee which represents the Creditors in a proceeding pursuant to 11 U.S.C. Section 705. A creditor's committee was *not* appointed in this case.
19. **"Critical Vendors"** shall mean those creditors which are critical for debtors' operations and reorganization process, which were so declared by the Bankruptcy Court. The Debtor in this case has *not* denominated any critical vendors.
20. **"Debtor"** shall mean Carian Management, Inc.
21. **"Disclosure Statement"** shall mean the Disclosure Statement filed by the Debtor with the Bankruptcy Court in this Chapter 11 Proceeding pursuant to 11 U.S.C. Section 1125, including, without limitation, all exhibits and schedules thereto, as approved by the Bankruptcy Court and notified to all Creditors and parties in interest, in accordance with the provisions of the Bankruptcy Code and Rules.
22. **"Effective Date"** shall mean April 30, 2011 or 30 days after the order confirming the plan becomes a final order, but never before April 30, 2011, and shall be the date on which there shall be made all initial cash payments under the plan.
23. **"Estate"** shall mean the Property owned by the Debtor which comprises the Chapter 11

estate of the Debtor in the above-captioned Chapter 11 proceeding pursuant to Section 541 of the Bankruptcy Code.

24. ***“Final Order”*** shall mean an Order of the Bankruptcy Court (or other court of appropriate jurisdiction) which shall not have been reversed, stayed, modified or amended and the time to appeal from or to seek review or rehearing of such order shall have expired, and as to which no appeal or petition for review or rehearing or certiorari proceeding is pending, as a result of which such Order shall have become final in accordance with Rule 8002 of the Rules of Bankruptcy Procedure, as such Rule may be amended from time to time; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed with respect to such order shall not cause such order not to be a Final Order.
25. ***“Lien”*** shall mean a mortgage, pledge, judgment lien, security interest, charging order, or other charge or encumbrance on Property as is effective under applicable law as of the Petition Date.
26. ***“Liquidation Analysis”*** shall mean the analysis of the assets and liabilities of the Debtor, in order to determine the Liquidation Value of the Debtor’s Property.
27. ***“Liquidation Value”*** shall mean the value which any item of the Debtor’s property could be expected to bring at a Liquidation.
28. ***“Person”*** shall mean any individual, corporation, partnership, association, joint stock company, trust, unincorporated organization, government or any political subdivision thereof, or other entity.
29. ***“Petition Date”*** shall mean May 13, 2010, the date on which the instant Chapter 11 proceeding was commenced by the Debtor’s filing of its Voluntary Petition.
30. ***“Plan”*** shall mean this Plan of Reorganization under Chapter 11 of the Bankruptcy Code, including, without limitation, all exhibits, supplements, appendices and schedules hereto and thereto, either in their present form or as the same may be altered, amended or modified from time to time.

31. **“Priority Claim”** shall mean any Allowed Claim, other than an Administrative Expense Claim or Priority Tax Claim, to the extent entitled to priority in payment under 11 U.S.C. Section 507(a).
32. **“Priority Creditor”** shall mean any Creditor which is the holder of a Priority Claim.
33. **“Priority Tax Claim”** shall mean any Allowed Claim of any Person who is entitled to a priority in payment under 11 U.S.C. Section 507(a)(8).
34. **“Priority Wage Claim”** shall mean any Allowed Claim of any Person who is entitled to a priority in payment under 11 U.S.C. Section 507(a)(3).
35. **“Property”** shall mean the property of the Estate which shall be administered by the Debtor.
36. **“Pro Rata”** shall mean in the same proportion that a Claim or Interest in a given Class bears to the aggregate amount of all Claims (including disputed Claim until allowed or disallowed) or the aggregate number of all Interests in such Class.
37. **“Schedules”** shall mean the schedules of assets and liabilities, the list of holders of interests and the statement of financial affairs filed by the Debtor under Section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, as such schedules, lists and statements have been or may be supplemented or amended from time to time.
38. **“Secured Claim”** shall mean a Claim, the holder of which is vested with a perfected, non-voidable Lien on Property in which the Debtor has an interest, which Lien is valid, perfected, and enforceable under applicable law and not subject to avoidance under the Code or other applicable non-bankruptcy law, and is duly established in this case, to the extent of the value of such holder’s interest in the Debtor’s interest in such Property, as determined in accordance with 11 U.S.C. Section 506.
39. **“Secured Creditor”** shall mean a Creditor who has a Secured Claim.
40. **“Substantial Consummation”** of this Plan shall mean the commencement of any of the events provided for in 11 U.S.C. Sec. 1101.
41. **“Superpriority”** shall mean the rank and payment of a priority debt over any other priority rank or claimant.

42. **“Trustee”** shall mean the Debtor-in-Possession.
43. **“Voluntary Petition”** shall mean the voluntary petition for relief filed by each Debtor on the Petition Date.

**ARTICLE II  
SUMMARY OF THE PLAN  
CLASSIFICATION AND TREATMENT OF CLAIMS**

**A. DESIGNATION OF CLASSES OF CLAIMS AND INTERESTS**

The Plan has been drafted designating six (6) classes. All classes are designed in accordance with the requirements of 11 U.S.C. 1122 and 1123. Creditors are identified by Debtor under each class. All creditors and other parties in interest are urged to read and consider the Plan in full inasmuch as it represents a proposed legally binding agreement with the Debtor and any other party involved. The classes of creditors are as follow:

***CLASS 1 ADMINISTRATIVE CLAIMS***

Shall consist of **ALLOWED ADMINISTRATIVE EXPENSE PRIORITY CLAIMS**, as provided under Section 503 of the Code, including, but not limited to, fees to the United States Trustee, fees and expenses of the Debtor’s counsel, accountant and any other professionals retained by the Debtor, as may be allowed by the Bankruptcy Court upon application therefore and after notice and hearing in accordance with the Bankruptcy Code and Rules, and court costs accrued since the petition date. Debt under this class is estimated in \$ 80,000.

***CLASS 2 SECURED CLAIM***

***Banco Popular de Puerto Rico (Through Westernbank)*** - As discussed in the Disclosure Statement, the 2006 Loan Agreement between Debtor, AAA Imports and Westernbank (now,

B.P.R.R.) is an agreement with distinct loan obligations: a Revolving Loan and three separate term loans (described in the Loan Agreement as Term Loan A, Term Loan B and Term Loan C). Because the Revolving loan and Term Loan C are secured by AAA Imports' inventory, AAA Imports' Plan of Reorganization contains the treatment as to that portion of the Loan Agreement. Notwithstanding AAA Imports' treatment, the Debtor here shall continue to guarantee and cross-collateralize the Revolving Loan and Term Loan C as agreed to in the Loan Agreement and Finance Agreements (as described in the "Stipulation on the Use of Cash Collateral and Adequate Protection Until Decemberr 31, 2010" in the AAA Imports' Case, Dkt. No. 160 "The Cash Collateral Stipulation"). With respect to term loans A and B, however, since these are secured by Debtor's real property, the Debtor shall be proposing a treatment for these obligations. As of the petition date, the balance on Term Loan A was \$7,185,221 and the balance on Term Loan B was \$4,903,498. The Debtor ratifies the agreements in the Cash Collateral Stipulation.

***CLASS 3 SECURED CLAIM***

***CRIM*** - CRIM has a secured claim against the Debtor for \$166,369.

***CLASS 4 SECURED MAINTENANCE CLAIM***

Class 4 is represents the Maintenance Contract for Canton Mall secured against the Debtor's property. As of the petition date, the claim for these Maintenance Services was \$78,588.

***CLASS 5 GENERAL UNSECURED CREDITORS:***

This class shall consist of **GENERAL UNSECURED CREDITORS** listed by the Debtor and those entities who have filed proof of claims asserting an unsecured obligation. General unsecured creditors related to this Class were listed in Debtor's Amended Schedules in the total

amount of \$5,965,721. This amount includes the amount of \$4,855,504 corresponding to the revolving loan to Westernbank and \$280,390 corresponding to Term Loan C which shall be taken on by AAA Imports and *not* Carian, unless AAA Imports defaults. (*See* Section 1.4 for a discussion of the discrete loan obligations contained in the 2006 Loan Agreement). Carian shall accept responsibility for AAA Imports' obligation as an unsecured debt but shall not make any payments on the obligation unless AAA Imports defaults. The remaining amount, \$1,110,217 reflects the Debtor's unsecured obligations as reported in its schedules.

**CLASS 6 EQUITY SECURITY AND/OR OTHER INTEREST HOLDERS**

This class includes all equity security and interest holders which are the owners of the stock of the Debtor.

**B. TREATMENT OF CLASSES OF CLAIMS AND INTERESTS**

**CLASS 1 ADMINISTRATIVE CLAIMS**

Shall consist of **ALLOWED ADMINISTRATIVE EXPENSE PRIORITY CLAIMS**, as provided under Section 503 of the Code, including, but not limited to, fees to the United States Trustee, fees and expenses of the Debtor's counsel, accountant and any other professionals retained by the Debtor, as may be allowed by the Bankruptcy Court upon application therefore and after notice and hearing in accordance with the Bankruptcy Code and Rules, and court costs accrued since the petition date. Debt under this class is estimated in \$ 80,000. Claimants under this class will be paid in full on effective date or as agreed between the Debtor and the professionals. This class is not impaired.

**CLASS 2 SECURED CLAIM**

***Banco Popular de Puerto Rico (Through Westernbank)*** - As discussed in the Disclosure Statement, the 2006 Loan Agreement between Debtor, AAA Imports and Westernbank is an agreement with four separate loan obligations: a Revolving Loan and three separate term loans (described in the Loan Agreement as Term Loan A, Term Loan B and Term Loan C). Because the Revolving loan and Term Loan C are secured by AAA Imports' inventory, AAA Imports' Plan of Reorganization contains the treatment as to that portion of the Loan Agreement. Notwithstanding AAA Imports' treatment, the Debtor here shall continue to guarantee and cross-collateralize the Revolving loan and Term Loan C. With respect to the term loans, however, since these are secured by Debtor's real property, the Debtor shall be proposing a treatment for these obligations. As of the petition date, the balance on Term Loan A was \$7,185,221 and the balance on Term Loan B was \$4,903,498. The Debtor will treat these obligations as follows: the amortization period for both of the term loans shall be thirty (30) years, with a balloon payment on these obligations on the fifth year after the Effective Date. The interest rate will be as follows:

- a. Term Loan A will be the contract rate of the Prime Rate plus 0.5%.
- b. Term Loan B will be the Prime Rate plus 0.5%.

All of the cross-collateral and guarantee provisions of the loan agreements between the Debtor, Triple AAA Imports and Banco Popular, and the agreements in the Cash Collateral Stipulation, will remain intact and continue to be in effect. This class is impaired. (See Exhibit 1 for proposed payment and amortization schedule).

***CLASS 3 SECURED CLAIM***

***CRIM*** - CRIM has a secured claim against the Debtor for \$166,369. This claim shall be paid

over the course of 72 monthly payments plus interest at the prime rate or as agreed with CRIM. This Class is unimpaired.

**CLASS 4 SECURED MAINTENANCE SERVICES**

Class 4 is represents the Maintenance Contract for Canton Mall secured against the Debtor's property. As of the petition date, the claim for these Maintenance Services was \$78,588. This claim shall be paid pursuant to a stipulated agreement between the parties. (*Please see Exhibit 5 for payment schedule*). This Class is unimpaired.

**CLASS 5 GENERAL UNSECURED CREDITORS:**

This class shall consist of **GENERAL UNSECURED CREDITORS** listed by the Debtor and those entities who have filed proof of claims asserting an unsecured obligation. General unsecured creditors related to this Class were listed in Debtor's Amended Schedules in the total amount of \$5,965,721. This amount includes the amount of \$4,855,504 corresponding to the revolving loan to Westernbank and \$280,390 corresponding to Term Loan C which shall be taken on by AAA Imports and *not* Carian, unless AAA Imports defaults. (*See Section 1.4 for a discussion of the discrete loan obligations contained in the 2006 Loan Agreement*). Carian shall accept responsibility for AAA Imports' obligation as an unsecured debt but shall not make any payments on the obligation unless AAA Imports defaults. The remaining amount, \$1,110,217 reflects the Debtor's unsecured obligations as reported in its schedules. The Debtor shall distribute a dividend of 10% on all allowed claims over the course of 72 months from the effective date. This class is impaired.

**CLASS 6 EQUITY SECURITY AND/OR OTHER INTEREST HOLDERS**

This class includes all equity security and interest holders which are the owners of the stock

of the Debtor. This Class shall not receive any payments under the Plan.

*(All creditors are requested to review **Exhibit 1** which provides for the payments under the Plan with the corresponding assumptions.)*

### **ARTICLE III IMPAIRMENT OF EXISTING CLAIMS AND INTERESTS**

As provided by 11 U.S.C. §1124, a class of claims or interests is impaired under a plan unless, with respect to each claim or interest of such a class, the Plan:

- (1) leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest; or
- (2) notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default.
  - (A) cures any such default that occurred before or after the commencement of the case under this title, other than a default of a kind specified in section 365(b)(2) of this title;
  - (B) reinstates the maturity of such claim or interest as such maturity existed before such default;
  - (C) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and
  - (D) does not otherwise alter the legal, equitable, or contractual rights to which

such claim or interest entitles the holder of such claim or interest.

**ARTICLE IV  
PAYMENT TO CRIM AND OTHER PRIORITIES  
UNDER SECTION 507 (a)(8) OF THE CODE**

All unsecured priority governmental claims pursuant to Section 507(a)(8) of the Code, as the same are allowed, approved and ordered to be paid by the Court, will receive in 100% plus interest at the prime rate (determined as of confirmation date) in full payment of their Allowed Claim and/or any other agreed amount within the term provided by the Code. Payments will commence on effective date. See Payment Plan, Unsecured Priority Claims. **Exhibit 1, supra.**

**ARTICLE V  
LEASES AND EXECUTORY CONTRACT**

Contracts to Which Debtor is a party: Debtor as of petition date was a party to the certain leases and executory contracts (See **Disclosure Statement, Exhibit No. 6**):

5.1 Assumption of Designated Executory Contracts and Unexpired leases. Pursuant to Sections 1123(b)(2) and 365(a) of the Bankruptcy Code, the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of the assumption, as of the Effective Date, of each executory contract or unexpired lease to which the Debtor is a party for which a motion to assume is pending at the time of the Confirmation Date.

Unless otherwise provided in a pending motion to assume, on the Effective Date or as promptly as possible thereafter, the Debtor shall cure any defaults under such assumed executory contracts or unexpired leases to the extent required by Section 365 of the Bankruptcy Code. In

addition, to the extent the Debtor has rights of setoff against any of the parties to these leases and contracts; the Debtor reserves the right to cure any defaults under such leases and contracts by exercising this right of setoff.

5.2 Rejection of Executory Contracts and Unexpired Leases. Pursuant to Sections 1123(b)(2) and 365(a) of the Bankruptcy Code, the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of the rejection, as of the Effective Date, of each executory contract and/or unexpired lease to which the Debtor has not filed a motion to assume.

5.3 Executory Contracts and Unexpired Leases Which Were Assumed or Rejected To Date. Any executory contract or unexpired lease (other than insurance policies) which (i) has not expired by its own terms on or prior to the Confirmation Date, (ii) has not been assumed or rejected with the approval of the Bankruptcy Court on or prior to the Confirmation Date, (iii) is not the subject of a motion to assume or reject which is pending at the time of the Confirmation Date, or (iv) is not designated in the Disclosure Statement, listing an executory contract or unexpired lease to be assumed at the time of confirmation of this Plan, shall be deemed rejected and the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejection pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code.

5.4 Rejection Damage Claims. If the rejection of an executory contract or unexpired lease by the Debtor results in a claim for damages to the other party or parties to such contract or lease, any claim for such damages, if not heretofore evidenced by a filed proof of claim, shall be forever barred and shall not be enforceable against the Debtor's Estate, or its respective properties or agents, successors or assigns, unless a proof of claim is filed with the Bankruptcy Court and served upon

counsel for the Debtor on or before the earlier of, 30 days after entry of the Order approving the rejection of the contract or unexpired lease, if such rejection is granted before Confirmation Date, or 30 days after Confirmation Date if the Confirmation Order constitutes approval of the rejection. Unless otherwise ordered by the Court or provided in the Plan, all such Allowed Claims for which proofs of claim are timely filed will be treated as General Unsecured Claims subject to the provisions of the Plan and to Section 502(b)(6) of the Bankruptcy Code, to the extent applicable. The Debtor shall have the right to object to any such rejection damage claims filed in accordance with this Section.

5.5 There are no post-petition Allowed Claim concerning rejected leases. Nevertheless any possible claim for this concept shall be treated as a Class 1 Administrative claim.

5.6 Post-Petition Agreements Unaffected By Plan. Except as otherwise expressly provided herein, nothing contained in the Plan shall alter, amend or supercede any agreements or contracts entered into by the Debtor after the Petition Date that were otherwise valid, effective and enforceable against the Debtor as of the Confirmation Date.

## **ARTICLE VI PROOF OF CLAIMS NOT FILED**

The Plan provides that where a proof of claim has not been filed, the Allowed Claim shall be in the amount appearing in the Schedules filed by the Debtor, provided however, that the scheduled amount is not shown as unliquidated, contingent or disputed, in which case no amount will be allowed unless the Debtor have notified such creditors and such creditors has filed a timely

proof of claim. To the extent no debt was listed by the debtor in its Schedules, no amount will be provided for claimants who have not filed proof of claims.

**ARTICLE VII  
OBJECTIONS TO CLAIMS**

The Debtor, at the option of the Debtor or upon order of the Bankruptcy Court, if requested, may file an objection to any claim as to its validity or amount within 30 days prior or after to the Confirmation Hearing. If an objection is made, payment to such claimants will be made only after the entry of a final order by the Court allowing such claim and in accordance with the provisions of the Plan governing such class to which such claims belongs.

**ARTICLE VIII  
CONDITIONS PRECEDENT TO CONSUMMATION**

Before consummation of the Plan takes place, the Confirmation Order shall have become a final order.

**ARTICLE IX  
NON ACCEPTANCE OF THE PLAN  
(Cramdown)**

If all applicable requirements of 11 U.S.C. § 1129(a), other than subsection (a)(8), are met with respect of to the Plan, the Debtor hereby requests that the Court confirm this Plan notwithstanding the requirements of said section, if it does not discriminate unfairly and is fair and equitable with respect to each class of claims or interests that is impaired under and has not accepted this Plan.

**ARTICLE X**  
**MEANS OF EXECUTION OF THE PLAN**  
**and**  
**MANAGEMENT OF DEBTOR**

The Debtor is proposing a Plan of Reorganization, by the Debtor in Possession. This Plan of Reorganization under Debtor's own execution shall be substantially supported by Debtor's operations and the possible sale or surrender of assets not necessary for debtor's reorganization process including the Naranjito Store (Lot Nos. 675 and 3136), the Barranquitas Store (Lot No. 2036), the Orocovis Store (Lot No. 1235), the Camuy Store (Lot No. 5559) and the Vega Baja store (Lot No. 90). The Debtor is also attempting to sell its Dorado Warehouse and its site at Canton Mall. The Debtor shall also consider selling any other property necessary to effect the Plan so long as such sale is for the benefit of the creditors. The rents generated by the lease and or the sale of some of Debtor's properties will be sufficient to fund the plan. The Debtor shall be managed by Orlando Adrovet, President, who has over 30 years of sales management experience and Andres Martinez, vice President, who also has over 30 years experience in business management. Neither Mr. Adrovet nor Mr. Martinez shall be receiving a salary for their work from Carian Management.

In order to provide the value of Debtor's assets the Debtor provides an analysis of the assets and the expected income from the disposition of those assets in its notes to the Payment Plan. Debtor's Plan of Reorganization also considers Debtor's experience and knowledge of the real estate business and the maintenance and marketing of all properties for their specific use.

**ARTICLE XI**  
**PROVISIONS FOR THE MODIFICATION OF THE PLAN**

The Debtor may propose amendments or modifications of the Plan at any time prior to its confirmation, upon notice to creditors and parties in interests. After confirmation of the Plan, the Debtor may, with the approval of the Court and as long as it does not adversely affect the interests of the creditors, remedy any defect or omission, in such manners as may be necessary to carry out the purposes and effects of the same.

## **ARTICLE XII CLOSING OF THE CASE**

At such time as the case has been substantially consummated, this case shall be closed. In order for the case to be closed, the Debtor shall file an application for final decree showing that the case has been fully administered and the Plan has been substantially consummated. The Court shall conduct a hearing upon application thereon and after notice to all creditors and parties in interests. Thereafter an order approving the Debtor' report and closing the case, shall be entered.

## **ARTICLE XIII RELEASE AND DISCHARGE OF CLAIMS**

8.1     Discharge. On the effective date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the effective date, to the extent specified in § 1141(d)(1)(A) of the Bankruptcy Code, except that the Debtor shall not be discharged of any debt (I) imposed by the Plan, (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii) of a kind specified in § 1141(d)(1)(B). After the effective date of the Plan all pre-petition

claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

8.2 Injunction Relating to the Plan. As of the Effective Date, all Persons are hereby permanently enjoined from commencing or continuing, in any manner or in any place, any action or other proceeding, whether directly, indirectly, derivatively or otherwise against the Debtor and/or its Estate, on account of, or respecting any Claims, debts, rights, Causes of Action or liabilities discharged pursuant to the Plan, except to the extent expressly permitted under the Plan or under any specific order entered by the Bankruptcy Court.

8.3 Setoffs. Except as otherwise provided in this Plan, nothing contained in this Plan shall constitute a waiver or release by the Estate of any rights of setoff the Estate may have against any Person.

#### **ARTICLE XIV OTHER PROVISIONS**

Confirmation of the Plan and the Confirmation Order will vest title of all property of the Estate in Debtor and will constitute final settlement of payment to all creditors.

All injunctions or stays provided for in the bankruptcy case at bar under Sections 105 or 362 of the Bankruptcy Code (11 U.S.C.), or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

All claims against Debtor of whatever nature, including any claim arising from the rejection of any executory contract, or any other action, shall be bound by the provisions of this Plan.

Any holder of a claim or interest who fails to file an objection in writing to the provisions of the Plan, which is filed with the Court and served upon counsel for the Debtor, not later than the date set for the confirmation of the plan, shall be deemed to have accepted its classification and to be bound by the proposed Plan.

All actions taken by the Debtor with respect to any person shall not be construed to release, waive, discharge, compromise or in any other way satisfy any claim, except those subject to any agreement between the parties.

Upon completion of the requirements of the Plan and the order of confirmation, the Debtor and /or the claimant shall execute all corresponding documents and cooperate fully to reflect, release and / or reaffirm all the obligations herein provided.

The Plan shall become effective upon the Effective Date of the Plan, which is 90 days after the order confirming the plan becomes a final order and shall be the date on which there shall be made all initial cash payments under the plan.

To the extent that any term of this Disclosure statement varies from the terms of the Plan, the terms of the Plan shall govern.

## ARTICLE XV

### RETENTION OF JURISDICTION

The Bankruptcy Court shall retain jurisdiction over this case as is conferred upon it by law, rule or statute, or by the Plan, to enable the Debtor to substantially consummate any and all proceedings which it may bring before or after the entry of the order of confirmation, in order to carry out the provisions of the Plan and or any related matter.

**RESPECTFULLY SUBMITTED**, in San Juan, Puerto Rico, this 18th day of March, 2011.

*/s/ Andres Martinez*<sup>1</sup> \_\_\_\_\_

Andres Martinez

VICE PRESIDENT, Carian Management, Inc.

**I HEREBY CERTIFY** that on this date, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF System, which will send notification of such filing to the parties appearing in said system including the US Trustee and to all those parties who has requested a copy and are not within the electronic service, by first class United States Postal Mail Service .

**C. CONDE & ASSOC.**

Attorney for Debtor

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*/s/ CARMEN D. CONDE TORRES*

Carmen D. Conde Torres

USDC No.: 207312

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<sup>1</sup>Original signed copy on file.