

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF FLORIDA

IN RE:

CASE NO. 16-25093-JKO

THE ALESSI FAMILY LIMITED  
PARTNERSHIP

CHAPTER 11 PROCEEDING

Debtor

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**DEBTOR'S DISCLOSURE STATEMENT**

THE ALESSI FAMILY LIMITED PARTNERSHIP ("Debtor"), Debtor and debtor-in-possession herein, respectfully submits this Disclosure Statement ("Disclosure Statement") to all known holders of claims and interests in order to solicit acceptances or rejections of the Debtor's proposed Plan Of Reorganization ("Plan"):

**DESCRIPTION OF DISCLOSURE STATEMENT**

The purpose of this Disclosure Statement is to provide the creditors of the Debtor with adequate information to enable them to make an intelligent decision whether to vote to accept or reject the Plan that is put before them. The Plan is a document that contains the formal statement of what the various creditors and interested parties will receive, how they are to receive it, and what will become of the Debtor. If the Plan is confirmed by the Bankruptcy Court, it will become binding on the Debtor, creditors and interested parties.

Creditors have the right to reject or accept the Plan. A class of creditors accepts the Plan when creditors holding two-third (2/3) in dollar amount of claims in which such class and more than one-half (1/2) in number of claims in such class who actually cast their ballots have voted to accept the Plan. Therefore, the vote of the creditors is of great importance.

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Accompanying this Disclosure Statement are the following materials:

1. A copy of the Plan.
2. The ballot for accepting or rejecting the Plan.
3. A copy of the Order that states (I) the day by which the ballots must be received in order to be counted, (ii) the date on which a hearing in the Bankruptcy Court on whether to confirm the Plan will be held, and (iii) other relevant information.

As stated in the accompanying Order (item 3), the Bankruptcy Court has scheduled a hearing on whether to confirm the Plan for xxxxx, 2017 at xx:00 p.m. Creditors may attend this hearing, although attendance is not necessary. In order for a ballot to be counted it must be received by Clerk of the Bankruptcy Court, Southern District of Florida, U.S. Courthouse, 299 E. Broward Blvd., Room 112, Ft. Lauderdale, FL 33301, by the close of business on xxxxxx1, 2017. This Disclosure Statement has been approved by the United States Bankruptcy Judge John K. Olsen as containing adequate information to enable creditors to make an intelligent decision whether to accept or reject the Plan, and it is the only authorized statement with respect to the Plan. Although this statement has been approved by the Bankruptcy Court, the approval does not mean that the Plan is recommended by the Bankruptcy Court. No official committee of general unsecured creditors has been appointed in this Chapter 11 case.

What follows is a brief description of the Debtor, both before and during the bankruptcy case, a description and an analysis of the Plan, including the projected timing and the payment to creditors, and finally an analysis of the alternatives to the Plan. No other representations concerning the Debtor, or the Plan have been authorized by the Debtor and none should be relied upon by creditors in deciding how to vote.

**NO PARTY IS AUTHORIZED TO GIVE ANY INFORMATION WITH RESPECT TO ANY MATTER COVERED BY THIS DISCLOSURE STATEMENT. NO REPRESENTATIONS CONCERNING THE DEBTOR, ITS OPERATIONS OR THE VALUE OF ITS PROPERTY IS AUTHORIZED BY THE DEBTOR OTHER THAN**

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AS SET FORTH IN THIS STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE OTHER THAN AS CONTAINED IN THIS STATEMENT SHOULD NOT BE RELIED BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS OR INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR AND TO THE OFFICE OF THE UNITED STATES TRUSTEE, WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE DEEMED NECESSARY AND APPROPRIATE.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN MADE SUBJECT TO A CERTIFIED AUDIT. APPROVAL OF THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT BY THE COURT DOES NOT CONSTITUTE A RECOMMENDATION BY THE COURT AS TO THE MERITS OF THE PLAN.

TO THE EXTENT THAT THERE IS AN INCONSISTENCY BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS AND LANGUAGE OF THE PLAN SHALL CONTROL.

## **II. GENERAL BACKGROUND INFORMATION ABOUT THE DEBTOR**

In May of 2000, Daniel A. Alessi ("Alessi") purchased a residential apartment building located at 1956 Lincoln Street, Hollywood, Florida ("Lincoln Property"). The Lincoln Property consisted of a 10 unit apartment building. The financing for the purchase was done through a private lender. The Lincoln Property had gone into a state of disrepair. Immediately after acquiring title, Alessi began renovations to the exterior of the building. This project took some time.

At completion of the exterior repairs, the Lincoln Property was beautiful. It was now time to tackle the interior. Problem was that while the Lincoln Property was fully occupied, the existing tenants were paying as little as \$200-\$250 per month (rents way below market conditions).

So, with a new mortgage to pay it was necessary to raise rents accordingly. As one might expect, Alessi was met with great resistance. Several tenants left and a few complied and then others Alessi was forced to evict.

As a unit became empty, Alessi would then go in the unit, demolish and renovate. This included all new appliances (as these units have full kitchens) new A/C's (wall units) and new bathrooms. Finally, each unit was primed and painted top to bottom, including ceilings and then furnished.

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Alessi was able to achieve the goal of renting for current market rent with each and every unit.

In September 2001, Alessi purchased 1941 Washington Street, Hollywood, Florida (“Washington Property”)<sup>1</sup>. The Washington Property consisted of an 8 unit apartment building. Here again, a private lender was used for the financing.

With respect to the Washington Property, the previous owner actually lived on site at the time and was terminally ill. The previous owner was unable to maintain the property or make necessary repairs. The Washington Property was also in such deplorable condition that many tenants were not paying anything at all for rent. The owner was just too sick and needed out.

All the renovations Alessi accomplished with respect to the Lincoln Property, he similarly accomplished with regard to the Washington Property. As the units were renovated, Alessi began charging market rent.

Both Properties remained fully occupied for several years at which time Alessi decided that he would like to refinance, payoff the mortgage holders and pull out equity to change windows and doors to impact resistant on both Properties.

Everything seemed fine and continued to go very well until the recession hit and many of the existing tenants lost their jobs and could not pay the rent. Alessi drastically reduced rents to either keep the existing tenants or if they left, Alessi re-rented for considerably less, just to keep the Properties fully occupied.

With the drastic drop in rental income, Alessi began having difficulty staying current on the mortgages on the Properties. The lender then offered the loan(s) for sale, at which time Fusion Homes LLC (“Fusion”) purchased the loans. After Fusion took over the loans, the parties negotiated new terms, payments and a loan satisfaction price.

At the same time as negotiations with Fusion began, Alessi was working with an estate

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<sup>1</sup>The Washington Property and the Lincoln Property collectively may be referred to as the “Properties”.

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planner. Alessi formed a Family Trust, 2 LLC's and a limited Partnership.

Shortly thereafter, Alessi caused the transfer of a few mortgage receivable interests and a mobile home owned by Alessi's parents Patricia A. Alessi and Daniel Alessi ("Parents") to THE ALESSI FAMILY LIMITED PARTNERSHIP. These transfers were made since the Parents were getting much older, and this would allow Alessi to better protect the assets. In return, Alessi helped to subsidize their income, health insurance and living expenses.

Through the negotiations with Fusion, it was made known to Fusion, that Alessi desired to transfer ownership of the Washington Property and the Lincoln Property into one of the business entities Alessi had created. Fusion allowed such a transfer, but did not want the transfer into the trust.

Through inadvertence, both the Lincoln Property and the Washington Property were transferred from Alessi to SOUTH FLORIDA RENOVATION DESIGN CONSULTANT LLC ("SFL Renovation"). SF Renovation is an LLC controlled owned by Alessi. At the time of the transfer to SFL Renovation, Alessi was not aware that Fusion allowed for the title transfers to the Debtor, although the mortgage modifications so provided.

When the issue came up, Alessi asked his attorney to contact Fusion Homes attorney and request a further mortgage modification as there was a \$125,000.00 balloon payment due March 1st of 2015. Furthermore, Alessi wanted to further renovate, fully replacing bathrooms and kitchens in each of the Properties, which would only increase the value of each and also allow for an increase in rental income. Fusion's counsel indicated that a mortgage modification was agreed to in principal, and documentation would be forthcoming.

But, after several months of negotiations and still no modification documents being provided, Alessi's attorney thought it best that Alessi tender to Fusion all payments plus the \$125,000.00 balloon and some late fees. Such tender was made.

It was after this tender did the Fusion attorney advise that the Properties needed to be in the name of the Debtor. The Properties were transferred into the Debtor's name, and Alessi continued making monthly payments through February 2016.

For some unknown reason, after Alessi complied with all requirements made known by

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Fusion for a modification, Fusion unilaterally declared a default and accelerated the loans. Shortly thereafter, a foreclosure proceedings was commenced. Fusion returned all the tendered payments that were to be applied to mortgage payments from March of 2015 through February 2016.

Apparently in an attempt to cause further problems to the Debtor, sometime in July 2016, Fusion caused a process server to approach many of the tenants at the Properties, demanding the tenants pay Fusion's counsel directly with the rent.

As a result, Alessi has been forced to spend significant sums of attorneys fees in defending a foreclosure action that should never have been commenced in the first instance, since Alessi had tendered all the payments to bring the loans current. This tender occurred before the loans were called into default and otherwise accelerated. Further, due to the act of Fusion having a process server approach the tenants, the Debtor also lost the majority of the tenants.

After spending significant sums defending the foreclosure, and having lost tenants plus additional court/attorneys cost to evict, not to mention loss of rents caused by Fusion's act of hiring the process server, the Debtor was forced to file Chapter 11. The Debtor commenced the Chapter 11 on November 9, 2017.

Since the bankruptcy was filed, the Debtor has been able to continue to repair units, and has and re-rent each. Again both the Washington Property and the Lincoln Property remain fully occupied. The maintenance on both Properties continue, and the property are in great shape.

As will be more fully described below, Alessi has been assembling different forms of funding that will fund the Plan of Reorganization ("Plan").

### III.

#### DESCRIPTION OF THE PLAN

**THE FOLLOWING IS A SUMMARY OF THE PROVISIONS OF THE PLAN AND, ACCORDINGLY, IT IS NOT AS COMPLETE AS THE FULL TEXT OF THE PLAN WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT AS AN EXHIBIT. THE PLAN ITSELF SHOULD BE READ IN ITS ENTIRETY. THE PLAN, IF CONFIRMED, IS A LEGALLY BINDING ARRANGEMENT AND SHOULD BE READ IN ITS ENTIRELY, AS OPPOSED TO RELYING ON THE SUMMARY HEREIN. ACCORDINGLY, CREDITORS MAY WISH TO CONSULT WITH THEIR OWN LAWYER TO**

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**UNDERSTAND THE PLAN MORE FULLY. THE SOURCE OF THE INFORMATION CONTAINED IN THE PLAN AND DISCLOSURE STATEMENT IS THE DEBTOR'S BOOKS AND RECORDS, AND PLEADINGS FILED IN THIS CASE.**

The Plan contemplates that funding for the distribution to the secured creditors and the general unsecured creditors holding an allowed claim in this case will be derived from proceeds received by the Debtor in its operations. Such funding will be from rental proceeds from the Washington Property or the Lincoln Property, or from mortgage payments received from the properties located at 552 Gorden Circle, Key Largo, FL, 2810 SW 57<sup>th</sup> Court, Dania Beach, FL' and 5441 SW 32<sup>nd</sup> Terrace, Dania Beach, FL. Furthermore, funding of the Plan will be derived from the sale of assets held by either Alessi or one of his business entities or family trust (referred to as the "Personal Funding"). This process has already begun, and thus far, Alessi has been able to generate over \$230,000.00 in Personal Funding ready to fund the Plan.

All administrative expenses as incurred by the professionals retained in this Chapter 11 Bankruptcy proceeding are subject to Bankruptcy Court approval upon proper application and notice to creditors. To the extent that same are allowed by the bankruptcy Court, the Debtor shall pay these expenses, in full, in cash, on the later of the Effective Date of the Plan, three (3) days after such claim is allowed, or within such terms and conditions as may be agreed upon between the Debtor and each such creditors. To the extent that the Debtor's cash is insufficient to pay the allowed professional fees and costs, then Alessi has agreed to pay those fees from the Personal Funding.

All other administrative expenses shall be paid by the Debtor in full, in cash, on the Effective Date of the Plan or upon such terms and conditions as may be agreed upon by said creditors and the Debtor.



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Notwithstanding any other provisions of the Plan to the contrary, the Debtor shall pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. §1930(a)(6), within ten (10) days of the entry of the order confirming this Plan, for pre-confirmation periods. The Debtor is required, and will continue to be required, to file with the Court monthly operating reports disclosing any pre-confirmation receipts and disbursements. The reorganized Debtor shall remain responsible for compliance with applicable reporting requirements of the Office of the United States Trustee, which require the Debtor to file with the Court on a quarterly basis, post-confirmation, operating reports that disclose any post-confirmation receipts and disbursements. The reorganized Debtor shall timely make payment to the United States Trustee of quarterly fees due and payable pursuant to 28 U.S.C. §1930(a)(6) for post-confirmation periods within the time period set forth in 28 U.S.C. §1930(a)(6) after the Effective Date and until the Chapter 11 Case is closed based on disbursements made by the Debtor.

Bankruptcy Court approval will be necessary for allowance of the administrative professional expenses upon formal application of the professional and prior to any disbursement by the Debtor. However, for purposes of this Disclosure Statement, the following are the known holders of administrative expenses, and the estimated amounts of such unpaid and yet to be awarded expenses:

Behar, Gutt & Glazer, P.A., attorneys for the Debtor . . . . .	Approx. \$55,000.00
Fees to the Office of the U.S. Trustee pursuant to 28 U.S.C. 1930 . . . . .	Approx. \$1,500.00



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Estimated Administrative Expenses

for Professionals and U.S. Trustee .

Approx. \$56,500.00

All other claimants holding claims for expenses of administration pursuant to §§503(b) and 507(A)(1) of the Code will be paid by the Debtor, in full, in cash, on the Effective Date of the Plan, or as agreed upon between the individual claimants and the Debtor.

Certain claims held by taxing authorities are entitled to priority in payment pursuant to §507 of the Bankruptcy Code. These claims were incurred prior to the commencement of this proceeding. The Debtor believes that there is no such priority tax claimant.

The treatment of the Classes one, two, three, four and five are discussed below:

Class 1 consists of the Allowed Secured Claim of Broward County Records, Taxes & Treasury Division. The Debtor will caused to be paid the real estate taxes due for the tax real 2016, as reflected on the Proof of Claim filed by this Creditor, in the approximate amount of \$28,259.00. The Debtor will cause the payment to be made, so that the taxes are timely paid. Class 1 will retain any liens it may have had pending payment of the real estate taxes. Class 1 is unimpaired under the Plan.

Class 2 consists of the secured claim held by Fusion which is in the approximate principal amount of \$244,707.12. This claim is secured by a first mortgage position on the Washington Property. Upon the Effective Date of the Plan, the Debtor will cure the alleged defaults under the loan documents with the Class 2 creditor, and reinstate the loan obligations due to the Class 2 creditor. The Class 2 creditor, through its counsel, had provided a payoff letter, dated December

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8, 2016 (“Payoff Letter”), a true copy of which is attached to the Plan. There are various charges and fees that are alleged by the Class 2 creditor to be due and owing by the Debtor. Such charges and fees include but are not limited to “unconsented transfer fee”, default interest rate, and amounts of attorney fees and costs (collectively referred to as the “Washington Disputed Charges”) The Debtor disputes most of these charges, and disputes that the Debtor was ever in default, as it tendered payments before a default and acceleration was declared by Fusion. The parties will either resolve the disputes, or the Debtor will seek Court intervention to settle the disputes. Once resolved, the Washington Disputed Charges will be caused to be paid by the Debtor. Class 2 will retain any liens on the Washington Property. Class 2 is unimpaired under the Plan, in accordance with Bankruptcy Code §1124.

Class 3 consists of the secured claim held by Fusion which is in the approximate principal amount of \$265,099.38. This claim is secured by a first mortgage position on the Lincoln Property. Upon the Effective Date of the Plan, the Debtor will cure the alleged defaults under the loan documents with the Class 3 creditor, and reinstate the loan obligations due to the Class 3 creditor. The Class 3 creditor, through its counsel, had provided the Payoff Letter. There are various charges and fees that are alleged by the Class 3 creditor to be due and owing by the Debtor. Such charges and fees include but are not limited to “unconsented transfer fee”, default interest rate, and amounts of attorney fees and costs (collectively referred to as the “Lincoln Disputed Charges”) The Debtor disputes most of these charges, and disputes that the Debtor was ever in default, as it tendered payments before a default and acceleration was declared by Fusion. The parties will either resolve

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the disputes, or the Debtor will seek Court intervention to settle the disputes. Once resolved, the Lincoln Disputed Charges will be caused to be paid by the Debtor. Class 3 will retain any liens on the Lincoln Property. Class 3 is unimpaired under the Plan, in accordance with Bankruptcy Code §1124.

Class 4 consists of all Unsecured Claims. Upon the Effective Date of the Plan, the Debtor will cause payment representing a 5% distribution to the holders of Allowed General Unsecured Claims. There exists only one creditor that holds an Allowed General Unsecured Claim, namely Daniel Alessi, Sr. Daniel Alessi, Sr. holds an Allowed General Unsecured Claim in the amount of \$87,000.00. Daniel Alessi, Sr., is a limited partner of the Debtor, and is an insider. Class 4 is impaired under the Plan.

Class 5 consists of all Interests in the Debtor. Daniel A. Alessi is the general partner of the Debtor. Daniel Alessi and Patricia Alessi are the limited partners of the Debtor. Daniel Alessi and Patricia Alessi are the parents of Daniel A. Alessi. The Class 5 members are insiders of the Debtor. Class 5 shall receive no Distributions on account of their Interests. All pre-petition interests in the Debtor shall remain. Class 5 is unimpaired under the Plan. The consideration expected to be provided by Alessi, either personally or through third party business entities or family trusts, constitutes the new value that allows the Class 5 claimants to maintain their positions.

The Plan provides that all the classes one, two, three and five are unimpaired and are therefore deemed to have accepted the Plan. Generally speaking, a class of claims is "impaired" if the Plan alters the legal, equitable or contractual rights of the claims within the class. If a class is

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not receiving full payment it is impaired. Bankruptcy Code §1124 provides that a creditor is not “impaired”, even if their contract allows for receipt of accelerated payments after a default, if the plan provides for a cure of the default. As the Plan provides that any alleged default(s) with Fusion will be cured (the Debtor disputes that any defaults existed), then the Class 2 and Class 3 claims of Fusion are unimpaired, and the Class 2 and Class 3 are deemed to have accepted the Plan

The Plan also includes provisions relating to the assumption of all present executory contracts of the Debtor. In addition, the Plan includes provisions for the bankruptcy court jurisdiction retention.

**THE FOREGOING SUMMARY OF TO THE PLAN ONLY HIGHLIGHTS CERTAIN SUBSTANTIVE PROVISIONS OF TO THE PLAN, AND IT IS NOT NOR IS IT INTENDED TO BE A COMPLETE DESCRIPTION OF OR SUBSTITUTE FOR A FULL AND COMPLETE READING OF TO THE PLAN. ALL CREDITORS AND HOLDERS OF EQUITY INTERESTS ARE URGED TO READ TO THE PLAN CAREFULLY IN ITS ENTIRETY FOR A COMPLETE DESCRIPTION OF ITS PROVISIONS FOR VOTING TO ACCEPT OR REJECT TO THE PLAN.**

#### **IV.**

##### **ADDITIONAL RELEVANT INFORMATION**

##### **A. SOURCE OF MONIES TO BE PROVIDED TO FUND TO THE PLAN**

The Plan contemplates that funding the distributions set forth in the Plan will be derived from the operations of the Debtor’s business, as well as the Personal Funding efforts of Alessi, which Personal Funding has thus far generated over \$230,000.00.

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**B. PREFERENCE OR FRAUDULENT TRANSFER RECOVERIES  
& OTHER LITIGATION**

After a review of the Debtor's books and records, the Debtor does not believe that there are any actions that could or should be brought to recover preferential transfers or fraudulent transfers. The Debtor does not foresee litigation that the Debtor will be a party.

**C. EXECUTORY CONTRACTS**

There does not exist any executory contracts that have not been formally previously assumed or rejected. To the extent that said executory contracts do in fact exist, than such contracts are deemed rejected, and any damage claim arising from such rejection will be treated as a Class 4 claim.

**D. POST-CONFIRMATION DEBTOR OPERATIONS**

The Debtor contemplates that the Debtor will continue its operations after confirmation of the Plan.

It is intended that the management of the Debtor will continue to be operated by Daniel A. Alessi, the general partner of the Debtor. Alessi will serve as such and there will be no compensation for such services.

**E. ALTERNATIVES TO THE PROPOSED PLAN**

Because there is only impaired creditor that needs to be treated through the Plan, and this creditor is an insider, the Debtor does not believe disclosure of alternatives to the PLAN is necessary or required under these circumstances.

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**G. INSIDER CLAIMS**

There are no insider claims other than the Class 4 claim.

**H.** There does not exist any present or proposed material transactions of the Debtor in which any "INSIDER" or "AFFILIATE" of the Debtor may have or will have any interest, except for what it is specifically described herein.

**V.**

**RETENTION OF JURISDICTION**

The Bankruptcy Court shall retain exclusive jurisdiction of the Chapter 11 cases in all matters arising thereunder and therefrom to ensure that the purpose and intent of the Plan are carried out, and for the following additional purposes:

1. to consider any modification of the Plan under §1127 of the Bankruptcy Code, and/or any modification of the Plan prior to substantial consummation as defined in §1101(2) of the Bankruptcy Code;
2. to hear and determine all controversies, suits and disputes that may arise in connection with the interpretation or enforcement of the Plan;
3. to determine all matters which may be pending on the confirmation date;
4. to hear and determine all requests for compensation and/or reimbursement of expenses which may be made after the confirmation date;
5. to hear and determine all objections to claims, controversies, suits and disputes that may be pending at or initiated after the confirmation date, except as provided in the Confirmation Order.
6. to consider an act on the compromise or settlement of any claims against or causes of action on behalf of the Debtor's estate;

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7. to consider an act on such other matters consistent with the Plan in an aid of its implementation; and
8. to issue such Orders that are or maybe necessary or appropriate for the consummation of the Plan.
9. to enable the Debtor to carry out the provisions of the Plan, including the prosecution and resolution of objections to claims and
10. to determine an dispute regarding any and all Washington Disputed Charges or the Lincoln Disputed Charges, as set forth in the Payoff Letter, or that may later be raised, charged or brought up by the Class 2 and Class 3 claimants
11. to enter a final decree closing the Chapter 11 case.

#### CONCLUSION

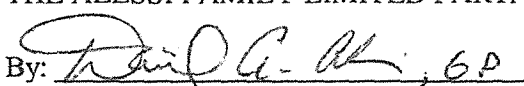
To the extent that any creditor has the right to vote, the Debtor urges such creditors to vote to accept the Plan and to evidence such acceptance by returning their ballots.

DATED at Ft. Lauderdale, Florida, this 20<sup>th</sup> day of December, 2016.

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By:   
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THE ALESSI FAMILY LIMITED PARTNERSHIP

By:   
Its: GENERAL PARTNER

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