UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION
www.flsb.uscourts.gov

In re:

AQUA LIFE CORP. d/b/a PINCH-A-PENNY #43,

Debtor. /

Case No: 17-15918-BKC-RAM

Chapter 11

SECOND AMENDED DISCLOSURE STATEMENT IN SUPPORT OF PLAN OF REORGANIZATION

IMPORTANT: THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PROPOSED CHAPTER 11 PLAN. PLEASE READ THIS DOCUMENT WITH CARE.

Submitted on May 4, 2018 by:

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TABLE OF CONTENTS

LIST OF EXHIBITS

Exhibit "A" –Chapter 11 Plan

Exhibit "B" - Claims Register

Exhibit "C" - Liquidation Analysis

Exhibit "D" - Debtor's Monthly Operating Report for February 2018

Exhibit "E" – Four (4) Year Projections for the Reorganized Debtor

ARTICLE I. DEFINITIONS

Except as otherwise provided in this Disclosure Statement in Support of Plan of Reorganization (the "Disclosure Statement"), all terms used herein shall have the meanings ascribed to such terms under the Bankruptcy Code, as amended, the Bankruptcy Rules, and the Local Bankruptcy Rules for the Southern District of Florida (the "Local Rules"). For purposes of this Disclosure Statement, except as expressly otherwise provided or unless the context otherwise requires, all capitalized terms not otherwise defined shall have the meanings assigned to them in this Section of the Disclosure Statement. The capitalized terms set forth below when used in this Disclosure Statement and Plan of Reorganization shall have the following meanings:

1.1. "Administrative Claim" shall mean a Claim for payment of costs or expenses of administration specified in Sections 503(b) and 507(a)(1) of the Bankruptcy Code, incurred after the Petition Date through the Confirmation Date, including without limitation: (i) the actual, necessary costs and expenses of preserving the Debtor's estate incurred after the Petition Date; (ii) Professional Claims; and (iii) all fees and charges assessed against the Debtor's estate pursuant to Section 1930 of Title 28 of the United States Code.

1.2. "Allow," "Allowed," "Allowance" or words of similar meaning shall mean with respect to a Claim against the Debtor's estate: (i) that no objection has been interposed within the applicable period of limitation fixed by this Plan or by the Bankruptcy Court and that such period of limitation has expired; or (ii) that the Claim has been allowed for purposes of payment by an order of the Bankruptcy Court that is no longer subject to appeal or certiorari and as to which no appeal or certiorari is pending.

1.3. "Administrative Expense Claim" means a Claim arising from the ordinary course of the Debtor's business and entitled to priority under section 503(b)(1)(A) of the Bankruptcy Code.

1.4. "Allowed Claim" means a Claim against the Debtor (i) allowed by a Final Order, (ii) scheduled as liquidated, undisputed and non-contingent by the Debtor in its Schedules of Assets and Liabilities filed with the Bankruptcy Court, as they may be amended or supplemented, or (iii) timely filed with the Clerk of the Bankruptcy Court and to which no objection has been made to the allowance thereof within a time fixed by the Bankruptcy Court and the Claim is not otherwise a Disputed Claim.

1.5. "Allowed Secured Claim" shall mean a Claim pursuant to Section 506(a) of the Bankruptcy Code, which is secured by a lien on property in which the Debtor has an interest or that is subject to set-off under Section 553 of the Bankruptcy Code, to the extent of the value of such property or to the extent of the amount subject to such set off, as the case may be.

1.6. "Allowed Unsecured Claim" means an Allowed Claim which arose or which is deemed to have arisen prior to the filing of the Petition commencing this Case and as to which the Claimant has not asserted, or as to whom it is determined by Final Order does not hold, a valid, perfected and enforceable lien, security interest, or other interest in or encumbrance against property of the Debtor or a right of setoff to secure the payment of such Claim, but excluding unsecured Claims that may previously have been paid in the Case pursuant to agreements approved by the Bankruptcy Court.

1.7. "Aqua Life" shall mean the Debtor.

1.8. **"Assets**" shall mean the aggregate assets, of any kind, of the Debtor and its estate as more specifically defined in Section 541 of the Bankruptcy Code.

1.9. **"Avoidance Action"** shall mean any potential action under 11 U.S.C. §§ 544, 547, 548, and 549 to avoid or recover transfers or property.

1.10. **"Ballot"** shall mean the ballot accompanying this Plan or Order approving the Disclosure Statement, if separately rendered, upon which holders of impaired Claims entitled to vote on this Plan shall indicate their acceptance or rejection of this Plan in accordance with the instructions regarding voting.

1.11. **"Bankruptcy Code" or "Code"** shall mean the Bankruptcy Reform Act of 1978, as amended, Title 11, United States Code, which governs the Chapter 11 Case of the Debtor.

1.12. "**Bankruptcy Court**" or **"Court"** shall mean the United States Bankruptcy Court for the Southern District of Florida, Miami Division, or any other court exercising competent jurisdiction over the Chapter 11 Case or any proceeding arising in or related to the Chapter 11 Case.

1.13. **"Bankruptcy Rules**" shall mean the Federal Rules of Bankruptcy Procedure and the local rules of the Bankruptcy Court (including any applicable local rules of the United States District Court for the Southern District of Florida), as now in effect or hereafter amended.

1.14. **"Business Day"** shall mean a day other than a Saturday, Sunday or legal holiday.

1.15. **"Cash"** shall mean cash or cash equivalents, including, but not limited to, checks, bank deposits, proceeds or other similar items.

1.16. "Cause(s) of Action" shall mean any and all causes of action to recover funds for the benefit of the estate.

1.17. "Chapter 11 Case" or **"Case"** shall mean the proceeding under Chapter 11 of the Bankruptcy Code under case number 17-15918-BKC-RAM.

1.18. "Claim" shall have the meaning provided for such term in Section 101(5) of the Bankruptcy Code.

1.19. "Claimant," "Claimholder" or "Creditor" shall mean the holder of a Disputed Claim or Allowed Claim, as the case may be.

1.20. "Claims Bar Date" means September 18, 2017, which is the date currently set by the Bankruptcy Court as the last day for filing a proof of claim for all creditors except a governmental units against the Debtor, or such other date as the Court may set.

1.21. "Claim Objection Deadline" shall mean the date set by order of the Bankruptcy Court (without notice or hearing) for objecting to Claims against the Estate.

1.22. "**Class"** shall mean a group of Claims or Equity Interests consisting of Claims or Equity Interests that are substantially similar to each other as classified pursuant to the Plan in accordance with Section 1122 of the Bankruptcy Code.

1.23. "Collateral" shall mean with respect to any particular Secured Creditor, any and all of the Debtor's assets which are security for the Claims asserted as Secured Claims by the particular Creditor.

1.24. "Confirmation" or "Confirmation Date" shall mean the date on which the Confirmation Order is entered on the Bankruptcy Court's docket.

1.25. "Confirmation Hearing" shall mean the hearing conducted by the Bankruptcy Court under Section 1128 of the Bankruptcy Code wherein the Bankruptcy Court shall

consider confirmation of this Plan, in accordance with Section 1129 of the Bankruptcy Code, as the same may be continued from time to time.

1.26. "Confirmation Order" shall mean the Final Order of the Bankruptcy Court confirming this Plan pursuant to Section 1129 of the Bankruptcy Code.

1.27. "Creditor" shall mean any person or entity that is a holder of a Claim against the Debtor.

1.28. "Debtor" shall mean Aqua Life, Corp. d/b/a Pinch-a-Penny #43.

1.29. "Disclosure Statement" shall mean the Disclosure Statement for the Plan of Reorganization proposed by Debtor pursuant to Section 1125 of the Bankruptcy Code as such Disclosure Statement may be amended, modified, or supplemented from time to time (and all exhibits and schedules attached thereto or referred to therein).

1.30. "Disputed Claim" shall mean: (i) a liability scheduled on the Schedules or the Amended Schedules as disputed, contingent, or unliquidated; or (ii) a timely filed proof of Claim against which an objection is pending, or is filed within the deadline provided in this Plan and which Claim has not been Allowed by order of the Bankruptcy Court.

1.31. "Disputed Claims Reserve" means a reserve of cash, if such becomes necessary, to be disbursed pursuant to this Plan and established pursuant to this Plan for Disputed Claims in each Class of Claims that will receive cash under this Plan.

1.32. Omitted.

1.33. "Effective Date" shall mean the date on which distributions to Creditors shall commence after the entry of the Confirmation Order. The Effective Date in this case shall take place on the later of thirty (30) days after the entry of the Confirmation Order or July 15, 2018.

1.34. "Estate" means the estate created by Section 541 of the Bankruptcy Code upon the Debtor's filing of its voluntary petition with the Bankruptcy Court in this Case.

1.35. "Estate Claims" shall mean claims asserted by the Debtor on behalf of the Estate, against any third party whether under the Bankruptcy Code or other applicable law.

1.36. "Equity Interest" shall mean a share of stock, warrant or right, other than a right to convert, to purchase, sell, or subscribe to a share, security, or interest in the Debtor, as more specifically defined in Section 101(16) of the Bankruptcy Code.

1.37. "Executory Contracts" shall mean all contracts, oral or written, to which the Debtor is a party and which are executory within the meaning of Section 365 of the Bankruptcy Code.

1.38. "Final Order" means an order or judgment of the Bankruptcy Court which has not been reversed, stayed, modified or amended and (i) as to which the time to appeal or seek reconsideration or rehearing thereof has expired; (ii) in the event a motion for reconsideration or rehearing is filed, such motion shall have been denied by an order or judgment of the Bankruptcy Court; or (iii) in the event an appeal is filed and pending, a stay pending appeal has not been entered; provided, however that with respect to an order or judgment of the Bankruptcy Court allowing or disallowing a Claim, such order or judgment shall have become final and nonappealable; provided further that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or analogous rule under the Bankruptcy Rules, may be filed with respect to such order or judgment shall not cause such order or judgment to not be a Final Order.

1.39. "Final Report" shall mean the Final Report on Distribution and Request for Entry of Final Decree Closing Case to be filed by the Debtor.

1.40. "General Unsecured Claim" shall mean any Claim against the estate of the Debtor other than an Administrative Claim, a Secured Claim, or a Priority Claim.

1.41. "Governmental Unit" shall have the meaning set forth in Section 101(27) of the Bankruptcy Code.

1.42. "Holder" shall mean a creditor of the estate whose claim is not a Disputed Claim and who is entitled to vote on the Plan.

1.43. "Impaired" shall mean that the Holder of an Allowed Claim will not receive a one hundred (100%) percent distribution on account of such Claim on the Effective Date.

1.44. "Insiders" shall have the meaning given such term in Section 101(31) of the Bankruptcy Code.

1.45. "Lien" means any charge against or interest in property to secure payment of an Allowed Claim, including, without limitation, any judicial lien, security interest, mortgage, deed of trust, or statutory lien as defined in the Bankruptcy Code or in any applicable state or federal law.

1.46. "Nissan Motors" " shall mean the Nissan Motors Acceptance Corporation.

1.47. "Petition Date" shall mean the date that the voluntary petition was filed in this Case, which date was May 10, 2017.

1.48. "Pinch A Penny" shall refer to Pinch A Penny, Inc., the Debtor's franchisor.

1.49. "Plan" shall mean the Debtor's Plan of Reorganization in its entirety, together with all addenda, exhibits, schedules, and other attachments thereto, in its present form or as it may be modified, amended, or supplemented from time to time.

1.50. "Plan Documents" shall mean the combined Disclosure Statement and the Plan along with any referenced exhibits.

1.51. "**Plan Fund"** means such sums that the Debtor will contribute for payment of Allowed Claims under this Plan.

1.52. **"Plan Payment"** means disbursements contemplated in the Plan.

1.53. **"Plan Period"** shall mean the period of time between entry of the Confirmation Order and the last payment due under the Plan.

1.54. **"Premises"** shall mean the location from where the Debtor principally operates its business, located at 11035 Bird Road, Miami, Florida 33165.

1.55. **"Principals"** shall mean collectively, Luis F. Ibarra, Ana Ibarra, Luis E. Ibarra, and Raymond Ibarra as shareholders of the Debtor.

1.56. **"Priority Claim"** shall mean a Claim entitled to priority under Section 507 of the Bankruptcy Code.

1.57. **"Professional"** shall mean a person or entity (a) employed in the Chapter 11 Case pursuant to a Final Order in accordance with Sections 327, 328, or 1103 or otherwise of the Bankruptcy Code or (b) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to Section 503(b)(4) of the Bankruptcy Code.

1.58. **"Professional Claim"** shall mean the Claim of any legal counsel, accountant, consultant, financial advisor, or other Professional entitled to such Claim pursuant to Sections 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code for services rendered before the Effective Date.

1.59. **"Reorganized Debtor"** shall mean the Debtor in its restructured and reorganized form as of the entry of the Confirmation Order.

1.60. **"Scheduled"** means as set forth in the Debtors' Schedules of Assets and Liabilities.

1.61. "Schedules" or "Amended Schedules" shall mean the Schedules and any Amended Schedules to the Debtor's bankruptcy petition filed or which may be filed by the Debtor in this Chapter 11 Case.

1.62. "Secured Creditor" shall mean a Creditor that is a holder of a Secured Claim whether allowed or disputed, as the case may be, against the Debtor.

1.63. "**Secured Creditors**" shall mean collectively, Pinch A Penny, Nissan Motors, Ocean Bank, and Wells Fargo.

1.64. "United States Trustee" shall mean the Assistant United States Trustee for the Southern District of Florida.

1.65. "Unliquidated Claims" shall include all Claims scheduled as such by the Debtor and any Claim filed by Claimant without a specific dollar amount identified.

1.66. "Wells Fargo" shall refer to Wells Fargo Commercial Distribution Finance, LLC.

B. Undefined Terms. A term used but not defined herein shall have the meaning given to it by the Bankruptcy Code or the Bankruptcy Rules, if used therein.

ARTICLE II. INTRODUCTION

This Disclosure Statement describes the Plan of the Debtor. This Disclosure Statement and the Plan are propounded pursuant to sections 1125 and 1129 of title 11 of the United States Code (the "Bankruptcy Code"), and submitted to all known Creditors and holders of Claims and Equity Interests against Debtor for the purpose of disclosing the information that is material and necessary for Claimants to make an informed decision in exercising their right to vote on and understand the distribution scheme and proposed reorganization of the Debtor pursuant to the Plan. A copy of the Plan is attached as **"Exhibit A"** to this Disclosure

Statement. Reorganization pursuant to Chapter 11 of the Bankruptcy Code depends upon the receipt of a sufficient number of votes in favor of reorganization. Your vote, therefore, is important. ***Your rights may be affected by the treatment of your claim or interest under the Plan. Therefore, you should read this Disclosure Statement and the Plan carefully, and discuss it with your attorney. If you do not have an attorney, you may wish to consult one.***

You are urged to study the Plan in full and to consult with your counsel about the Plan and its effect, including possible tax consequences, upon your legal rights. Please read this Disclosure Statement carefully before voting on the Plan. ***CREDITORS CONCERNED WITH HOW THE PLAN MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR OWN ACCOUNTANTS, ATTORNEYS, OR OTHER ADVISORS.***

The financial information contained herein is not covered by a certified audit of independent public accountants. For this reason, the Debtor is unable to represent that the information contained in this Disclosure Statement is without inaccuracy, although every effort has been made to present the information fairly and accurately. Additional information can be found in the Debtor's Statement of Financial Affairs, Schedules of Assets and Liabilities, and Monthly Operating Reports, all of which have been filed with the United States Bankruptcy Court for the Southern District of Florida in the Debtor's Chapter 11 Case.

Except as otherwise expressly indicated herein, the portions of this Disclosure Statement describing the Debtor, its business, and the Plan have been prepared from information furnished by Debtor's management. This Disclosure Statement uses defined terms in capital letters. For the definitions of capitalized terms (not otherwise defined herein), see Article 1 in the Plan.

The proposed distributions to all Classes under the Plan are discussed at Article V of this Disclosure Statement.

A. Purpose of this Document

This Disclosure Statement describes:

a. A brief explanation of Chapter 11 and the Confirmation process,

b. The business of Debtor and significant events during the Chapter 11 Case,

c. How the Plan proposes to treat Claims and Equity Interests of the type you hold (*i.e.*, what you will receive on your Claim or Equity Interests if the Plan is confirmed),

d. Who can vote on or object to the Plan,

e. What factors the Bankruptcy Court will consider when deciding whether to confirm the Plan,

f. Why the Debtor believes the Plan is feasible, and how the treatment of your Claim or Equity Interest under the Plan compares to what you would receive on your Claim or Equity Interest in liquidation, and

g. The effect of Confirmation on the Plan.

ARTICLE III. OVERVIEW OF CHAPTER 11

A. *Brief Explanation of Chapter 11*

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Pursuant to Chapter 11, a Debtor is authorized to reorganize or liquidate its business for its benefit and for the benefit of Creditors and Equity Interest Holders. Upon the filing of a petition under Chapter 11, actions by Creditors and Claimants attempting to collect on pre-petition Claims or to foreclose upon any of the Debtor's property are automatically stayed during the pendency of the Chapter 11 case.

In this case, the Debtor, a small business, has continued in possession of its property. Accordingly, pursuant to Section 1107(a) of the Bankruptcy Code, the Debtor is vested with substantially the same powers as a trustee under the Bankruptcy Code.

B. *Voting on the Plan*

Formulation of a plan of reorganization is the principal purpose of a Chapter 11 reorganization proceeding. However, liquidation of a Debtor's assets is also permitted under Chapter 11. The Plan is the vehicle through which Claims of the Debtor's Creditors are satisfied. Each Creditor entitled to vote on the Plan may cast its vote for or against the Plan by completing, dating, and signing the Ballot Form, which shall accompany the Plan. The Bankruptcy Court will, by separate Order, order that Ballots and objections to Confirmation of the Plan, must be received at the offices of Debtor's counsel, Jacqueline Calderin, Esq., Ehrenstein Charbonneau Calderin, 501 Brickell Key Drive, Suite 300, Miami, FL 33131 and the Office of the United States Trustee, 51 SW 1st Avenue, Room 1204, Miami, FL 33130, no later than 5:00 p.m. on the date set forth in the Ballot and Order that shall accompany this Disclosure Statement or be provided by separate mailing.

This Disclosure Statement is intended to assist Creditors in evaluating the Plan and in determining whether to accept the Plan. **UNDER THE BANKRUPTCY CODE, YOUR VOTE FOR ACCEPTANCE OR REJECTION MAY NOT BE SOLICITED UNLESS YOU RECEIVE A COPY OF THIS DISCLOSURE STATEMENT PRIOR TO OR CONTEMPORANEOUS WITH SUCH SOLICITATION. THE SOLICITATION OF VOTES ON THE PLAN IS GOVERNED BY THE PROVISIONS OF SECTION 1125(b) OF THE BANKRUPTCY CODE, THE VIOLATION OF WHICH MAY RESULT IN SANCTIONS BY THE COURT, INCLUDING DISALLOWANCE OF THE SOLICITED VOTE, AND LOSS OF THE "SAFE HARBOR" PROVISIONS OF SECTION 1125(e) OF THE BANKRUPTCY CODE.**

Only the votes of Creditors in the Classes that are impaired by the Plan will be counted to determine if the Plan is accepted by Creditors. In this case, all Classes except for Class 7 are impaired by the Plan. Only Classes 1, 2, 3, 4, 5 and 6 are entitled to vote. Therefore, only Classes 1, 2, 3, 4, 5 and 6 will have their votes counted. Votes on the Plan will only be counted for those Claims for which (a) the Claim was scheduled by the Debtor as undisputed, liquidated, and not contingent or (b) a proof of Claim was filed before the Bar Date, if any, provided such Claim has not been disallowed, objected to, or suspended prior to the computation of the vote. ***The Ballot Form does not constitute a proof of Claim.***

C. *The Confirmation Hearing*

The Bankruptcy Court will schedule a hearing on the Confirmation of the Plan to determine if the Plan has been accepted by the requisite number of Creditors and whether the other requirements necessary to Confirmation have been satisfied. The date on which the Confirmation hearing will be conducted will be set forth in the Bankruptcy Court's Order

setting the hearing on Confirmation of the Plan, which will be provided either with the Plan or in a separate mailing.

D. *Confirmation*

At the Confirmation hearing, the Bankruptcy Court will determine, among other things, whether the Plan has been accepted by each Impaired Class. Under Section 1126 of the Bankruptcy Code, an Impaired Class is deemed to have accepted the Plan if at least two-thirds in amount and more than one-half in number of Allowed Claims in such Class voting to accept or reject the Plan have voted in favor of acceptance.

There are two methods by which the Plan can be confirmed: (i) the "acceptance" method in which all Impaired Classes have voted to accept the Plan as described above; and (ii) the "cram-down" method, in which the Plan is not accepted by one or more of the Impaired Classes, provided the Bankruptcy Court finds that the Plan does not discriminate unfairly and is fair and equitable to such Class or Classes. For a Plan to be confirmed under the "non-acceptance" or "cram-down" method, it must be accepted by at least one Class of Claims or Interests that is Impaired by the Plan. The Debtor may choose to rely upon the "non-acceptance" method to seek Confirmation of the Plan, if it is not accepted by all Impaired Classes of Creditors.

Section 1129(b) of the Bankruptcy Code provides that the Bankruptcy Court may confirm the Plan notwithstanding its rejection by one or more Impaired Class if the Bankruptcy Court finds that the Plan is fair and equitable with respect to each Impaired Class that does not accept the Plan. With respect to Classes of Secured Creditors, the fair and equitable test requires that a Secured Creditor (i) retain its lien or liens and receive cash payments having a present value equal to its Allowed Secured Claim; (ii) receive the proceeds from the sale of its

collateral, or (iii) realize the indubitable equivalent of its Claim. With respect to a Class of Unsecured Claims, the fair and equitable test requires that if each Claimant in such Class does not receive property having a present value equal to the amount of such Claimant's Allowed Claim, no junior class can receive any property on account of such junior Claim or Equity Interest. If the Bankruptcy Court orders Confirmation of the Plan, then pursuant to Section 1141(d) of the Bankruptcy Code, the Debtor is discharged from all pre-Confirmation debts except as provided in the Plan. Confirmation makes the Plan binding on the Debtor, all Creditors, Equity Interest Holders, and other parties in interest regardless of whether they voted to accept or reject the Plan.

ARTICLE IV. THE DEBTOR'S BUSINESS AND THE CHAPTER 11 CASE

A. *Aqua Life's Business, its History, and its Premises*

Aqua Life is a Florida corporation that operates a family-owned Pinch A Penny franchise that provides swimming pool retail, service, construction, and repair business through a franchised agreement initially entered into on or around since 1985[1]. Under the Franchise Agreement, the Debtor is obligated to maintain certain franchise standards and pay licensing fees in the approximate amount of 10% of revenue (the "Franchise Fee"). A valuable component of the Franchise Fee includes corporate wide marketing campaigns that would otherwise be too costly for a business the Debtor's size to absorb. As a measure to ensure operational and financial compliance by the franchisees with Pinch A Penny standards, Pinch A Penny conducts a bi-annual audit, which audit includes review of the franchisee's books and records. As an incentive to high-performing franchises, Pinch A Penny frequently awards trips

[1] (the "Franchise Agreement", which includes numerous and amendments, continuations; the most recent version of which was executed on or around September 2016).

to its franchise owners. For several years, Aqua Life has distinguished itself as a top performing franchisee, resulting in the award of several fully paid trips to the Principals and their families, including trips to Alaska, the Bahamas, Canada, and several cruises.

Pinch A Penny additionally

The Debtor is a closely-held, family run enterprise and a small business debtor pursuant to Section 101(51D) of the Bankruptcy Code. As of the Petition Date, the Debtor employed approximately 29 full- and part-time employees, including 2 officers that work as general managers, for retail (Raymond Ibarra) and construction (Luis E. Ibarra), 1 salaried employee, 2 assistant managers, 8 hourly employees, and the balance of its employees are hourly plus commission earners.

At its inception, Aqua Life initially operated from a rented storefront that was formerly a 7-11 convenience store located in a strip shopping center owned by The Southland Corporation (the "**7-11 Location**"). In 1987, Mr. and Mrs. Ibarra purchased the 7-11 Location and Southland Corporation issued a special warranty deed to Luis F. Ibarra and Ana Ibarra as husband and wife. Mr. and Mrs. Ibarra held title to the 7-11 Location as tenants by the entireties until 2007, when Mr. and Mrs. Ibarra gifted the 7-11 Location to Ralu Corp. Ralu Corp. is an entity owned jointly by Mr. and Mrs. Ibarra and their sons, Luis E. and Raymond Ibarra. In or around June 2009, Ralu Corp. obtained a $1.6 million loan from Professional Bank (the "**Professional Bank Loan**"), the proceeds of which were used primarily by Ralu Corp. to purchase and improve a vacant lot adjacent to the 7-11 Location. The improvements to the vacant lot included a 9,200 square foot building (the "**Ralu Building**"). Upon completion of the construction, Ralu Corp. leased the Ralu Building to Aqua Life and Aqua Life has continuously and exclusively leased the Ralu Building. The term of the current lease

agreement between Ralu Corp. and Aqua Life is on a "year-to-year" triple net lease, terminable by either party, and includes (in addition to the Ralu Building) exclusive use of a 6,000 square foot warehouse used for storage of spas and equipment. The Debtor believes that the current rent obligation under the lease is at or below market rent.[2]

During the course of the landlord-tenant relationship between Ralu Corp. and Aqua Life, Aqua Life has at various times made its lease payments directly to Ralu Corp. or to Professional Bank and taxing authorities in *lieu* of rent.

Since its inception, the Principals have, at various times, provided unsecured loans to the Debtor, some of which remain unpaid as of the Petition Date. (*See,* Schedule F at ECF #52).[3]

B. *Business Factors Necessitating the Chapter 11 Case*

Prepetition, the Debtor was a defendant in a slew of labor-related claims brought by one lawyer who specializes in these types of claims[4]. Three of the claimants are related (Suzette Cardenas, her husband, and his father) and allege that the Debtor wrongfully terminated all three of them. One of the labor claimants obtained a judgment pre-petition. Although the Debtor believes the labor claims are wholly without merit, the Debtor is a small business and

[2] The base rent under the Lease is $19,000 per month (the "Base Rent"), which sums includes rent for the Ralu Building and rent for the spa storage warehouse. In addition to the Base Rent, the Debtor is obligated to pay sales and use tax to Ralu and real property tax directly to the appropriate government agency. The Debtor believes that the current market rent for the Ralu Building is approximately $22/square foot. The current real estate taxes are approximately $36,000 per year. The Base Rent includes $5,000 per month for an off-site 6,000 square foot storage facility (which is a property owned by Ana & Luis Ibarra) which has been used exclusively by the Debtor since on or around 2003. The Debtor believes that the market rent for the storage facility is approximately $15/square foot (i.e., $7,500 per month). Prior to 2003, the Debtor rented another 6,000 square foot warehouse near Tamiami Airport from an unrelated third party. At that time, the monthly rent was approximately $6,000/month.

[3] A non-exhaustive sample of said contributions and their respective sources include, e.g., (a) a $400,000 line of credit loan against Raymond and Celina Ibarra's home; (b) a $200,000 line of credit loan against Luis F. and Ana Ibarra's home; (c) a cash out of Luis E. Ibarra's IRA account in the sum of $73,000.

[4] The relevant proofs of claim are as follows: Claim #10 of Suzette Cardenas in the amount of $600,000.00; Claim #11 of Osvaldo Perez-Borroto in the amount of $600,000.00; Claim #12 of Jorge Rodriguez in the amount of $600,000.00; Claim #13 of Silvio Rodriguez in the amount of $1,100,000.00; and Claim #14 of Humberto Reyes in the amount of $1,000,000.00.

could not afford to continue to defend these claims piecemeal or to prosecute an appeal on the one claim where judgment was rendered against the Debtor, notwithstanding that the Debtor believes the trial court committed reversible error. The Debtor filed Chapter 11 with the hope of dealing with all claims in an organized fashion. The Debtor believes that restructuring its obligations will increase free cash flow for operations at the same time that the restructured obligations can be adequately serviced and payments made to creditors pursuant to the terms of the Plan.

C. *Aqua Life's Secured Indebtedness*

As of the Petition Date, the Debtor has four Secured Creditors that have asserted lien interests in the Debtor's assets: (i) Pinch A Penny, (ii) Nissan Motors, (iii) Ocean Bank, and (iv) Wells Fargo.

1. Pinch A Penny

The Franchise Agreement granted Pinch A Penny and its affiliated companies, including Sun Wholesale and Porpoise Pool & Patio, Inc. ("Porpoise"), a security interest in all the business assets of Aqua Life, including all merchandise, equipment, products, or supplies to secure any indebtedness to Aqua Life, as well as a purchase money security interest in all products that Aqua Life purchases from Pinch A Penny or its affiliates.

Contemporaneous with the execution of the original Franchise Agreement, Pinch A Penny and its affiliates, Sun Wholesale and Porpoise, filed Form UCC-1 Financing Statement Forms with the Florida Secured Transaction Registry asserting a blanket security interest in all of Aqua Life's accounts, fixtures, documents, equipment, inventory, instruments, chattel papers, general intangibles, and other personal property then-owned or thereafter acquired by Aqua Life for use in its franchised business and all proceeds and products thereof. The most

recent Form UCC-3 continuing the perfection of Pinch A Penny's lien interests was filed on or around December 18, 2013.

As of the Petition Date, the Debtor was indebted to Pinch A Penny in the amount of $443,018.26. *See* Proof of Claim #5 (filed by Pinch A Penny on behalf of itself and its affiliates).

2. Ocean Bank

In 2014, Ralu Corp. Ralu Corp. submitted a loan application to Ocean Bank for the purpose of refinancing the Professional Bank Loan. Given that Aqua Life was Ralu Corp.'s only tenant (and source of income), and was itself a cash-flowing business, Ocean Bank conditioned the loan to Ralu Corp on Aqua Life guaranteeing the indebtedness on the refinance. Aqua Life agreed and on or around December 16, 2014 Ralu Corp. obtained a $1,550,000.00 loan from Ocean Bank for the (the "Premises Loan") with Aqua Life as co-borrower. To effectuate the Premises Loan, Aqua Life and Ralu Corp. executed a certain promissory note and mortgage and security agreement in favor of Ocean Bank. Thereafter, Ocean Bank filed a Form UCC-1 Financing Statement with the Florida Secured Transaction Registry asserting a blanket security interest in, among other others, all of Aqua Life's corporate assets located at the Debtor's business premises, including but not limited to accounts, chattel paper, inventory, equipment, deposit accounts, general intangibles, furnishings, and fixtures, whether then-owned or thereafter acquired to secure the obligations under the Premises Loan. Upon closing of the Premises Loan, Ralu Corp loaned Aqua Life approximately $200,000.00, which sum Aqua Life used primarily for inventory and collateral brand accessories required by the Pinch A Penny franchise agreement. As of the Petition Date, approximately $1,467,678.00 remains outstanding under the Premises Loan.

Simultaneous with the Premises Loan transaction, the Debtor and Ralu Corp. entered into a business loan agreement with Ocean Bank, wherein Ocean Bank loaned the sum of $200,000.00 (the "LOC Note"). Contemporaneously with the execution of the LOC Note, Ocean Bank filed a UCC-1 financing statement perfecting its blanket lien interest in all assets of the Debtor. The LOC Note was obtained by the Debtor to refinance a prior line of credit obligation with Wells Fargo (its current Floor Plan Agreement referenced in the next paragraph) but was instead used primarily to build out the retail area to franchise specifications and purchase inventory. Although Ralu was not an obligor on the Debtor's prior debt, Ocean Bank similarly required that Ralu guaranty the Debtor's obligations. The balance due under the LOC Note as of the Petition Date is $199,852.71.

3. Wells Fargo

Prior to the Petition Date, Aqua Life entered into a certain inventory financing agreement with GE Commercial Distribution Finance Corp. ("GE CDF") dated June 27, 2011 to obtain a line of credit for certain products (the "Floor Plan Agreement"). The Floor Plan Agreement granted GE Finance Corp. a blanket security interest in all personal property of Aqua Life. To perfect the security interest given in the Floor Plan Agreement, GE Finance Corp. filed a Form UCC-1 Financing Statement Form with the Florida Secured Transaction Registry on June 30, 2011. Thereafter, Wells Fargo acquired GE CDF and is now the current lender under the Floor Plan Agreement.

As of the Petition Date, approximately $131,095.00 remains outstanding under the Floor Plan Agreement. The Debtor has continued to service the Wells Fargo obligation pursuant to the Court's order approving use of cash collateral [ECF #63]. The current balance due to Wells Fargo as of the date of this Disclosure Statement is approximately $50,920.00.

4. Nissan Motors

On or around April 4, 2014, the Debtor entered into a retail purchase money agreement with Nissan Motors for the purchase of a certain Nissan NV 1500 Truck used in the operations of the Debtor's business. The Debtor has continued to service the debt to Nissan Motors in the ordinary course. As of the Petition Date, the balance owed to Nissan Motors was $13,876.12.

D. *Prepetition Priority and Unsecured Claims*

Based upon timely filed proof of claim, the Debtor's Schedules of Assets and Liabilities, and resolutions of certain claims as of the date of this Disclosure Statement, approximately $4,028,173 in General Unsecured Claims (excluding Claims of Insiders) have been filed or asserted in the Case and no claims have been filed as Priority Claims. A copy of the Claims Register maintained by the Bankruptcy Court is attached hereto as **"Exhibit B"**.

To the extent that a creditor filed a proof of claim that was also scheduled by the Debtor, the filed proof of claim would supersede the scheduled claim, subject to alternative resolutions obtained in the claims objection process. The Debtor does not waive any objections to or concede that any of these claims are or will be allowed. The Debtor has not yet completed its review of and possible objections to timely filed claims. Based on the filed claims, potential claims objections, and the funds available for distribution under the Plan, the Debtor estimates a distribution equal to one hundred percent (100%) of each Allowed Class 5 Convenience Claims and a distribution equal to one percent (1%) of each Allowed Class 6 Claimholder's Claim. This percentage distribution is provided for Disclosure Statement purposes only and should not be construed by any Claim or Equity Interest Holder to mean that its Claim will be allowed or that it will actually receive this percentage distribution on its Claim.

E. ***Significant Events in the Chapter 11 Case Including First Day Motions***

As of the Petition Date, the Debtor, through its counsel, filed the following motions:

1. Debtor's Emergency Application for Approval, on an Interim and Final Basis, of Employment of Jacqueline Calderin, Esq. and the law firm of Ehrenstein Charbonneau Calderin as General Bankruptcy Counsel for the Debtor-in-Possession, *Nunc Pro Tunc* to Petition Date [ECF # 5];

2. Debtor's Emergency Motion to Continue Use of Cash Management System [ECF# 8];

3. Debtor's Emergency Motion Pursuant to 11 U.S.C. §§ 105, 361, 362, and 363, Bankruptcy Rules 4001(b) and 6003, and Local Rules 4001-2 and 9013-1 for Interim Order (A) Authorizing Use of Cash Collateral, (B) Finding that Secured Creditor is Adequately Protected; and (3) Scheduling Final Hearing [ECF# 9] (the "Cash Collateral Motion");

4. Debtor's Emergency Motion for an Order Authorizing Debtor to Honor Customer Deposits and Customer Loyalty Programs [ECF# 12];

5. Debtor's Expedited Motion for Authority to Pay Pre-Petition Wages and Salaries [ECF# 17];

6. Debtor's Application to Retain Current Outside Bookkeeper Reinaldo L. Azan, CPA and the Firm of Reinaldo L. Azan, CPA as Debtor's Accountant and Bookkeeper, *Nunc Pro Tunc* to Petition Date [ECF # 26]; and

7. Motion to Approve Adequate Protection Agreement between Debtor and Franchisor *Nunc Pro Tunc* to Petition Date [ECF# 27]; and

8. Debtor's Motion to Authorize Debtor in Possession Financing [ECF # 105][5].

1. *Use of Cash Collateral*

As of the Petition Date, Pinch A Penny, Ocean Bank, and Wells Fargo claimed an interest in substantially all of the Debtor's assets, including the Debtor's cash. As with any

[5] The Debtor required approval to obtain financing given that many vendors had discontinued terms because of the filing of the Chapter 11, including its franchisor. Pinch A Penny has since provided modified terms to the Debtor that allows the Debtor to pay for its bulk early buy as inventory is delivered (rather than in one lump sum payment of $300,000). As of the end of March 2018, the Insiders have loaned approximately $128,000.00 to the Debtor that remains unpaid.

operating business, the Debtor required access to cash in order to fund its operations, including payment to employees and purchasing inventory. Consequently, in order to continue operating during the pendency of this Chapter 11 case, the Debtor sought and obtained orders from the Court (with the consent of Secured Creditors), authorizing the Debtor to use cash that may constitute cash collateral of the Secured Creditors. [ECF ##34, 63, 120, 146].

The Debtor's authority to use cash collateral currently expires on April 30, 2018, and may be extended without notice or hearing upon written consent of the Secured Creditors and the U.S. Trustee. To the extent necessary, the Debtor will seek a further extension of the authority to use cash collateral in due course.

F. ***Claims***

1. Bar Date for Filing Proofs of Claims. The general Claims Bar Date in this case was on **September 18, 2017**.

2. Claims Objections Generally. There are several Creditors that the Debtor scheduled as disputed, contingent, or unliquidated. These Creditors have been so designated on Schedule F (the "Disputed Creditors"). To the extent that any of these Disputed Creditors filed or files a proof of claim, the Debtor may object to these Claims. In addition, there may exist proofs of claim that may have been filed, but not scheduled, and to which the Debtor may file an objection. Only creditors with Allowed Claims are entitled to vote on the Plan.

ARTICLE V. DEADLINES FOR VOTING AND OBJECTING

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

A. ***Final Hearings to Approve the Disclosure Statement and Plan***

The hearings to finally approve this Disclosure Statement and confirm the Plan will be set by the Court and held at the United States Bankruptcy Court, C. Clyde Atkins United States Courthouse, 301 N. Miami Avenue, Courtroom 4, Miami FL 33128, and notice of the hearings will be provided to all parties in interest.

B. ***Deadline for Voting to Accept or Reject the Plan***

If you are entitled to vote to accept or reject the Plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to:

Clerk's Office - Miami Division
C. Clyde Atkins Federal Building
301 N Miami Avenue
Room 150
Miami, Florida 33128
T. 305.714.1800

With a copy to:

Jacqueline Calderin, Esq.
Counsel to the Debtor
Ehrenstein Charbonneau Calderin
501 Brickell Key Drive, Suite 300
Miami, Florida 33131

Your ballot must be received by the voting deadline established by the Bankruptcy Court or it will not be counted.

Each Creditor entitled to vote on the Plan may cast its vote for or against that Plan by completing, dating, and signing the Ballot Form (the "Ballot"), which shall accompany the Plan. The Bankruptcy Court will, by separate Order, order that Ballots and objections to Confirmation of the Plan, be received at the offices of Debtor's counsel, Jacqueline Calderin, Esq., Ehrenstein Charbonneau Calderin, 501 Brickell Key Drive, Suite 300, Miami, FL 33131 and the Office of the United States Trustee, Region 21, 51 SW First Avenue, Room 1204,

Miami, FL 33130, no later than 5:00 p.m. on the date set forth in the Ballot and Order approving this Disclosure Statement or be provided by separate mailing.

This Disclosure Statement is intended to assist Creditors in evaluating the Plan and in determining whether to accept the Plan. **UNDER THE BANKRUPTCY CODE, YOUR VOTE FOR ACCEPTANCE OR REJECTION MAY NOT BE SOLICITED UNLESS YOU RECEIVE A COPY OF THIS DISCLOSURE STATEMENT PRIOR TO OR CONTEMPORANEOUS WITH SUCH SOLICITATION. THE SOLICITATION OF VOTES ON THE PLAN IS GOVERNED BY THE PROVISIONS OF SECTION 1125(b) OF THE BANKRUPTCY CODE, THE VIOLATION OF WHICH MAY RESULT IN SANCTIONS BY THE COURT, INCLUDING, BUT NOT LIMITED TO, DISALLOWANCE OF THE SOLICITED VOTE, AND LOSS OF THE "SAFE HARBOR" PROVISIONS OF SECTION 1125(e) OF THE BANKRUPTCY CODE.**

Only the votes of Creditors in the non-Insider Classes that are Impaired by the Plan will be counted to determine if that Plan is accepted by Creditors. Therefore, Classes 1 through 6 of the Plan will have their votes counted. Votes on the Plan will only be counted for those Claims for which a proof of Claim was filed before the applicable Claims Bar Date, if any, provided such Claim has not been disallowed or suspended prior to the computation of the vote. **The Ballot Form does not constitute a proof of Claim**.

C. *Deadline for Objecting to the Adequacy of Disclosure and Confirmation of the Plan*

Objections to this Disclosure Statement or to the Confirmation of the Plan must be filed with the Court at the Clerk's Office address provided above and served upon Debtor's counsel, Jacqueline Calderin, Esq., and the Office of the United States Trustee, 51 SW 1st Avenue,

Room 1204, Miami, FL 33131, by the date and time set forth in the Order conditionally approving this Disclosure Statement.

D. *Sources of Information*

Except as otherwise expressly indicated, the portions of this Disclosure Statement describing the Debtor, its business, property, and management have been prepared from information furnished by the Debtor.

Certain of the materials contained in this Disclosure Statement are taken directly from other readily accessible documents or are digests of other documents. While the Debtor has made every effort to retain the meaning of such other documents or portions that have been summarized, the Debtor urges that any reliance on the contents of such other documents should depend on a thorough review of the documents themselves. In the event of a discrepancy between this Disclosure Statement and the actual terms of a document, the actual terms of the document shall govern, control, and apply.

The statements contained in this Disclosure Statement are made as of the date hereof unless another time is specified, and neither the delivery of this Disclosure Statement nor any exchange of rights made in connection with it shall, under any circumstances, create an implication that there has been no change in the facts set forth herein since the date of this Disclosure Statement.

No statements concerning the Debtor, the value of its property, or the value of any benefit offered to the holder of a Claim or Equity Interest under the Plan should be relied on other than as set forth in this Disclosure Statement. In arriving at a decision, parties should not rely on any representation or inducement made to secure their acceptance or rejection that is contrary to information contained in this Disclosure Statement, and any such additional

representations or inducements should be immediately reported to counsel for the Debtor. If you want additional information about the Plan, please contact counsel for the Debtor, Jacqueline Calderin, Esq. via email jc@agentislaw.com or by phone at 305-722-2002.

E. *Disclaimer*

The Court has not yet approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about it terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation.

THE APPROVAL BY THE BANKRUPTCY COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE PLAN OR A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN. THE MATERIAL CONTAINED IN THIS DISCLOSURE STATEMENT IS INTENDED SOLELY FOR THE USE OF CLAIMHOLDERS IN EVALUATING THE PLAN AND VOTING TO ACCEPT OR REJECT THE PLAN. ACCORDINGLY, YOU SHOULD NOT RELY ON IT FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON, OR WHETHER TO OBJECT TO, THE PLAN. THE LIQUIDATION OF THE DEBTOR PURSUANT TO THE PLAN IS SUBJECT TO NUMEROUS CONDITIONS AND VARIABLES, AND THERE CAN BE NO ABSOLUTE ASSURANCE THAT THE PLAN, AS CONTEMPLATED, WILL BE EFFECTUATED.

THE DEBTOR BELIEVES THAT THE PLAN AND THE PROPOSED TREATMENT OF CLAIMS IS IN THE BEST INTEREST OF CREDITORS, AND THEREFORE URGES YOU TO VOTE TO ACCEPT THE PLAN.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION ("SEC"), NOR HAS IT PASSED ON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE PLAN SHOULD BE REVIEWED CAREFULLY.

NEITHER THE FILING OF THE PLAN NOR ANY STATEMENT OR PROVISION CONTAINED IN THE PLAN OR IN THIS DISCLOSURE STATEMENT, NOR THE TAKING BY ANY PARTY IN INTEREST OF ANY ACTION WITH RESPECT TO THE PLAN, SHALL (i) BE OR BE DEEMED TO BE AN ADMISSION AGAINST INTEREST AND (ii)

UNTIL THE EFFECTIVE DATE, BE OR BE DEEMED TO BE A WAIVER OF ANY RIGHTS ANY PARTY IN INTEREST MAY HAVE (a) AGAINST ANY OTHER PARTY IN INTEREST OR (b) IN ANY OF THE ASSETS OF ANY OTHER PARTY IN INTEREST, AND, UNTIL THE EFFECTIVE DATE, ALL SUCH RIGHTS ARE SPECIFICALLY RESERVED. IF THE PLAN IS NOT CONFIRMED OR FAILS TO BECOME EFFECTIVE, NEITHER THE PLAN NOR THE DISCLOSURE STATEMENT, NOR ANY STATEMENT CONTAINED IN THE PLAN OR IN THE DISCLOSURE STATEMENT, MAY BE USED OR RELIED ON IN ANY MANNER IN ANY SUIT, ACTION, PROCEEDING OR CONTROVERSY, WITHIN OR WITHOUT THE DEBTOR'S CHAPTER 11 CASE, INVOLVING THE DEBTOR, EXCEPT WITH RESPECT TO CONFIRMATION OF THE PLAN.

ARTICLE VI. SUMMARY OF THE PLAN AND DISTRIBUTION SCHEME

A. *SOURCES OF PLAN FUNDING*

The Plan shall be funded by a Plan Fund consisting of: (i) funds on deposit in the Debtor's account on the Effective Date, (ii) future revenues from the business operations and receivables of the Debtor and the Reorganized Debtor following confirmation of the Plan, (iii) recovery of $40,000.00 in recovery of potential preference payments[6]; and (iv) additional new value contributed by the Principals. The total sum of new value payments to be contributed by the Principals is a material component of the Plan's feasibility (*See,* cash flow projections attached as "**Exhibit E**" (the "Plan Projections'). Specifically, the Principals will be required to deposit the sum of $250,000.00 from their personal assets (the "New Value") on the Effective Date in order to maintain positive cash flow during the term of the Plan and complete plan payments with a resulting available cash balance of $15,164.00. The New Value may consist of a combination of cash and waive of administrative claims arising from post-petition

[6] Contemporaneous with the filing of this Disclosure Statement and Plan, the Debtor will file two separate motions to approve settlements for potential claims of the Debtor against Insiders for payments of antecedent debt during the period of 12 months prior to the Petition Date. The Debtor's principal, Raymond Ibarra, has agreed to personally pay such sums notwithstanding that the Debtor does not believe it was insolvent during a significant portion of the 12-month look back period.

loans from the Insiders to the Debtor that remain unpaid at Confirmation. As of April 27, 2018, the balance of unpaid loans from Insiders is approximately $108,000.00. The Plan Fund will commit sufficient sums to pay 100% of Allowed Convenience Claims and a total of Fifty Thousand Dollars ($50,000.00) to be paid in 4 annual installments of Twelve Thousand Five Hundred Dollars and 00/100 ($12,500.00) each to be distributed *pro rata* to Class 6 (the "GUC Payments"). The Debtor estimates that the GUC Payments will result in a distribution to general unsecured claims of approximately one – three percent (1 - 3%)[7]. The Plan Projections demonstrate that these proposed payments to creditors over time are feasible.

B. *CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS*

As required by the Bankruptcy Code, the Plan classifies Claims and Equity Interests in various Classes according to their right to priority of payments as provided in the Bankruptcy Code. The Plan states whether each Class of Claims or Equity Interests is impaired or unimpaired. The Plan provides the treatment of each Class will receive under the Plan. In accordance with the requirements of the Bankruptcy Code, Allowed Administrative Expense Claims are not classified. The Allowed Claims against the Debtor's Estate are set forth and classified as follows:

1. Unclassified Claims

a. Administrative Claims: Administrative Claims include claims for costs or expenses of administering the Debtor's case, which are allowed under Section 503(b) of the Bankruptcy Code, fees payable to the Clerk of the Bankruptcy Court and the Office of the United States Trustee that were incurred during the course of the Case, and

[7] This is an estimate based on information reasonably available to the Debtor as of the date herein and prior to any resolutions reached in the context of claims allowance process. The projected percentage of distribution is not intended to be a guarantee.

Professional Claims. No motion or application is required to fix fees payable to the Clerk's Office or the Office of the United States Trustee, as those fees are determined by statute. The Bankruptcy Code requires that Allowed Administrative Claims be paid on the Effective Date, unless a particular creditor agrees to different treatment. All fees payable pursuant to section 1930 of Title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on the Effective Date. All Allowed Administrative Claims shall be paid in full on or before the Effective Date of the Plan.

b. Professional Claims: The Bankruptcy Court must approve all requests for the payment of professional compensation and expenses to the extent incurred on or before the Confirmation Date. Each Professional requesting compensation or reimbursement of expenses in the Proceedings pursuant to Sections 327, 328, 330, 331, 503(b), or 1103 of the Bankruptcy Code shall file an application for allowance of final compensation prior to the expiration of the deadline set by the Court. Nothing herein shall prohibit each Professional from requesting interim compensation during the course of these cases pending Confirmation of the Plan. All fees, costs, and disbursements of Professionals shall be the subject matter of applications to the Court for allowance or award in the manner prescribed by the Code. The Debtor anticipates that the Professional Claims due on the Effective Date will be approximately $80,000.00 for fees payable to Ehrenstein Charbonneau Calderin and Agentis PLLC, which will be paid when approved by Order of the Bankruptcy Court.

c. Administrative Expense Claims. Administrative Expense Claims are claims that arise in the ordinary course of the Debtor's business that are entitled to priority under section 503(b)(1)(A) of the Bankruptcy Code. The Reorganized Debtor will assume all Administrative Expense Claims and will continue to pay those Claims in the

ordinary course of business pursuant to the terms that existed between the Debtor and the Holder of an Allowed Administrative Expense Claim prior to Confirmation. The projections listed on Exhibit "E" hereof provide for payment of Allowed Administrative Expense Claims in the ordinary course of business of the Reorganized Debtor.

d. United States Trustee Fees. All fees required to be paid by 28 U.S.C. § 1930(a)(6) ("U.S. Trustee Fees") will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or before the Effective Date of this Plan will be paid on the Effective Date. Notwithstanding any other provisions of the Plan to the contrary, the Debtor/Reorganized 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 the Plan, for pre-confirmation periods and simultaneously file all the Monthly Operating Report for the relevant periods, indicating the cash disbursements for the relevant period for the Debtor which had not previously been filed. The Debtor, as Reorganized Debtor, shall further pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6), based upon all post-confirmation periods within the time period set forth in 28 U.S.C. § 1930(a)(6), based upon all post-confirmation disbursements made by the Reorganized Debtor until the earlier of the closing of the case by the issuance of a Final Decree by the Bankruptcy Court, or upon the entry of an order by the Bankruptcy Court dismissing the case or converting this case to another chapter under the United States Bankruptcy Code, and the Reorganized Debtor shall provide to the United States Trustee upon the payment of each post-confirmation payment, and concurrently filed with the Court, Post-Confirmation Quarterly Operating Reports indicating all the cash disbursements for the relevant period.

2. Classified Claims

a. **Class 1. Allowed Secured Claim of Nissan Motors.** On the Effective Date, Nissan Motors shall receive a new note in the amount of the balance due as of the Effective Date, secured by the vehicle's title. The Debtor anticipates the new note will be in the approximate amount of $13,000.00, and shall bear interest at 3.5% per annum, fully amortized over four (4) years, and payable in equal monthly installments, commencing on or before the Effective Date. **Class 1 is impaired and is entitled to vote.**

b. Class 2. Allowed Secured Claim of Pinch A Penny. On the Effective Date, Pinch A Penny shall receive a note, secured by its Collateral, in the amount of Four Hundred Forty-Three Thousand Eighteen Dollars and 00/100 ($443,018.00), which shall bear interest at 3.5% per annum, fully amortized over four (4) years, and payable in monthly installments of $9,904.11, commencing on or before the 10th day of the month following the Effective Date. The Allowed Pinch A Penny Claim is guaranteed by Insiders of the Debtor. As such, nothing in the Plan or Confirmation Order shall prevent the Insiders of the Debtor from negotiating other payment from non-estate funds. **Class 2 is impaired and entitled to vote.**

i. **Class 3. Allowed Secured Claim of Ocean Bank.** On the Effective Date of the confirmed Plan, the Reorganized Debtor will provide Ocean Bank a note, secured by its Collateral, in the amount equal to $199,852.71, amortized over a four (4) year period at 5 percent (5%) per annum, to be in equal installments of $4,602.47 commencing on or before the 10th day of the month following the Effective Date (the "New Note"). Any reasonable fees awarded pursuant to 11 U.S.C. § 506(b), shall be added to the term of the New Note and become due and payable on the 48th month of the payment term. The Premises Loan Claim of

Ocean Bank will continue to be serviced by Ralu Corp. in the ordinary course of business. **Class 3 is impaired and entitled to vote.**

c. **Class 4. Allowed Secured Claim of Wells Fargo.** The Debtor shall continue to honor and abide by the terms set forth in the *Final Order Authorizing Debtor to Use Cash Collateral and Finding Secured Creditors are Adequately Protected in Connection Therewith* [ECF #63] (the "Cash Collateral Order") and the various agreed Orders extending the term thereof on account of post-Confirmation sales of Wells Fargo's Collateral. With respect to the sums due for unpaid inventory sold pre-petition, the Debtor shall make two (2) equal consecutive monthly payments commencing on or before the Effective Date for the first payment and the second payment to be made on or before the 10th day of the following month. Wells Fargo shall retain its lien on its Collateral. **Class 4 is impaired and entitled to vote.**

d. **Class 5. Convenience Claims.** Allowed Unsecured Claims of $5,000.00 or less (or those Creditors who opt into Class 5 by so designating on their respective ballot and limiting their Allowed Claim to $5,000.00), shall receive a distribution equal to one hundred percent (100%) of each Allowed Class 5 Claimholder's Claim, not to exceed Five Thousand Dollars and 00/100 in two (2) equal consecutive monthly payments commencing on or before the Effective Date for the first payment and the second payment to be made on or before the 10th day of the following month. **Class 5 is impaired and entitled to vote.**

e. **Class 6. Allowed General Unsecured Claims.** Class 6 consists of all Allowed General Unsecured Claims. The Reorganized Debtor shall make four consecutive annual payments of $12,500.00 each to be disbursed on a *pro rata* basis to Holders of Allowed Class 6 Claims with the first payment due on or before the Effective Date, and thereafter for every year on the same calendar day. To the extent that the Reorganized Debtor elects to prepay any

scheduled payments under the Plan, a discount will be applied as follows: a 15% reduction for payments made in full in year one; a 10% reduction for payments in full made in year two; and a 5% reduction for payments in full made in year three. **Class 6 is impaired and entitled to vote.**

f. **Class 7. Equity Interests of the Debtor.** Class 7 consists of Equity Interests in the Debtor of (i) Ana Ibarra (25 ½%); (ii) Luis E. Ibarra (24 ½%); (iii) Luis F. Ibarra (25 ½%; and (iv) Raymond E. Ibarra (24 ½%). On the Effective Date, the Equity Interests will be retained by the Principals in the amounts held prior to the Petition Date.

ARTICLE VII. PROVISIONS REGARDING VOTING AND DISTRIBUTIONS UNDER THE PLAN

A. ***Ballots and Voting Deadline***. **The deadline for submitting Ballots for the acceptance or rejection of the Plan will be established by the Bankruptcy Court, and notice of the voting deadline will be served upon all Claimants entitled to vote on the Plan** (the "Voting Deadline").

All Claimants (or their authorized representatives) entitled to vote must:

a. carefully review the Ballot and corresponding instructions,

b. execute the Ballot, and

c. return the ballot to the address indicated on the Ballot so that it is actually received by the Voting Deadline.

B. ***Claimholders Entitled to Vote***. Any Creditor whose Claim is not a Disputed Claim or an Unimpaired Claim is entitled to vote. Under the Plan, a "Disputed Claim" means (a) a Claim that is listed on a Debtor's Schedules as other than disputed, contingent, or unliquidated, but as to which an objection has been filed, and such objection has not been withdrawn or denied by a Final Order; or (b) a Claim that is listed on Debtor's Schedules as

disputed, contingent, or unliquidated. Returning the Ballot to the Debtor or Debtor's Counsel does not constitute filing a proof of Claim or Equity Interest.

Any Holder of a Disputed Claim is not entitled to vote, unless the Bankruptcy Court on motion filed by such Holder, temporarily allows the Claim in a specific amount for the purpose of accepting or rejecting the Plan. Such motion must be heard and determined by the Bankruptcy Court before the Confirmation Hearing on the Plan. A vote may be disregarded if the Bankruptcy Court determines that the Claimholder's acceptance or rejection was not solicited or procured in good faith or in accordance with the applicable provisions of the Bankruptcy Code. Ballots must be filed in the Case, which can be accomplished by sending completed Ballots to:

Clerk's Office - Miami Division
C. Clyde Atkins Federal Building
301 N Miami Avenue
Room 150
Miami, Florida 33128

With a copy to:

Jacqueline Calderin, Esq.
Counsel to the Debtor
501 Brickell Key Drive, Suite 300
Miami, Florida 33131

Ballots sent to Debtor's Counsel do not constitute filing a proof of Claim or Interest.

Under Bankruptcy Code Section 1126(f), a class that is not impaired under a Chapter 11 plan, and each Holder of a Claim or Equity Interest in such class, are conclusively presumed to have accepted the Chapter 11 plan. Under Bankruptcy Code Section 1126(g), a class is deemed not to have accepted a Chapter 11 plan if the Holders of Claims or Interests in such class do not receive or retain any property under the Chapter 11 Plan on account of such

Claims or Interests. Holders of Claims or Interests that are unimpaired under the Plan, or that are not entitled to receive or retain any property under the Plan, are not entitled to vote to accept or reject the Plan. The Debtor will not be soliciting votes from such Claimholders or Equity Interest holders.

C. ***Bar Date for Filing Proofs Claim*****.** The Bankruptcy Court established September 18, 2017 as the general deadline for filing proofs of claim in the Chapter 11 Case (called the "General Bar Date") with the following exceptions: (i) in the event that the Debtor amends its Schedules of Assets and Liabilities, the Debtor must give notice of such amendment to the Creditor affected thereby, and the affected Creditor shall have until the later of the General Bar Date or thirty (30) days from the date on which notice of such amendment was given to file a proof of Claim; (ii) in the event that a Claim arises with respect to the Debtor's rejection of an executory contract or unexpired lease, any Creditor shall have until the later of the General Bar Date or thirty (30) days after the entry of any Order authorizing the rejection of the executory contract or unexpired lease to file a proof of Claim.

D. ***Definition of Impairment***. Under Bankruptcy Code section 1124, a class of Claims or Equity Interests is impaired under a plan of reorganization unless, with respect to each Claim or Equity Interests of such class, the Plan:

a. leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or interest; or

b. notwithstanding any contractual provision or applicable law that entitles the holder of a claim or interest to receive accelerated payment of such claim or interest after the occurrence of a default:

i. cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of a kind specified in Bankruptcy Code section 365(b)(2);

ii. reinstates the maturity of such claim or interest as it existed before the default;

iii. compensates the holder of such claim or interest for damages incurred as a result of reasonable reliance on such contractual provision or applicable law; and

iv. does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest.

1. ***Disallowed Claims*****.** All Claims held by persons against whom the Debtor has commenced a proceeding asserting a Cause of Action under sections 542, 543, 544, 545, 547, 548, 549, and/or 550 of the Bankruptcy Code, shall be deemed "Disallowed" Claims pursuant to section 502(d) of the Bankruptcy Code and Holders of such Claims shall not be entitled to vote to accept or reject the Plan. Claims that are deemed Disallowed pursuant to this Section shall continue to be disallowed for all purposes until the avoidance action against such party has been settled or resolved by Final Order and any sums due to the Debtor from such party have been paid.

2. ***Acceptance by Class of Claimholders.*** A Class of Claimholders is deemed to have accepted the Plan, if the Plan is accepted by (a) at least two-thirds (2/3) in amount and (b) more than one-half (1/2) in number, of the Allowed Claims of such Class which actually cast votes.

3. ***Classes Impaired Under the Plan***

The following Classes are impaired under the Plan: Class 1, Class 2, Class 3, Class 4, Class 5, and Class 6.

4. ***Vote Required for Class Acceptance.***

The Bankruptcy Code defines acceptance of a plan by a class of creditors as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of the claims of that class that actually cast ballots for acceptance or rejection of the plan; that is, acceptance takes place only if creditors holding claims constituting at least two-thirds in dollar amount of the total amount of claims and more than one-half in number of the creditors actually voting cast their ballots in favor of acceptance.

The Bankruptcy Code defines acceptance of a plan by a class of interests as acceptance by holders of at least two-thirds in amount of the allowed interests of that class.

5. ***Information on Voting and Ballots.***

a. Transmission of Ballots to Claimholders

Ballots are being forwarded to Claimholders in Classes 1, 2, 3, 4, 5, and 6 of the Plan, and in accordance with the Bankruptcy Rules, an order approving the Disclosure Statement and setting forth relevant Confirmation and voting procedures and deadlines. Those Claimholders whose Claims are unimpaired under the Plan are conclusively presumed to have accepted the Plan under Bankruptcy Code Section 1126(f), and therefore need not vote concerning the Plan. Under Bankruptcy Code Section 1126(g), Claimholders who do not either receive or retain any property under the Plan are deemed to have rejected the Plan.

b. Ballot Tabulation Procedures

Pursuant to the Solicitation Procedures Order, the amount and classification of a Claim and the procedures that will be used to tabulate acceptances and rejections of the Plan shall be exclusively as follows: any timely received ballot that contains sufficient information to

permit the identification of the Claimant and is cast as an acceptance or rejection, as the case may be, of the Plan subject to the following exceptions and clarifications:

i. If a Claim is deemed Allowed in accordance with the Plan, such Claim is allowed for voting purposes in the deemed allowed amount set forth in the Plan;

ii. If a Claim has been established or otherwise allowed for voting purposes by Order of the Bankruptcy Court, such Claim is temporarily allowed in the amount so estimated or allowed by the Bankruptcy Court for voting purposes only, and not for purposes of allowance or distribution;

iii. If a Claim is listed in the Schedules as contingent, unliquidated, or disputed and a proof of claim was not (i) filed by the applicable deadline to file proofs of Claim or (ii) deemed timely filed by an order of the Bankruptcy Court prior to the Voting Deadline, the Claim will be disallowed in its entirety for voting purposes;

iv. For all persons or entities who timely filed a proof of Claim reflecting a Claim or portion of a Claim that is contingent or if a Claim objection is pending, the Claim shall be disallowed in its entirety for voting purposes, subject to the right of such Holder to file a motion for temporary allowance;

v. If a ballot is properly completed, executed and timely filed, but does not indicate an acceptance or rejection of the Plan, or indicates both an acceptance and rejection of the Plan, the Ballot will not be counted;

vi. If a proof of Claim has been timely filed and has not been objected to before the Confirmation Hearing (subject to the Debtor's right to object to amended claims or government claims), the voted amount of that Claim shall be the liquidated amount specified in the proof of Claim; and

vii. If no proof of claim has been timely filed, the voted amount of a Claim shall be equal to the amount listed for the particular Claim in the Schedules, as and if amended, to the extent such Claim is not listed as contingent, unliquidated, or disputed, and the Claim shall be placed in the appropriate Class based on the Debtor's records and consistent with the Schedules.

Ballots that fall within the following categories will not be counted or considered for any purpose in determining whether the Plan has been accepted or rejected, except as specified:

i. Any Ballot received after the Voting Deadline unless the Debtor or Bankruptcy Court shall have granted an extension in writing of the Voting Deadline with respect to such Ballot;

ii. Any Ballot that is illegible or contains insufficient information to permit the identification of the Claimant;

iii. Any Ballot cast by a person or entity that does not hold a Claim in a Class that is entitled to vote to accept or reject the Plan as of the Voting Record Date;

iv. Any duplicate Ballot;

v. Any Ballot that is unsigned, or signed by someone other than the Holder of the Claim (or the claimholders authorized representative);

vi. Any acceptance or rejection submitted on something other than the Ballot form provided by the Debtor and approved pursuant to the Solicitation Procedures Order; or

vii. Any acceptable or rejection submitted on something other than the Ballot form provided by the Debtor.

The Debtor believes that the foregoing proposed procedures provide for a fair and equitable voting process. As mentioned above, if any Claimant seeks to challenge the allowance of its Claim for voting purposes, such creditor must serve on the Debtor and file with the Court a motion requesting the temporary allowance of such Claim in a different amount for purposes of voting to accept or reject the Plan no later than the date established by the Bankruptcy Court (the "Motion for Temporary Allowance Deadline"). The Ballot of any Claimant filing such a motion shall not be counted unless temporarily allowed by the Bankruptcy Court for voting purposes, after notice and a hearing.

Whenever two (2) or more ballots are cast voting the same Claim prior to the Voting Deadline, the latest dated Ballot received prior to the Voting Deadline will be deemed to reflect the voter's intent and thus to supersede any prior ballots, provided, however, that where an ambiguity exists as to which Ballot reflects the voter's intent, the Clerk of the Bankruptcy Court reserves the right to contact the Claimant and calculate the vote according to such voter's written instructions. This procedure is without prejudice to the Debtor's right to object to the

validity of the second Ballot on any basis permitted by law and, if the objection is sustained, to count the first Ballot for all purposes. This procedure of counting the last Ballot is consistent with practice under various state and federal corporate and securities laws. Furthermore, the Debtor proposes that in its sole discretion it can agree to allow a Claimant to change its vote after the Voting Deadline without further order of the Bankruptcy Court.

Claim splitting is not permitted and Claimants who vote must vote all of their Claims within a particular class to either accept or reject the Plan.

ARTICLE VIII. CONFIRMATION OF PLAN

A. *Solicitation of Acceptances.*

The Debtor is soliciting your vote.

NO REPRESENTATIONS OR ASSURANCES, IF ANY, CONCERNING THE DEBTOR OR THE PLAN ARE AUTHORIZED BY THE DEBTOR, OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT AND IN ANY SOLICITATION MATERIALS APPROVED BY THE BANKRUPTCY COURT. ANY REPRESENTATIONS OR INDUCEMENTS MADE BY ANY PERSON TO SECURE YOUR VOTE, OTHER THAN THOSE CONTAINED IN THIS DISCLOSURE STATEMENT, SHOULD NOT BE RELIED ON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS OR INDUCEMENTS SHOULD BE REPORTED TO DEBTOR'S COUNSEL FOR APPROPRIATE ACTION.

THIS IS A SOLICITATION SOLELY BY THE DEBTOR, AND IS NOT A SOLICITATION BY ANY SHAREHOLDER, ATTORNEY, ACCOUNTANT, OR OTHER PROFESSIONAL FOR THE DEBTOR. THE REPRESENTATIONS, IF ANY, MADE IN THIS DISCLOSURE STATEMENT ARE THOSE OF THE DEBTOR AND NOT OF SUCH SHAREHOLDERS, ATTORNEYS, ACCOUNTANTS, OR OTHER PROFESSIONALS, EXCEPT AS MAY BE OTHERWISE SPECIFICALLY AND EXPRESSLY INDICATED.

Under the Bankruptcy Code, a vote for acceptance or rejection of a plan may not be solicited unless the claimant has received a copy of a disclosure statement approved by the Bankruptcy Court prior to, or concurrently with, such solicitation. This solicitation of votes on

the Plan is governed by Bankruptcy Code Section 1125(b). Violation of Bankruptcy Code Section 1125(b) may result in sanctions by the Bankruptcy Court, including disallowance of any improperly solicited vote.

B. *Requirements for Confirmation of the Plan.*

At the confirmation hearing, the Bankruptcy Court shall determine whether the requirements of Bankruptcy Code Section 1129 have been satisfied, in which event the Bankruptcy Court shall enter an order confirming the Plan. For the Plan to be confirmed, Bankruptcy Code Section 1129 requires that:

(a) The Plan complies with the applicable provisions of the Bankruptcy Code;

(b) The Debtor has complied with the applicable provisions of the Bankruptcy Code;

(c) The Plan has been proposed in good faith and not by any means forbidden by law;

(d) Any payment or distribution made or promised by the Debtor or by a Person issuing securities or acquiring property under the Plan for services or for costs and expenses in connection with the Plan has been disclosed to the Bankruptcy Court, and any such payment made before the confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable;

(e) The Debtor has disclosed the identity and affiliation of any individual proposed to serve, after confirmation of the Plan, as a director, officer or voting trustee of the Debtor, an affiliate of the Debtor participating in a joint plan with the Debtor, or a successor to the Debtor under the Plan; the appointment to, or continuance in, such office of such individual is consistent with the interest of Claimholders and Interestholders and with public policy; and the Debtor has disclosed the identity of any insider that will be employed or retained post-confirmation and the nature of any compensation for such insider;

(f) Any government regulatory commission with jurisdiction (after confirmation of the Plan) over the rates of the Debtor has approved any rate change provided for in the Plan, or such rate change is expressly conditioned on such approval;

(g) With respect to each impaired Class of Claims or Equity Interests, either each holder of a Claim or Interest of the Class has accepted the Plan, or will receive

or retain under the Plan on account of that Claim or Equity Interest, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would so receive or retain if the Debtor was liquidated on such date under chapter 7 of the Bankruptcy Code. If Bankruptcy Code Section 1111(b)(2) applies to the Claims of a Class, each holder of a Claim of that Class will receive or retain under the Plan on account of that Claim property of a value, as of the Effective Date, that is not less than the value of that holder's interest in the Debtor's interest in the property that secures that Claim;

(h) Each Class of Claims or Equity Interests has either accepted the Plan or is not impaired under the Plan;

(i) Except to the extent that the holder of a particular Allowed Administrative Claim, or Allowed Priority Claim has agreed to a different treatment of its Claim, the Plan provides that such Claims shall be paid in full on the later of the Effective Date or the date on which such Claim becomes an Allowed Claim, or as soon as practicable thereafter;

(j) If a Class of Claims or Equity Interests is impaired under the Plan, at least one such Class of Claims or Interests has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim or Equity Interest of that Class; and

(k) Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor or any successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan.

The Debtor believes that the Plan satisfies all of the statutory requirements of the Bankruptcy Code for Confirmation and that the Plan was proposed in good faith. The Debtor believes it has complied, or will have complied, with all the requirements of the Bankruptcy Code governing confirmation of the Plan.

C. ***Acceptances Necessary to Confirm the Plan.***

Voting on the Plan by each holder of a Claim (or its authorized representative) is important. Chapter 11 of the Bankruptcy Code does not require that each holder of a Claim vote in favor of the Plan in order for the Bankruptcy Court to confirm the Plan. Generally, to be confirmed under the acceptance provisions of Bankruptcy Code Section 1126(a), the Plan

must be accepted by each Class of Claims that is impaired under the Plan by parties holding at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims of such Class actually voting in connection with the Plan. Even if all Classes of Claims accept the Plan, the Bankruptcy Court may nonetheless refuse to confirm the Plan.

D. ***The Plan may not discriminate unfairly and must be fair and equitable.***

In this case, Classes 1, 2, 3, 4, 5 and 6 are impaired and entitled to vote. In the event that any impaired Class of Claims does not accept the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Debtor if, as to each impaired Class that has not accepted the Plan, the Plan "does not discriminate unfairly" and is "fair and equitable." A Chapter 11 plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a Class of Claims receives more than it is legally entitled to receive for its claims or interests. A plan unfairly discriminates against a class if another class of equal rank in priority will receive greater value under the plan than a nonaccepting class without reasonable justification. "Fair and equitable" has different meanings for holders of secured and unsecured claims and interests. With respect to a secured claim, "fair and equitable" means either (i) the impaired secured creditor retains its liens to the extent of its Allowed Claim and receives deferred cash payments at least equal to the allowed amount of its claims with a present value as of the Effective Date of the Plan at least equal to the value of such creditor's interest in the property securing its liens; (ii) property subject to the lien of the impaired secured creditor is sold free and clear of that lien, with that lien attaching to the proceeds of sale, and such lien proceeds must be treated in accordance with clauses (i) and (iii) hereof; or (iii) the impaired secured creditor realizes the "indubitable equivalent" of its Claim under the Plan.

With respect to an unsecured claim, "fair and equitable" means either (i) each impaired creditor receives or retains property of a value equal to the amount of its Allowed Claim or (ii) the holders of claims or interests that are junior to the claims of the dissenting class will not receive any property under the Plan.

With respect to Equity Interests, "fair and equitable" means either (i) each impaired Equity Interest receives or retains, on account of that Interest, property of a value equal to the greater of the allowed amount of any fixed liquidation preference to which the holder is entitled, any fixed redemption price to which the holder is entitled, or the value of the Interest, or (ii) the holder of any Equity Interest that is junior to the Equity Interest of that Class will not receive or retain under the Plan, on account of that junior Equity Interest, any property.

The Debtor believes that the Plan does not discriminate unfairly and is fair and equitable with respect to each impaired Class of Claims and Interests. In the event at least one Class of impaired Claims or Interests rejects or is deemed to have rejected the Plan, the Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is fair and equitable and does not discriminate unfairly against any rejecting impaired Class of Claims or Interest.

Section 1122(b) of the Bankruptcy Code provides that a "plan may designate a separate class of claims consisting only of every unsecured claim that is less than or reduced to an amount that the court approves as reasonable and necessary for administrative convenience." In this case, the Debtor has provided for distributions to two separate sets of general unsecured creditors. Class 5 consists primarily of trade creditors with which the Debtor continues to do business whose aggregate claims are no more than $20,000.00. Class 6 consists of claims over $100,000.00 comprised primarily of Insiders, labor-related claimants and prepetition legal fees.

The Debtor believes it is reasonable and necessary to dispose of Allowed Class 5 Claims early on this case given that a *pro rata* amount to these creditors if they were to participate in Class 6 would result in the issuance of very small checks which the Debtor believes might never be negotiated; and (2) the majority of Class 5 consists of trade vendors with whom the Debtor continues to do business (albeit without terms) and with whom the Debtor believes important for its business (e.g., Jet Line Products Miami at $3,459, SCP Dist. at $19,011, Polimix USA at $3,510; Watkins at $7,780). Accordingly, the Debtor believes that a legitimate business purpose exists for classifying the trade creditors separately from larger non-trade debt.

E. *Cramdown*. In the event that any impaired Class of Claimholders with claims against the Debtor fails to accept the Plan in accordance with § 1129(a) of the Bankruptcy Code, the Debtor will request the Bankruptcy Court to confirm the Plan in accordance with § 1129(b) of the Bankruptcy Code ("Cramdown Provisions"). For purposes of seeking Confirmation of the Plan under the Cramdown Provisions, the Debtor reserves the right to modify or vary the terms of the Plan or the treatment of the Claims of those Classes that rejected the Plan so as to comply with the requirements of the Cramdown Provisions.

In this case the Debtor is proposing a total distribution equal to one hundred percent (100%) of each Allowed Class 5 Claimholder's Claim and approximately 1-3% to Allowed Class 6 Claims. Unsecured creditors are, therefore, impaired under the Plan. In the event that unsecured creditors do not vote in favor of the Plan, the Debtor will seek to confirm the Plan over the "no" vote of the unsecured creditors or "cramdown." Notwithstanding such a possible "no" vote, the Debtor believes that the Plan is fair and equitable and gives unsecured creditors a greater return than they would receive if the Debtor were liquidated. If the Debtor is liquidated,

unsecured creditors would receive nothing on account of their claims as all of the Debtor's property would be liquidated for the benefit of the Allowed Secured Claims alone.

The Court has ruled that the Debtor's equity is not subject to market testing applicable to non-franchise business entities. Here, Aqua Life's sole identity is as a Pinch A Penny franchise operating under an non-exclusive license to use Pinch A Penny's trademarks and related intellectual property to own and operate a Pinch a Penny franchise in accordance with the most recent franchise agreement between the Debtor and Pinch A Penny dated September 28, 2016 (the "Franchise Agreement"). Under the Franchise Agreement, the Debtor is prohibited from transferring or assigning its ownership interests in the franchise without the express written consent of Pinch A Penny. Moreover, under federal trademark law, a non-exclusive license to use federally protected intellectual property cannot be assigned without the licensor's consent. *See, e.g., In re Wellington Vision, Inc.*, 364 B.R. 129, 134-35 (S.D. Fla. 2007) (holding that federal law prevented assumption or assignment of franchise agreements containing non-exclusive trademark licenses). Here, the Principals have owned this Pinch A Penny franchise since 1998, enjoy an excellent long-standing relationship with the franchisor and additionally own a separate Pinch A Penny franchise less than ten miles away from the Premises.[8] The Debtor has been advised by the franchisor that Pinch a Penny would readily

[8] The other franchise is known as Aqua Life 4, which was acquired by the Insiders and Ray Collazo (an unrelated partner who owns 20%) in 2011. Unlike the Debtor, Aqua Life 4 has no construction or service licenses and only operates a retail business. When Aqua Life 4 was acquired, the Debtor provided cash and inventory in the approximate amount of $110,824.00, which over the years has been paid down in the form of cash or returned inventory. The Debtor's books and records have reflected this receivable as a "loan". As of the Petition Date, the balance due from Aqua Life 4 was approximately $88,000.00. As of the date of this Disclosure Statement, the receivable from Aqua Life 4 has been satisfied in full. Aqua Life has only 3 employees and is run fulltime by Mr. Collazo. It maintains separate books and records and shares no resources with the Debtor other than the following: (a) The Debtor's bookkeeper processes Aqua Life's bi-weekly payroll and accounts payable, all of which consists of a maximum of approximately one hour per week (at a rate of $23/hour): and (b) because Aqua Life 4's license is limited only to retail, all repairs and maintenance requests are referred to the Debtor resulting in approximately $500 per week in additional revenue to the Debtor.

grant the Principals another franchise. Additionally, Pinch A Penny has advised the Debtor that the process for obtaining a new franchise license from an independent third party could cost from $150,000 to upwards of $500,000 (depending on the services to be provided, i.e., retail, construction, service and maintenance). Moreover, Pinch A Penny's own guidelines limit the number of permissible franchises to one store per three-mile radius. The Premises are subject to a lease with Ralu Corp, which is an Insider of the Debtor. The term of the Lease is year-to-year, terminable by either party without penalty. Were the Debtor to assume the Lease, it is not foreseeable that an unrelated third party would seek an assignment thereof given the limited term of the Lease. For those reasons, the Court has held that market testing for the purpose of determining whether existing equity may retain its Equity Interest is applicable because no third-party purchaser could reasonably take the place of existing equity of this Debtor and occupy the Premises. Notwithstanding the foregoing, the Debtor believes that the Insiders' proposed new value contribution is sufficient and adequate, primarily because the Reorganized Debtor could not maintain positive cash flow from operations alone without the new value contribution. On the Effective Date, the Debtor's obligations to its creditors under the Plan will be greater than the value of its assets.

F. *Execution of Ballots by Representatives.*

Federal Rule of Bankruptcy Procedure 3018(c) requires that an acceptance or rejection of a Chapter 11 Plan shall be in writing, identifying the plan accepted or rejected, and be signed by the creditor or equity security holder or an authorized agent. The ballot approved by the Solicitation Procedure Order requires the identification of persons signing in a fiduciary or representative capacity. To be counted, completed ballots signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations, or others acting in a

fiduciary or representative capacity must indicate their capacity when signing. At the Debtor's request, ballot signatories must submit proper evidence, satisfactory to the Debtor of his or her authority to so act. Failure to indicate the capacity of the signatory to the ballot may result in the ballot being deemed invalid and not counted.

G. *Waivers of Defects and Other Irregularities Regarding Ballots.*

Unless otherwise directed by the Bankruptcy Court, all questions concerning the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of ballots will be determined by the Debtor in its sole discretion, whose determination will be final and binding. The Debtor reserves the right to reject any and all ballots not in proper form, the acceptance of which would, in the opinion of the Debtor or its counsel, be unlawful. Any defects or irregularities in connection with deliveries of ballots must be cured within such time as the Bankruptcy Court determines. Neither the Debtor, the Clerk of the Bankruptcy Court, nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of ballots, nor will any of them incur any liability for failure to provide such notification; provided, however, that the Debtor and/or Clerk of the Bankruptcy Court will indicate on the ballot summary the ballots, if any, that were not counted, and will provide the original of such ballots with the original of the ballot summary at the Confirmation Hearing. Unless otherwise directed by the Bankruptcy Court, delivery of such ballots will not be deemed to have been made until any irregularities have been cured or waived. Unless otherwise directed by the Bankruptcy Court, ballots previously furnished, and as to which any irregularities have not subsequently been cured or waived, will be invalidated.

H. *Withdrawal of Ballots and Revocation.*

Except as otherwise directed by the Bankruptcy Court after notice and a hearing, any holder of a Claim (or its authorized representative) in an Impaired Class who has delivered a valid ballot for the acceptance or rejection of the Plan to the Clerk of the Bankruptcy Court may withdraw such ballot at any time before the Voting Deadline.

To be valid, a notice of withdrawal must:

(a) Contain the description of the Claims to which it relates and the aggregate principal amount or number of shares represented by such Claims;

(b) Be signed by the Creditor (or its authorized representative) in the same manner as the ballot; and

(c) Be received by the Clerk of the Bankruptcy Court in a timely manner at the address specified in the ballot instructions for the submission of ballots with a copy to Debtor's undersigned counsel.

The Debtor expressly reserves the absolute right to contest the validity of any such withdrawals of ballots.

Unless otherwise directed by the Bankruptcy Court, a purported notice of withdrawal of ballots that is not received in a timely manner by the Clerk of the Bankruptcy Court and Debtor's counsel will not be effective to withdraw a previously furnished ballot.

Any creditor (or its authorized representative) who has previously submitted a properly completed ballot before the Voting Deadline may revoke such ballot and change its vote by submitting before the Voting Deadline a subsequent, properly completed ballot for acceptance or rejection of the Plan. In addition, if a Creditor submits a valid notice of withdrawal prior to the Voting Deadline, such holder may submit a new ballot, and such ballot will be counted so

long as it is received prior to the Voting Deadline and is otherwise submitted in accordance with the order approving the Disclosure Statement.

ARTICLE IX. EFFECTS OF CONFIRMATION OF PLAN AND DISCHARGE

A. Discharge of Debt. Upon the Effective Date, the Debtor shall be fully and completely discharged to the fullest extent permitted by Sections 1141 and 524 of the Bankruptcy Code, from all Claims, debts and liabilities against the Debtor arising before the Effective Date, except as specifically provided for by the Plan.

B. Releases. **As of the Effective Date, except for the Debtor's express obligations respecting distributions in the Plan and Claims reserved by the Debtor to be pursued under the Plan, the Debtor and the Reorganized Debtor, and their respective present and former managing members, officers, and directors, parents, subsidiaries, predecessors, successors, employees, partners, professionals, and principals, and their respective heirs, executors, administrators, successors, and assigns, shall be released and discharged from any and all claims, causes of action, demands, liabilities, losses, damages, whether known or unknown, under federal, state or other law, that arose after the Petition Date and prior to the Effective Date in connection with any matter arising from or relating to the Debtor, except for any acts or omissions resulting from willful misconduct, fraud, or gross negligence.**

C. Injunction. Commencing on the Effective Date, all persons who hold or who have held a Claim or Interest in the Debtor shall be permanently enjoined from commencing or continuing any action, employment of process, or act to collect, offset, avoid or recover any Claim against the Debtor or the Reorganized Debtor, except as otherwise provided under the

Plan. This provision is not intended to preclude any party affected by the Plan to seek any rights or remedies from the Bankruptcy Court related to any breach or default under the Plan.

D. Rejection and Assumption of Certain Executory Contracts and Unexpired Leases.

1. Rejection.

a. Leases and Contracts to be Rejected: On the Confirmation Date, but subject to the occurrence of the Effective Date, the Debtor, pursuant to section 365 of the Bankruptcy Code, shall reject all of its executory contracts and unexpired leases except those that: (i) are the subject of motions to assume or reject pending on the Confirmation Date; (ii) were assumed or rejected before the Confirmation Date; (iii) are listed under Paragraph VIII.D.2 below; or (iv) become the subject of a dispute over the amount or manner of cure and for which the Debtor files a motion, at any time, to reject such contract or lease based upon the existence of such dispute; provided, however, that the Debtor shall not be required to assume or reject any executory contract or unexpired lease with any party that is a debtor under the Bankruptcy Code unless and until such contract or lease has been assumed or rejected by such other party. All contracts or leases not assumed or reserved hereby shall be deemed rejected.

b. Deadline to File Rejection Damage Claims: **Each Person who is a party to a contract or lease rejected under the Plan must file, not later than thirty (30) days after the Confirmation Date, a proof of Claim for damages alleged to arise from the rejection of the applicable contract or lease or be forever barred from filing a Claim, or sharing in distributions under the Plan, related to such alleged rejection damages.**

2. Assumption.

a. Leases and Contracts to be Assumed. The following is a non-exclusive list of the executory contracts and unexpired leases that shall be assumed by the Reorganized Debtor under the Plan as of the Confirmation Date (but subject to the occurrence of the Effective Date) pursuant to section 365 of the Bankruptcy Code, and the cure amounts necessary for such assumption and the adequate assurance of future performance provided by the assignee thereof. The Debtor reserves the right to amend the Plan and this Disclosure Statement to provide for the assumption of any contract or lease to which the Debtor is a party.

	Cure	**Adequate Assurance of Future Performance**

	Cure	**Adequate Assurance of Future Performance**
Commercial lease of Premises with Ralu Corp	No cure required.	See Debtor's cash flow projections related to feasibility of ongoing future payments.
Franchise Agreement with Pinch A Penny, Inc.	Cure provided in proposed Plan payments.	See Debtor's cash flow projections related to feasibility of ongoing future payments.

b. Deadline to Object to Cure Amounts. If prior to the Confirmation Date or such other date as the Bankruptcy Court may fix, a party to such an executory contract or unexpired lease listed above fails to file with the Bankruptcy Court and serve upon the attorneys for the Debtor an objection to the applicable cure amount or the adequate assurance proposed, then such party shall be forever barred from asserting any additional or other amounts against the Debtor respecting such cure amount or requiring additional adequate assurance.

c. Method of Cure. At the election of the Reorganized Debtor, any monetary defaults under each executory contract and unexpired lease to be assumed under the Plan shall be satisfied pursuant to section 365(b)(1) of the Bankruptcy Code, in one of the following ways: (a) by payment of the default amount in Cash before the first anniversary of the Effective Date or such lesser period ordered by the Bankruptcy Court; or (b) on such other terms as may be agreed to by the parties to such executory contract or unexpired lease. If a dispute occurs regarding: (x) the cure amount; (y) the ability of the Assignee to provide adequate assurance of future performance under the contract or lease to be assumed; or (z) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving the dispute and approving assumption.

E. Management of Reorganized Debtor.

Upon Confirmation of the Plan, Raymond E. Ibarra will continue as Vice President and general manager of the Reorganized Debtor with an expected compensation of approximately $155,000.00 per year.

F. Post-Confirmation Disbursements

The Reorganized Debtor shall be solely responsible for effectuating all payments under the Plan.

To the extent the Reorganized Debtor requires representation post-Confirmation to effectuate the term of this Plan or resolve the pending claims objections, the Reorganized Debtor may elect to retain counsel for those purposes, but Ehrenstein Charbonneau Calderin shall not be obligated to act as counsel for the Reorganized Debtor. To the extent that professionals are retained post-confirmation, they shall be compensated by the revenue of the Reorganized Debtor, not from the Debtor or the cash that is available on the Effective Date of the Plan.

ARTICLE X. POSSIBLE CAUSES OF ACTION AFTER CONFIRMATION

A. The Debtor has reviewed its books and records and has identified the following potential causes of action to avoid transfers pursuant to 11 U.S.C. §§ 544, 547, 548, and 549 ("Avoidance Actions"):

1. The Debtor has analyzed its transaction with Insiders for the four-year period preceding the Petition Date and has not uncovered any causes of action against Insiders that will remain unresolved at Confirmation. The Debtor's analysis revealed two preference claims which were identified on the Debtor's Statement of Financial Affairs. The Debtor has pursued those claims and settled them (pending court approval).
2. The Debtor and the Reorganized Debtor, however, reserve the right to pursue other Avoidance Actions should any become known prior to or following the Confirmation Hearing and Effective Date.

B. **Because all investigations and inquiries have not yet been completed, it is possible that there may be additional Causes of Action not mentioned herein and no party should assume that any release or discharge provision contained in the Plan or the**

Confirmation Order will bar or otherwise inhibit the Reorganized Debtor from taking any action to prosecute or enforce such additional Causes of Action, which the Debtor and Reorganized Debtor reserve the right to pursue. Under the circumstances, it is not feasible or in the best interests of the Debtor's Estate or its creditors to allow the continuing investigation to delay Confirmation of the Plan. Notwithstanding the foregoing, the Debtor is not aware of any Claim or Cause of Action accruing to the Debtor except those listed above, other than collection of accounts receivables in the ordinary course of business, including any rights and claims appurtenant thereto.

ARTICLE XI. TAX IMPLICATIONS OF THE PLAN

The tax consequences of the implementation of the Plan to a specific Creditor will depend on a number of factors, including whether a Creditor's Claim constitutes a "security" for federal income tax purposes, whether a Creditor has already taken a deduction of loss with respect to its Claim and the timing of any distributions under the Plan. It is possible that certain Creditors will recognize a gain or income as a result of distributions under the Plan. There also may be state, local, or foreign tax considerations applicable to particular holders of Claims, none of which are discussed herein. **Each holder of a Claim or any other party in interest in this case is strongly urged to consult with their tax advisor regarding the federal, state, and local income and other tax consequences that the implementation of this Plan may have on them.**

ARTICLE XII. LIQUIDATION ANALYSIS

A plan proponent must demonstrate as a condition of confirmation, that each impaired Class of Claimholders will receive as much as it would receive in a Chapter 7 proceeding. A plan proponent must also demonstrate that the plan is "feasible," i.e., that confirmation of the

plan is not likely to be followed by the liquidation or need for further financial reorganization of the Debtor.

Under Section 1129(a)(7) of the Bankruptcy Code, the Plan must provide that Creditors receive as much or more under the Plan than they would receive in a Chapter 7 liquidation of the Debtor. The Debtor asserts that all Creditors holding Allowed Claims will receive more under the Plan than they would in liquidation. Attached as "**Exhibit C"** is the Debtor's Schedules A and B, that demonstrate that as of the Petition Date the Debtor's assets had an approximate value of $355,963.00.

The liquidation value of the Debtor's assets is insufficient to satisfy even Allowed Secured Claims in full.

Attached as "**Exhibit D"** is Debtor's most recent Monthly Operating Report, which demonstrates that Debtor has the ability to make payments required under the Plan and that payments under the Plan are feasible.

Attached as "**Exhibit E"** are 5-year cash flow Projections for the Reorganized Debtor, including the schedule of payments to the various classes of creditors and interested parties under the Plan.

ARTICLE XIII. MISCELLANEOUS

A. *Modification*

The Debtor reserves the right to revoke or withdraw the Plan in its sole discretion, at any time before the Confirmation Date, or, if for any reason the Plan cannot be consummated after the Confirmation Date, at any time up to and including the Effective Date. If the Plan is revoked and withdrawn, then (a) nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the estate or to prejudice in any manner the rights

of any person in any further proceedings in the Chapter 11 Case or otherwise; and (b) any provision of the Confirmation Order shall be null and void and all such rights of or against the estate shall exist as though the Plan had not been filed and no actions were taken to effectuate it.

The Debtor may modify the Plan, in its sole discretion, either pre- or post-confirmation in accord with the Bankruptcy Code, or, if for any reason the Plan cannot be consummated after the Confirmation Date, at any time up to and including the Effective Date.

B. ***Confirmation Order Controls***

To the extent the Disclosure Statement is inconsistent with the Plan, the Plan shall control. To the extent that the Plan, the Disclosure Statement, or any agreement entered into between or among the Debtor and any third party is inconsistent with the Confirmation Order, the Confirmation Order shall control.

C. ***Effectuating Documents and Further Transactions.***

The Debtor shall be authorized to execute, deliver, file, or record such documents, contracts, instruments, releases and other agreements, and take such other action as may be necessary to effectuate and further evidence the terms and conditions of the Plan. Debtor's counsel shall have no continuing duties post-confirmation other than to make the distributions required on the Effective Date unless otherwise agreed to by the Reorganized Debtor and counsel.

D. ***Substantial Consummation of the Plan.***

Pursuant to the terms of the Plan, the Debtor believes that the Plan shall be deemed to be substantially consummated under 11 U.S.C. § 1101 on the Effective Date.

E. ***Terms of the Plan are Binding.***

Pursuant to Section 1141 of the Bankruptcy Code, the Plan and all of its terms, when approved and confirmed by the Bankruptcy Court, shall be binding upon, including, without limitation, the Debtor, the Debtor's estate, all holders of Claims, whether Allowed or not, and their respective successors and assigns.

If, after the Confirmation Date, any term or provision of this Plan is determined to be unenforceable, the remaining terms and provisions of this Plan shall nonetheless continue in full force and effect.

F. ***Transfer Taxes Do Not Apply.*** The issuance, transfer or exchange of a security or the making or delivery of an instrument of transfer under this Plan, if any, including the execution or recording of any mortgage modification, security agreement and related note, shall be deemed to be free of any tax under any law imposing a stamp or similar tax pursuant to Section 1146(c) of the Bankruptcy Code.

ARTICLE XIV. RETENTION OF JURISDICTION BY THE BANKRUPTCY COURT

The Bankruptcy Court shall retain jurisdiction over these proceedings after the Confirmation Date of this Plan until the entry of the final decree pursuant to Bankruptcy Rule 3022 for the following purposes:

1. To enable the Debtor and the Reorganized Debtor to consummate the Plan and any amended or modified Plan and to resolve any disputes arising with respect thereto;

2. To enable the Debtor and the Reorganized Debtor to consummate any and all proceedings that it may bring prior to the entry of the Confirmation Order;

3. To determine all controversies relating to or concerning the classification, subordination, allowance, valuation, or satisfaction of Claims;

4. To liquidate or estimate for purposes of allowance all contested, contingent, or unliquidated Claims;

5. To determine the validity, extent, and priority of all liens, if any, against property of the estate;

6. To determine all assertions or an ownership interest in, the value of, or title to, any property of the estate;

7. To determine all applications for compensation and reimbursement and objections to Administrative Claims;

8. To determine all (1) adversary proceedings, contested or litigation matters brought before the Bankruptcy Court; and, (2) any and all claims or causes of action asserted by the Debtor;

9. Without limiting the generality of the preceding paragraph, to determine any avoidance action brought by the Debtor;

10. To determine all controversies arising out of any purchase, sale, or contract made or undertaken by the Debtor prior to the Confirmation Date;

11. To enforce all agreements assumed, if any, and to recover all property of the estate, wherever located;

12. To determine any tax liability of the estate in connection with the Plan, actions taken, distributions, or transfers made thereunder;

13. To enforce any and all releases and injunctions created pursuant to the terms of the Plan;

14. To modify the Plan or to remedy any defect or omission or reconcile any inconsistencies in the Plan either before or after the entry of the Confirmation Order;

15. To hear and determine all controversies, suits, and disputes that may arise in connection with the interpretation or enforcement of the Plan;

16. To make such orders as are necessary or appropriate to carry out the provisions of the Plan; and

17. To enter a Final Decree pursuant to Bankruptcy Rule 3022.

ARTICLE XV. RECOMMENDATION OF CONFIRMATION

The Debtor believes that Confirmation of the Plan is in the best interests of the Creditors and the Estate because confirmation of the Plan will enable Creditors to receive higher distributions under the Plan than they would in the event the case were converted to Chapter 7, and will further result in the emergence of a viable Reorganized Debtor. Therefore, the Debtor urges all Holders of impaired Claims to cast a ballot voting in favor of the Plan on or before _____.

Respectfully submitted on May 4, 2018.

By: _____
Raymond E. Ibarra
Vice President of Aqua Life, Corp.

By: */s/ Jacqueline Calderin*
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