

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,

Case No: 17-15918-BKC-RAM

Chapter 11

Debtor. _____ /

**FOURTH 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 September 11, 2018 by:

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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 thirty (30) days after the entry of the Confirmation Order.

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, Ocean Bank, Nissan Motors, 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.¹ 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.

¹ A copy of the Plan can be found at ECF #293.

The proposed distributions to all Classes under the Plan are discussed at Article VI 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 of 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., Agentis PLLC, 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 Classes 1 and 7 are impaired by the Plan. Only Classes 2, 4, 5 and 6 are entitled to vote. Therefore, only Classes 2, 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. The condition that the Plan be fair and equitable with respect to a class includes, but is not limited to, the following requirements, depending on whether the class consists of secured creditors, unsecured creditors, or equity interest holders.

With respect to Classes of Secured Creditors, the fair and equitable test requires that a Secured Creditor (i) retain its lien(s) to the extent of its Allowed Secured Claim and receive deferred cash payments totaling at least the amount of such Allowed Secured Claim, of a value, as of the Effective Date of the Plan, of at least the value of such creditor's interest in the property securing its lien(s); (ii) if property subject to the lien securing such claim is sold free and clear of such lien, such lien attaches to the proceeds of such sale, and the lien on proceeds is treated under clause (i) and (iii) hereof; or (iii) realize the indubitable equivalent of its Claim. With respect to a Class of Unsecured Claims, the fair and equitable test requires that either (i) each Claimant in such Class receive or retain on account of its Claim property of a value, as of the Effective Date of the Plan, equal to the amount of such Claimant's Allowed Claim; or (ii) the holder of any Claim or Equity Interest that is junior to the Claims of such Class will not receive or retain any property under the Plan on account of such junior Claim or Equity Interest. With respect to a class of Equity Interests, the fair and equitable test requires that either (i) each holder of an Equity Interest receive or retain property of a value, as of the Effective Date of the Plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, or the value of such Equity Interest; or (ii) the holder of any Equity Interest that is junior to the interests of such Class will not receive or retain any property under the Plan on account of such junior 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 franchise agreement initially entered into on or around since 1985.² 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 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.

The Debtor is a closely-held, family run enterprise and filed this Chapter 11 Case as a small business debtor pursuant to Section 101(51D) of the Bankruptcy Code.³ 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.

² (the "Franchise Agreement", which includes numerous amendments and continuations, the most recent version of which was executed on or around September 2016).

³ The Debtor's small business designation was subsequently terminated by the Court's *Order Terminating Debtor's Small Business Designation* [ECF #142] entered on February 2, 2018.

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, Luis F. Ibarra and Ana 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. Ibarra 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 (the “Premises Lease”). In addition to the Premises Lease for the Ralu Building, Aqua Life is the tenant under a “year-to-year” triple net lease with L&R Ibarra Investments LLC, an entity owned by Raymond and Luis Ibarra, along with their respective spouses (“L&R”), terminable by either party, for the exclusive use of a 6,000 square foot warehouse used for storage of spas and equipment in addition to outdoor space used for storage of excavation equipment (the “Storage Facility”) (the “Warehouse Lease,” and together with

the Premises Lease, the “Leases”).⁴ The Debtor believes that the current rent obligations under the Leases are at or below market rent.⁵

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 the Petition Date, Debtor has been paying approximately \$24,000.00 a month to Ralu Corp. for payment of Premises Base Rent and the Warehouse Base Rent in accordance with the terms of the Leases, in addition to paying tax expenses for both properties. Ralu Corp. has agreed to reduce the monthly rent obligations under the Premises Lease as of the Effective Date from \$19,000.00 per month to \$14,000.00 per month, resulting in a 21% reduction in the Reorganized Debtor’s total monthly rent obligations (from \$24,000.00 per month to \$17,500.000 per month). Ralu Corp. and the Reorganized Debtor will enter into a new triple-net lease reflecting this rent reduction.

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).⁶

⁴ Copies of the Premises Lease and the Warehouse Lease are attached hereto as Exhibits “F” and “G”, respectively.

⁵ The base rent under the Premises Lease for the Ralu Building is \$19,000 per month and includes operational expenses provided in Paragraph 7 of the Premises Lease (the “Premises Base Rent”). In addition to the Premises Base Rent, the Debtor is obligated to pay sales and use tax to Ralu Corp. 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-\$26/square foot. The current real estate taxes are approximately \$36,000 per year. The base rent under the Warehouse Lease is \$5,000 per month (the “Warehouse Base Rent”). In addition to the Warehouse Base Rent, the Debtor is obligated to pay sales and use taxes to L&R and real property taxes directly to the appropriate government agency. The Storage Facility 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 for the warehouse portion alone). 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.

⁶ 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.

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.⁷ 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 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

⁷ 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.

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. 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 Corp. was not an obligor on the Debtor's prior debt, Ocean Bank similarly required that Ralu Corp. guaranty the Debtor's obligations. The balance due under the LOC Note as of the Petition Date is \$199,852.71.

Because the liquidation value of the assets is insufficient to satisfy the Ocean Bank's secured claim in full, Ocean Bank's claim against the Debtor shall be treated as a general unsecured claim and included in Class 6.

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 was attached as “**Exhibit B**” to the Debtor’s prior disclosure statement [ECF #128].

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 approximately five percent (5%) of each Allowed non-Insider Class 6 Claimholder’s Claim.⁸ 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,

⁸ The Insiders have agreed to not participate in Class 6 distribution but rather to subordinate their right to payment until the Class 6 disbursements have been made in full to non-Insider Allowed Claimholders in Class 6.

- (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].⁹

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 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, 275, 282].

The Debtor’s authority to use cash collateral currently expires on October 31, 2018, and may be extended without notice or hearing upon written consent of the Secured Creditors and

⁹ 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 September 10, 2018, the Insiders have loaned approximately \$288,999.97 in cash and \$92,000.00 in personal credit card advancements to the Debtor, \$353,189.97 of which amounts remain unpaid to date. See Exhibit “H” attached hereto.

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
Agentis PLLC
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., Agentis PLLC, 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 2 and 4 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 its 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 payments¹⁰; 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 Five Hundred Thousand Dollars (\$500,000.00) 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.¹¹ The New Value may consist of a combination of cash and waiver of administrative claims arising from post-petition loans from the Insiders to the Debtor that remain unpaid at Confirmation. As of September 10, 2018, the balance of unpaid loans from Insiders is approximately \$353,189.97. The Plan Fund will commit sufficient sums to pay 100% of Allowed Convenience Claims and a total of Two Hundred and

¹⁰ The Debtor has filed 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.

¹¹ Consistent with its pre-petition practice, the Reorganized Debtor will require short term loans from Insiders (who use their personal no-interest credit cards) in order to maintain positive cash flow during the low revenue season.

One Thousand Dollars and 00/100 (\$201,000.00)¹² to be paid in semi-annual installments each to be distributed *pro rata* to non-Insider General Unsecured Claims in Class 6 (the “GUC Payments”). The Debtor estimates that the GUC Payments will result in a distribution to non-Insider Class 6 General Unsecured Claims of approximately five percent (5%).¹³ 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 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

¹² The Reorganized Debtor will establish a separate bank account for deposit of \$3,350 monthly set aside for Class 6.

¹³ 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 the claims allowance process. The projected percentage of distribution is not intended to be a guarantee.

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 Case 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 this Case 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 \$200,000.00 for fees payable to Ehrenstein Charbonneau Calderin, Agentis PLLC, and Yip Associates, 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.** The Debtor has been paying Nissan Motors in the ordinary course of business during the pendency of this Case. After the Effective Date, the Reorganized Debtor will continue making monthly payments of \$415.00 to Nissan Motors in the ordinary course of business until the outstanding balance of the Nissan Motors Allowed Secured Claim is satisfied in full. The Debtor estimates that payments to Nissan Motors will be completed by April 2020. **Class 1 is not impaired and is not 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 five (5) years, and payable in monthly installments of \$8,053.00, 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.**

c. **Class 3.** Omitted.

d. **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.**

e. **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.**

f. **Class 6. Allowed General Unsecured Claims.** Class 6 consists of all Allowed General Unsecured Claims. The Insiders holding Allowed General Unsecured Claims in Class 6 have agreed to subordinate their Claims for distribution purposes to the non-Insider Allowed General Unsecured Claims in Class 6. On the Effective Date, the Reorganized Debtor shall establish a separate bank account into which it will make 60 consecutive monthly deposits of \$3,350.00, for an aggregate total of \$201,000.00, earmarked for Allowed non-Insider Class 6 Claimholders (the "GUC Fund"). Starting on the first day of January following the Effective Date, and every six months thereafter, the Debtor will make *pro rata* distributions to non-Insider Holders of Allowed Class 6 General Unsecured Claims until the GUC Fund has been disbursed in full. 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.**

g. **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
Agentis PLLC
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 2, 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 2, 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 2, 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. The condition that the Plan be fair and equitable with respect to a Class includes, but is not limited to, the following requirements, depending on whether the class consists of Secured Claims, Unsecured Claims, or Equity Interests. With respect to a Secured Claim, the “fair and equitable” requirement includes that the impaired secured creditor (i) retains its liens to the extent of its Allowed Secured Claim and receives deferred cash payments at least equal to the Allowed amount of its Claims, of a value, as of the Effective Date of the Plan, of at least the value of such creditor’s interest in the property securing its liens; (ii) if property subject to the lien of the impaired Secured Creditor is sold free and clear of that lien, such lien attaches to the proceeds of sale, and such lien on 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, the “fair and equitable” requirement includes that either (i) each impaired Unsecured Creditor receives or retains on account of its Claim property of a value, as of the Effective Date of the Plan, equal to the amount of its Allowed Claim; or (ii) the holders of Claims or Equity Interests that are junior to the Claims of the dissenting

Class will not receive or retain any property under the Plan on account of such junior claim or interests.

With respect to Equity Interests, the “fair and equitable” requirement includes that either (i) each impaired Equity Interest receives or retains, on account of that Equity Interest, property of a value, as of the Effective Date of the Plan, equal to the greatest 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 Equity 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 5% to Allowed non-Insider 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 gives unsecured creditors a greater return than they would receive if the Debtor were liquidated and is fair and equitable with respect to all unsecured creditors. 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 Plan is fair and equitable as to the unsecured Convenience Class creditors in Class 5 because it provides that such creditors will receive, on account of their Allowed Claims, property of a value, as of the Effective Date of the Plan, equal to the amount of its Allowed Claim (i.e., full payment). The Plan is fair and equitable as to General Unsecured Creditors in Class 6 because holders of claims or interests that are junior to the claims of that class will not receive or retain any property under the Plan on account of such junior claim or interests. The Class 7 Principals' retention or receipt of equity in the Reorganized Debtor is not on account of the Principals' equity interests in the Debtor, but rather on account of the Insiders' New Value for the purchase of the Debtor's equity interests. The Debtor believes that the New Value provided by the Insiders is necessary and sufficient because: (a) the Plan would be unfeasible but for the New Value contribution; (b) the Court has determined that there is no market for the equity of the Reorganized Debtor; and (c) the Debtor believes that the Reorganized Debtor's enterprise value on the Effective Date is zero.

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 a 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.¹⁴ The Debtor has been advised by the franchisor that Pinch a Penny would readily 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

¹⁴ 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.

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
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 \$95,000.00 per year, representing a reduction of 39% each from their respective pre-confirmation salaries.

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 Agentis 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 a liquidation analysis as of August 31, 2018 and October 1, 2018, which reflect that the Debtor has no unencumbered assets (other than the present day value of \$40,000.00 in avoidance action recoveries), resulting in no liquidation value on the Effective Date (even without counting Chapter 7 fees and costs). The liquidation value of the Debtor’s assets is insufficient to satisfy even Administrative Claims in full. Accordingly, creditors are receiving more under the Plan than they would if all of the assets of the Debtor were liquidated for their benefit.

“**Exhibit D**” is the Debtor’s most recent Monthly Operating Report (July 2018), which can be found at ECF #292, and 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 the 60-month cash flow projections for the Reorganized Debtor, including the schedule of payments to the various classes of creditors and interested parties under the Plan, which projections have been reviewed and revised by the Debtor’s Restructuring Expert, Yip Associates. The Debtor’s Principals have agreed to provide additional New Value and have made various additional concessions to ensure that the Plan remains feasible, including, *inter alia*:

- (i) A 70% increase in the New Value contribution by the Principals from \$350,000.00 to \$500,000.00 under the current Plan;
- (ii) An approximately 21% reduction in total monthly rent expenses from \$24,000.00 to \$19,000.00 per month;
- (iii) an approximately 39% reduction in the salaries of Luis E. Ibarra and Raymond Ibarra from \$155,000.00 per year each to \$95,000.00 per year each; and
- (iv) the elimination of health insurance expenses for Luis E. Ibarra and Raymond Ibarra of approximately \$5,000.00 per month.

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 September 11, 2018

By: _____


Raymond E. Ibarra
Vice President of Aqua Life, Corp.

By: _____

/s/ Jacqueline Calderin
JACQUELINE CALDERIN
Florida Bar Number 134414
TAMARA VAN HEEL
Florida Bar Number 107104
Attorneys for the Debtor

EXHIBIT “A”
Plan

[See ECF #293]

Exhibit “B”
Claims Register

[See Ex. B at ECF #128]

Exhibit “C”
Liquidation Analysis

EXHIBIT "C"
Aqua Life Corp. d/b/a Pinch A Penny #43
Case No. 17-15918-RAM
Liquidation Analysis

	August 31, 2018			October 1, 2018		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Vehicles	\$ 34,575	\$ -		\$ 34,575	\$ -	
Nissan Motors	-	7,968		-	7,994	
Net value of vehicles			26,607			26,981
Spas financed by Wells Fargo Floor Plan	33,025	-		33,025	-	
Wells Fargo	-	38,730		-	32,406	
Net value of spas financed by Wells Fargo			(5,705)			619
Uncollected receivables	45,440	-		15,000	-	
Cash on hand	103,685	-		86,000	-	
Cash in registers	2,300	-		2,300	-	
Inventory	616,231	-		576,231	-	
FF&E	16,726	-		16,726	-	
Pinch a Penny Corp	-	443,018		-	443,018	
Ocean Bank LOC	-	209,854		-	209,854	
Net value of receivables, cash, inventory, and FF&E			131,509			43,385
Preference payments (unencumbered)	40,000	-		40,000	-	
Net value of preference payments			40,000			40,000
Unpaid Admin Claims -						
Estimated Chapter 11 Professional Fees	-	200,200		-	200,200	
Ordinary Course Payables	-	131,525		-	57,000	
Customer Deposits	-	63,098		-	56,000	
Monthly Rent Payment	-	-		-	24,000	
Sales Tax on sale of inventory if all inventory sold	-	45,448		-	42,648	
Current sales tax	-	19,416		-	19,500	
U.S. Trustee	-	-		-	9,750	
Superpriority Administrative Claims	-	353,190		-	353,190	
TOTAL			(812,877)			(762,288)
Liquidation Value (excluding Chapter 7 expenses)			(620,466)			(651,303)

Exhibit "D"
July 2018 Monthly Operating Report

[See ECF #292]

Exhibit “E”
Five (5) Year Projections for the Reorganized Debtor

Aqua Life Corp., dba, Print A Penny # 43															
Case No. 17-15918-RAM															
60 Month Plan Projections															
			Sep-18	1	2	3	4	5	6	7	8	9	10	11	12
	Notes		10/29/18	8/6/19	34,295	66,805	56,924	49,416	41,907	34,398	26,889	26,080	22,772	23,760	22,954
Beginning Cash Balance		\$	180,219	180,219	180,219	180,219	180,219	180,219	180,219	180,219	180,219	180,219	180,219	180,219	180,219
Cash/Check Revenue Deposits		\$	183,887	183,887	183,887	183,887	193,514	193,514	193,514	193,514	193,514	193,514	193,514	193,514	193,514
CC Revenue Deposits	(a)	\$	500,000												
Equity Contribution		\$													
Short-term use of personal credit cards during low season	(b)	\$	16,763	16,763	16,763	16,763	17,086	17,086	17,086	17,086	17,086	17,086	17,086	17,086	17,086
Sales tax collected		\$	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Recovery of Insurer Preference		\$	387,109	887,109	467,109	387,109	394,603	394,603	394,603	394,603	394,603	394,603	394,603	394,603	394,603
Total Available Cash		\$	1,267,435	2,167,435	2,167,435	2,167,435	2,167,435	2,167,435	2,167,435	2,167,435	2,167,435	2,167,435	2,167,435	2,167,435	2,167,435
Operating Expenses -		\$													
FF & ADV Expenses		\$	31,830	31,830	31,830	31,830	32,445	32,445	32,445	32,445	32,445	32,445	32,445	32,445	32,445
Cost of Sales (Retail/Construction)	(c)	\$	213,676	213,676	213,676	213,676	217,800	217,800	217,800	217,800	217,800	217,800	217,800	217,800	217,800
Owner's Salaries	(d)	\$	23,833	13,833	13,833	13,833	13,833	13,833	13,833	13,833	13,833	13,833	13,833	13,833	13,833
Associate's Salaries		\$	44,895	44,895	44,895	44,895	44,895	44,895	44,895	44,895	44,895	44,895	44,895	44,895	44,895
Shareholder Tax Paid		\$	16,763	16,763	16,763	16,763	17,086	17,086	17,086	17,086	17,086	17,086	17,086	17,086	17,086
FRS/USA Tax Payment (Withholding) - Estimated		\$													
Other Expense		\$													
Payroll Taxes		\$	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275
Class 1		\$	415	415	415	415	415	415	415	415	415	415	415	415	415
Rent Expense	(e)	\$	24,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Retail Lease Fees		\$	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800
Credit Card Fees - Amex/BOA	(f)	\$	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Insurance - Health		\$	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Insurance - Automobile		\$	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Insurance - Business Liability		\$	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100
Professional Fees - CPA		\$	650	650	650	650	650	650	650	650	650	650	650	650	650
Utilities - Cell Phone		\$	600	600	600	600	600	600	600	600	600	600	600	600	600
Utilities - Internet/Cable		\$	450	450	450	450	450	450	450	450	450	450	450	450	450
Utilities - Security System		\$	200	200	200	200	200	200	200	200	200	200	200	200	200
Utilities - Electric		\$	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Utilities - Water Management & Water		\$	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Office Expense/Supplies		\$	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763
Legal Promotions		\$	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083
Repairs & Maintenance		\$	1,500	6,775	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Auto Repairs and Gas		\$	7,358	7,358	7,358	7,358	7,358	7,358	7,358	7,358	7,358	7,358	7,358	7,358	7,358
Bank service fee		\$	160	160	160	160	160	160	160	160	160	160	160	160	160
Chapter 11 Professional Fees	(g)	\$		1,600,000											
USF Quarterly Fees		\$		9,250											
Class 4		\$		4,035											
Class 2		\$		8,059											
Class 5		\$		16,371											
Class 6		\$		33,500											
Supervisory Admin/Claim of Insurers		\$		335,190											
Repayment of Short-term loans to Insurers	(h)	\$													
Total Expenses		\$	407,241	938,948	454,649	397,660	402,112	402,112	402,112	402,112	402,112	402,112	402,112	402,112	402,112
Remaining Balance		\$	860,194	34,295	66,805	56,924	49,416	41,907	34,398	26,889	26,080	22,772	23,760	22,954	22,145

Notes:
 Amounts reflected are annualized to show monthly averages not withstanding this is a seasonal business and sales fluctuate. The Debtor's high season is during the months April, May, June and July and the low season is December, January, February and March.
 (a) Includes waiver (or other payment) of superpriority claim in the amount of \$353,187.97 contributed to the Debtor as of 09/05/2018.
 (b) The Insurers will continue to use their retained credit card to facilitate operations during periods of reduced income and the reorganized Debtor will repay those same as cash flow permits. This is consistent with pre-confirmation ordinary course of business practices.
 (c) Amount includes projected sale of inventory subject to WGLS Pringo's PMSI and payment thereon as well as payment of short-term DIP financing from Pringo's (LC#F 510).
 (d) This amount represents a 39% reduction in salary paid to Insurers pre-confirmation.
 (e) This amount represents a 21% discount in the amount paid pre-confirmation.
 (f) This amount represents a 100% reduction in the amount paid pre-confirmation.
 (g) This amount represents a 100% discount in the amount paid pre-confirmation.
 (h) Post Plan payment (through 3rd) included as an illustration of the reorganized Debtor's financial position as of the completion of the Plan term.

Aqua Life Corp., dba, Print A Penny # 43		Case No. 17-15918-RAM		60 Month Plan Projections										
		13	14	15	16	17	18	19	20	21	22	23	24	25
	Notes	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
Beginning Cash Balance		\$ 22,145	\$ 21,337	\$ 22,007	\$ 31,198	\$ 32,807	\$ 34,416	\$ 36,025	\$ 37,634	\$ 39,243	\$ 40,852	\$ 42,461	\$ 44,070	\$ 45,679
Cashback Revenue Deposits		184,001	184,001	184,001	182,554	182,554	182,554	182,554	182,554	182,554	182,554	182,554	182,554	182,554
CC Revenue Deposits	(a)	191,514	191,514	191,514	195,210	195,210	195,210	195,210	195,210	195,210	195,210	195,210	195,210	195,210
Equity Contribution														
Short-term use of personal credit cards during low season	(b)		50,000											
Sales tax collected		17,086	17,086	17,086	17,416	17,416	17,416	17,416	17,416	17,416	17,416	17,416	17,416	17,416
Recovery of Insurer Preference		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Total Available Cash		\$ 394,603	\$ 444,603	\$ 394,603	\$ 462,180	\$ 462,180	\$ 462,180	\$ 462,180	\$ 462,180	\$ 462,180	\$ 462,180	\$ 462,180	\$ 462,180	\$ 462,180
Operating Expenses -														
FF & ADV Expenses		32,445	32,445	32,445	33,071	33,071	33,071	33,071	33,071	33,071	33,071	33,071	33,071	33,071
Cost of Sales (Kraft construction)	(c)	217,800	217,800	217,800	222,003	222,003	222,003	222,003	222,003	222,003	222,003	222,003	222,003	222,003
Owner's Salaries	(d)	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833
Associate's Salaries		44,895	44,895	44,895	44,895	44,895	44,895	44,895	44,895	44,895	44,895	44,895	44,895	44,895
State Sales Tax Paid		17,086	17,086	17,086	17,416	17,416	17,416	17,416	17,416	17,416	17,416	17,416	17,416	17,416
FRS USA Tax Payment (Withholding) - Estimated														
Other Expense														
Payroll Taxes		5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275
Class 1		415	415	415	415	415	415	415	415	415	415	415	415	415
Rent Expense	(e)	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Retail Lease Fees		38,521	38,521	38,521	38,521	38,521	38,521	38,521	38,521	38,521	38,521	38,521	38,521	38,521
Credit Card Fees - Amex/BOA		5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800
Insurance - Health	(f)													
Insurance - Automobile		2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Insurance - Business Liability		41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000
Professional Fees - CPA		650	650	650	650	650	650	650	650	650	650	650	650	650
Utilities - Cell Phone		600	600	600	600	600	600	600	600	600	600	600	600	600
Utilities - Internet/Cable		450	450	450	450	450	450	450	450	450	450	450	450	450
Utilities - Security System		200	200	200	200	200	200	200	200	200	200	200	200	200
Utilities - Electric		2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Utilities - Water Management & Water		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Office Expense/Supplies		1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763
Legal Promotions		2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083
Repairs & Maintenance		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Auto Repairs and Gas		7,538	7,538	7,538	7,538	7,538	7,538	7,538	7,538	7,538	7,538	7,538	7,538	7,538
Bank service fee		160	160	160	160	160	160	160	160	160	160	160	160	160
Chapter 11 Professional Fees	(g)													
USF Quarterly Fees														
Class 4														
Class 2		8,659	8,659	8,659	8,659	8,659	8,659	8,659	8,659	8,659	8,659	8,659	8,659	8,659
Class 5														
Class 6		3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350
Supervisory Admin/Claim of Insurers														
Repayment of Short-term loans to Insurers	(h)													
Total Expenses		\$ 395,412	\$ 433,033	\$ 395,412	\$ 466,571	\$ 466,571	\$ 466,571	\$ 466,571	\$ 466,571	\$ 466,571	\$ 466,571	\$ 466,571	\$ 466,571	\$ 466,571
Remaining Balance		\$ 21,337	\$ 32,007	\$ 31,198	\$ 32,807	\$ 34,416	\$ 36,025	\$ 37,634	\$ 39,243	\$ 40,852	\$ 42,461	\$ 44,070	\$ 45,679	\$ 47,288

Notes:
 (a) Includes waiver (or other payment) of superpriority claim in the amount of \$353,187.97 contributed to the Debtor as of 09/05/2018.
 (b) The Insurers will continue to use their retained credit card to facilitate operations during periods of reduced income and the reorganized Debtor will repay those same as cash flow permits. This is consistent with pre-confirmation ordinary course of business practices.
 (c) Amount includes projected sale of inventory subject to WGLS Pargo's PMSI and payment thereon as well as payment of short-term DIP financing from Pinesdale (LC#F 510).
 (d) This amount represents a 39% reduction in salary paid to Insurers pre-confirmation.
 (e) This amount represents a 21% discount in the amount paid pre-confirmation.
 (f) This amount represents a 100% reduction in the amount paid pre-confirmation.
 (g) This amount represents a 100% discount in the amount paid pre-confirmation.
 (h) Post Plan payment (through 3rd quarter) included as an illustration of the reorganized Debtor's financial position as of the completion of the Plan term.

Aqua Life Corp., dba, Print A Penny # 43		Case No. 17-15918-RAM		60 Month Plan Projections										
		26	27	28	29	30	31	32	33	34	35	36	37	38
		Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
Beginning Cash Balance		\$ 30,079	\$ 24,300	\$ 24,234	\$ 26,713	\$ 29,202	\$ 32,267	\$ 35,332	\$ 38,398	\$ 41,358	\$ 44,617	\$ 48,577	\$ 53,537	\$ 57,897
Cashback Revenue Deposits		182,254	182,254	191,174	191,174	191,174	191,174	191,174	191,174	191,174	191,174	191,174	191,174	191,174
CC Revenue Deposits		195,210	195,210	198,977	198,977	198,977	198,977	198,977	198,977	198,977	198,977	198,977	198,977	198,977
Equity Contribution														
Short-term use of personal credit cards during low season	(b)	25,000												
Sales tax collected		17,416	17,416	17,752	17,752	17,752	17,752	17,752	17,752	17,752	17,752	17,752	17,752	17,752
Recovery of Insurer Preference														
Total Available Cash		\$ 425,000	\$ 400,180	\$ 407,944	\$ 407,944	\$ 407,944	\$ 407,944	\$ 407,944	\$ 407,944	\$ 407,944	\$ 407,944	\$ 407,944	\$ 407,944	\$ 407,944
Operating Expenses -														
FF & ADV Expenses		33,671	33,671	33,709	33,709	33,709	33,709	33,709	33,709	33,709	33,709	33,709	33,709	33,709
Cost of Sales (Excl. Construction)	(c)	222,003	222,003	226,288	226,288	226,288	226,288	226,288	226,288	226,288	226,288	226,288	226,288	226,288
Owner's Salaries	(d)	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833
Associate's Salaries		44,295	44,295	44,295	44,295	44,295	44,295	44,295	44,295	44,295	44,295	44,295	44,295	44,295
Shareholder's Payroll		17,416	17,416	17,752	17,752	17,752	17,752	17,752	17,752	17,752	17,752	17,752	17,752	17,752
FFS/USA Tax Payment (Withholding) - Estimated														
Other Expense														
Payroll Taxes		5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275
Class 1														
Rent Expense	(e)	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Real Estate Taxes		39,204												
Credit Card Fees - Amex/BOA		5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800
Insurance - Health	(f)													
Insurance - Automobile		2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Insurance - Business Liability		41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000
Professional Fees - CPA		650	650	650	650	650	650	650	650	650	650	650	650	650
Utilities - Cell Phone		600	600	600	600	600	600	600	600	600	600	600	600	600
Utilities - Internet/Cable		450	450	450	450	450	450	450	450	450	450	450	450	450
Utilities - Security System		200	200	200	200	200	200	200	200	200	200	200	200	200
Utilities - Electric		2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Utilities - Water Management & Water		1,590	1,590	1,590	1,590	1,590	1,590	1,590	1,590	1,590	1,590	1,590	1,590	1,590
Office Expense/Supplies		1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763
Local Promotions		2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083
Repairs & Maintenance		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Auto Repairs and Gas		7,258	7,258	7,258	7,258	7,258	7,258	7,258	7,258	7,258	7,258	7,258	7,258	7,258
Bank service fee		160	160	160	160	160	160	160	160	160	160	160	160	160
Chapter 11 Professional Fees														
USF Quarterly Fees	(g)													
Class 4														
Class 2		8,699	8,699	8,699	8,699	8,699	8,699	8,699	8,699	8,699	8,699	8,699	8,699	8,699
Class 5														
Class 6		3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350
Supervisory Admin/Claim of Insurers														
Repayment of Short-term loans to Insurers	(h)													
Total Expenses		\$ 440,460	\$ 400,156	\$ 405,415	\$ 405,415	\$ 404,839	\$ 404,839	\$ 404,839	\$ 404,839	\$ 404,839	\$ 404,839	\$ 404,839	\$ 404,839	\$ 404,839
Remaining Balance		\$ 24,200	\$ 24,224	\$ 26,713	\$ 29,202	\$ 32,267	\$ 35,332	\$ 38,398	\$ 41,358	\$ 44,617	\$ 48,577	\$ 53,537	\$ 57,897	\$ 62,200

Notes:
 Amounts reflected are annualized to show monthly averages not withstanding this is a seasonal business and sales fluctuate. The Debtor's high season is during the months April, May, June and July and the low season is December, January, February and March.
 (a) Includes waiver (or other payment) of superpriority claim in the amount of \$353,187.97 contributed to the Debtor as of 09/05/2018.
 (b) The Insurers will continue to use their retained credit card to facilitate operations during periods of reduced income and the reorganized Debtor will repay those same as each flow permits. This is consistent with pre-confirmation ordinary course of business practices.
 (c) Amount includes protected sale of inventory subject to WGLS Pargo's PMSI and payment thereon as well as payment of short-term DIP financing from Pincaple (LCIF 510).
 (d) This amount represents a 39% reduction in salary paid to Insurers pre-confirmation.
 (e) This amount represents a 21% discount in the amount paid pre-confirmation.
 (f) This amount represents a 100% reduction in the amount paid pre-confirmation.
 (g) This amount represents a 100% discount in the amount paid pre-confirmation.
 (h) Post Plan payment (through 3rd) included as an illustration of the reorganized Debtor's financial position as of the completion of the Plan term.

Aqua Life Corp., dba, Print A Penny # 43		Case No. 17-15918-RAM		60 Month Plan Projections										
		39	40	41	42	43	44	45	46	47	48	49	50	51
	Notes	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Beginning Cash Balance		\$ 20,121	\$ 24,081	\$ 30,531	\$ 37,025	\$ 43,497	\$ 49,969	\$ 56,440	\$ 62,912	\$ 69,384	\$ 75,856	\$ 82,328	\$ 88,800	\$ 95,272
Cashback Revenue Deposits		191,174	194,864	198,564	198,864	194,864	194,864	194,864	194,864	194,864	194,864	194,864	194,864	194,864
CC Revenue Deposits		198,977	202,818	202,818	202,818	202,818	202,818	202,818	202,818	202,818	202,818	202,818	202,818	202,818
Equity Contribution	(a)													
Short-term use of personal credit cards during low season	(b)													
Sales tax collected		17,752	18,095	18,095	18,095	18,095	18,095	18,095	18,095	18,095	18,095	18,095	18,095	18,095
Recovery of Insurer Preference														
Total Available Cash		\$ 407,994	\$ 415,796	\$ 415,796	\$ 415,796	\$ 415,796	\$ 415,796	\$ 415,796	\$ 415,796	\$ 415,796	\$ 415,796	\$ 415,796	\$ 415,796	\$ 415,796
Operating Expenses -														
FF & ADV Expense		33,799	34,360	34,360	34,360	34,360	34,360	34,360	34,360	34,360	34,360	34,360	34,360	34,360
Cost of Sales (Excl. Construction)	(c)	226,288	230,655	230,655	230,655	230,655	230,655	230,655	230,655	230,655	230,655	230,655	230,655	230,655
Owner's Salaries	(d)	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833
Associate's Salaries		44,295	44,295	44,295	44,295	44,295	44,295	44,295	44,295	44,295	44,295	44,295	44,295	44,295
Shareholder Tax Paid		17,252	18,095	18,095	18,095	18,095	18,095	18,095	18,095	18,095	18,095	18,095	18,095	18,095
Other Expense														
Professional Fees - Business Liability		2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Professional Fees - CPA		41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000
Professional Fees - CRA		650	650	650	650	650	650	650	650	650	650	650	650	650
Professional Fees - CAJ/Pine		600	600	600	600	600	600	600	600	600	600	600	600	600
Utilities - Internet/Cable		450	450	450	450	450	450	450	450	450	450	450	450	450
Utilities - Security System		200	200	200	200	200	200	200	200	200	200	200	200	200
Utilities - Electric		2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Utilities - Water Management & Water		1,590	1,590	1,590	1,590	1,590	1,590	1,590	1,590	1,590	1,590	1,590	1,590	1,590
Office Expense/Supplies		1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763
Legal Promotions		2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083
Repairs & Maintenance		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Auto Repairs and Gas		5,886	5,886	5,886	5,886	5,886	5,886	5,886	5,886	5,886	5,886	5,886	5,886	5,886
Bank service fee		160	160	160	160	160	160	160	160	160	160	160	160	160
Chapter 11 Professional Fees														
USF Quarterly Fee	(e)													
Class 4														
Class 2		8,659	8,659	8,659	8,659	8,659	8,659	8,659	8,659	8,659	8,659	8,659	8,659	8,659
Class 5														
Class 6		3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350
Supervisory Admin/Claim of Insurers														
Repayment of Short-term loans to Insurers	(f)													
Total Expenses		\$ 403,944	\$ 409,245	\$ 409,245	\$ 409,245	\$ 409,245	\$ 409,245	\$ 409,245	\$ 409,245	\$ 409,245	\$ 409,245	\$ 409,245	\$ 409,245	\$ 409,245
Remaining Balance		\$ 24,081	\$ 30,531	\$ 37,025	\$ 43,497	\$ 49,969	\$ 56,440	\$ 62,912	\$ 69,384	\$ 75,856	\$ 82,328	\$ 88,800	\$ 95,272	\$ 101,744

Notes:
 Amounts reflected are annualized to show monthly averages not withstanding this is a seasonal business and sales fluctuate. The Debtor's high season is during the months April, May, June and July and the low season is December, January, February and March.
 (a) Includes waiver (or other payment) of superpriority claim in the amount of \$353,187.97 contributed to the Debtor as of 09/05/2018.
 (b) The Insurers will continue to use their retained credit card to facilitate operations during periods of reduced income and the reorganized Debtor will repay those same as cash flow permits. This is consistent with pre-confirmation ordinary course of business practices.
 (c) Amount includes projected sale of inventory subject to WGLS Pargo's PMSI and payment thereon as well as payment of short-term DIP financing from Pincaple (LC#F 510).
 (d) This amount represents a 39% reduction in salary paid to Insurers pre-confirmation.
 (e) This amount represents a 21% discount in the amount paid pre-confirmation.
 (f) This amount represents a 100% reduction in the amount paid pre-confirmation.
 (g) This amount represents a 100% discount in the amount paid pre-confirmation.
 (h) Post Plan Payment (through 3rd) included as an illustration of the reorganized Debtor's financial position as of the completion of the Plan term.

Aqua Life Corp., dba, Print A Penny # 43		Case No. 17-15918-RAM		60 Month Plan Projections														1-40
		53	53	54	55	56	57	58	59	60	Post Plan 1	Post Plan 2	Post Plan 3	TOTAL				
		Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23					
Beginning Cash Balance	Notes	\$ 58,324	\$ 67,206	\$ 76,188	\$ 85,171	\$ 94,153	\$ 103,135	\$ 112,118	\$ 121,100	\$ 130,083	\$ 139,065	\$ 148,048	\$ 157,031	\$ 1,400				
Cashback Revenue Deposits		198,625	198,625	198,625	198,625	198,625	198,625	198,625	198,625	198,625	198,625	198,625	198,625	11,400,000				
CC Revenue Deposits	(a)	206,732	206,732	206,732	206,732	206,732	206,732	206,732	206,732	206,732	206,732	206,732	206,732	11,886,488				
Equity Contribution														500,000				
Short-term use of personal credit cards during low season	(b)													175,000				
Sales tax collected		18,444	18,444	18,444	18,444	18,444	18,444	18,444	18,444	18,444	18,444	18,444	18,444	1,064,483				
Recovery of Insurer Preference														40,000				
Total Available Cash		\$ 423,801	\$ 423,801	\$ 423,801	\$ 423,801	\$ 423,801	\$ 423,801	\$ 423,801	\$ 423,801	\$ 423,801	\$ 423,801	\$ 423,801	\$ 423,801	\$ 26,082,294				
Operating Expenses -																		
FF & ADY Expenses		35,023	35,023	35,023	35,023	35,023	35,023	35,023	35,023	35,023	35,023	35,023	35,023	2,013,798				
Cost of Sales (Excl. Construction)	(c)	235,107	235,107	235,107	235,107	235,107	235,107	235,107	235,107	235,107	235,107	235,107	235,107	13,517,945				
Owner's Salaries	(d)	13,833	13,833	13,833	13,833	13,833	13,833	13,833	13,833	13,833	13,833	13,833	13,833	950,000				
Associate Salaries		44,895	44,895	44,895	44,895	44,895	44,895	44,895	44,895	44,895	44,895	44,895	44,895	2,693,700				
State Sales Tax Paid		18,444	18,444	18,444	18,444	18,444	18,444	18,444	18,444	18,444	18,444	18,444	18,444	1,064,483				
FIRST USA Tax Payment (Withholding) - Estimated														-				
Other Expense														-				
Payroll Taxes		5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	316,500				
Class 1														7,889				
Rent Expense	(e)	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	1,140,000				
Real Estate Taxes														199,796				
Credit Card Fees - Amex/BOA	(f)	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	348,000				
Insurance - Health	(g)													-				
Insurance - Automobile		2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	168,000				
Insurance - Business Liability		41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	2,452,500				
Professional Fees - CPA		700	700	700	700	700	700	700	700	700	700	700	700	39,450				
Utilities - Internet/Cable		600	600	600	600	600	600	600	600	600	600	600	600	36,000				
Utilities - Cell Phone		450	450	450	450	450	450	450	450	450	450	450	450	27,000				
Utilities - Security System		200	200	200	200	200	200	200	200	200	200	200	200	12,000				
Utilities - Electric		2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	132,000				
Utilities - Water Management & Water		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	93,600				
Office Expense/Supplies		1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	105,750				
Local Promotions		2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	125,000				
Repairs & Maintenance		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	92,250				
Auto Repairs and Gas		5,888	5,888	5,888	5,888	5,888	5,888	5,888	5,888	5,888	5,888	5,888	5,888	398,425				
Bank service fee		160	160	160	160	160	160	160	160	160	160	160	160	9,600				
Chapter 11 Professional Fees	(h)													200,200				
Chapter 11 Quarterly Fees														9,750				
Class 4														8,105				
Class 2		8,059	8,059	8,059	8,059	8,059	8,059	8,059	8,059	8,059	8,059	8,059	8,059	483,587				
Class 5														32,741				
Class 6		3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	201,000				
Supervisory Admin/Claim of Insurers														353,190				
Repayment of Short-term loans to Insurers	(i)													100,000				
Total Expenses		\$ 414,410	\$ 414,410	\$ 414,410	\$ 414,410	\$ 414,410	\$ 414,410	\$ 414,410	\$ 414,410	\$ 414,410	\$ 414,410	\$ 414,410	\$ 414,410	\$ 25,130,432				
Remaining Balance		\$ 67,206	\$ 76,188	\$ 85,171	\$ 94,153	\$ 103,135	\$ 112,118	\$ 121,100	\$ 130,083	\$ 139,065	\$ 148,048	\$ 157,031	\$ 166,013					

Exhibit “F”
Premises Lease

COMMERCIAL LEASE AGREEMENT

THIS LEASE (this "Lease") dated this 1st day of January, 2017

BETWEEN:

Ralu Corp. of 11035 SW 40th Street, Miami, Florida, 33165
(the "Landlord")

OF THE FIRST PART

- AND -

Aqua Life Corp. of 11035 S.W. 40th Street, Miami, Florida, 33165
(the "Tenant")

OF THE SECOND PART

IN CONSIDERATION OF the Landlord leasing certain premises to the Tenant, the Tenant leasing those premises from the Landlord and the mutual benefits and obligations set forth in this Lease, the receipt and sufficiency of which consideration is hereby acknowledged, the Parties to this Lease (the "Parties") agree as follows:

Definitions

1. When used in this Lease, the following expressions will have the meanings indicated:
 - a. "Additional Rent" means all amounts payable by the Tenant under this Lease except Base Rent, whether or not specifically designated as Additional Rent elsewhere in this Lease;
 - b. "Building" means all buildings, improvements, equipment, fixtures, property and facilities from time to time located at 11035 S.W. 40th Street, Miami, FL, 33165, as from time to time altered, expanded or reduced by the Landlord in its sole discretion;
 - c. "Common Areas and Facilities" mean:
 - i. those portions of the Building areas, buildings, improvements, facilities, utilities, equipment and installations in or forming part of the Building which from time to time are not

designated or intended by the Landlord to be leased to tenants of the Building including, without limitation, exterior weather walls, roofs, entrances and exits, parking areas, driveways, loading docks and area, storage, mechanical and electrical rooms, areas above and below leasable premises and not included within leasable premises, security and alarm equipment, grassed and landscaped areas, retaining walls and maintenance, cleaning and operating equipment serving the Building; and

ii. those lands, areas, buildings, improvements, facilities, utilities, equipment and installations which serve or are for the useful benefit of the Building, the tenants of the Building or the Landlord and those having business with them, whether or not located within, adjacent to or near the Building and which are designated from time to time by the Landlord as part of the Common Areas and Facilities;

d. "Leasable Area" means with respect to any rentable premises, the area expressed in square feet of all floor space including floor space of mezzanines, if any, determined, calculated and certified by the Landlord and measured from the exterior face of all exterior walls, doors and windows, including walls, doors and windows separating the rentable premises from enclosed Common Areas and Facilities, if any, and from the center line of all interior walls separating the rentable premises from adjoining rentable premises. There will be no deduction or exclusion for any space occupied by or used for columns, ducts or other structural elements;

e. "Premises" means the retail store at 11035 S.W. 40th Street, Miami, FL, 33165.

f. "Proportionate Share" means a fraction, the numerator of which is the Leasable Area of the Premises and the denominator of which is the aggregate of the Leasable Area of all rentable premises in the Building.

g. "Rent" means the total of Base Rent and Additional Rent.

Leased Premises

2. The Landlord agrees to rent to the Tenant the retail store municipally described as 11035 S.W. 40th Street, Miami, FL, 33165, (the "Premises"). The Premises will be used for only the following permitted use (the "Permitted Use"):

Retail store.

Neither the Premises nor any part of the Premises will be used at any time during the Term by Tenant for any purpose other than the Permitted Use.

3. No pets or animals are allowed to be kept in or about the Premises or in any common areas in the building containing the Premises. Upon thirty (30) days notice, the Landlord may revoke any consent previously given under this clause.

Term

4. The term of the Lease is a periodic tenancy commencing at 12:00 noon on January 1, 2017 and continuing on a year-to-year basis until the Landlord or the Tenant terminates the tenancy (the "Term").

Rent

5. Subject to the provisions of this Lease, the Tenant will pay a base rent of \$19,000.00, payable per month, for the Premises (the "Base Rent"). In addition to the Base Rent, the Tenant will pay the following taxes to the Landlord: sales and use tax. In addition to the Base Rent, the Tenant will pay the following taxes to the appropriate government agencies: property taxes.
6. The Tenant will pay the Base Rent on or before the First of each and every month of the Term to the Landlord.

Operating Costs

7. In addition to the Base Rent, the Tenant is responsible for directly paying to the appropriate suppliers the following operating costs:
- a. cleaning and janitorial services;
 - b. security;
 - c. window cleaning;
 - d. all insurance relating to the Building as placed by the Landlord from time to time, acting prudently;
 - e. repairs and replacements to the Building and any component of the Building;
 - f. accounting and auditing;
 - g. provision, repair, replacement and maintenance of heating, cooling, ventilation and air conditioning equipment throughout the Building;
 - h. supplies used in relation to operating and maintaining the Building;
 - i. all outdoor maintenance including landscaping and snow removal;
 - j. operation and maintenance of parking areas; and
 - k. preventive maintenance and inspection.

8. For any rent review negotiation, the basic rent will be calculated as being the higher of the Base Rent payable immediately before the date of review and the Open Market Rent on the date of review.

Use and Occupation

9. The Tenant will use and occupy the Premises only for the Permitted Use and for no other purpose whatsoever. The Tenant will carry on business under the name of Pinch A Penny Pool Patio & Spa #43 and will not change such name without the prior written consent of the Landlord, such consent not to be unreasonably withheld. The Tenant will open the whole of the Premises for business to the public fully fixtured, stocked and staffed on the date of commencement of the term and throughout the term, will continuously occupy and utilize the entire Premises in the active conduct of its business in a reputable manner on such days and during such hours of business as may be determined from time to time by the Landlord.
10. The Tenant covenants that the Tenant will carry on and conduct its business from time to time carried on upon the Premises in such manner as to comply with all statutes, bylaws, rules and regulations of any federal, provincial, municipal or other competent authority and will not do anything on or in the Premises in contravention of any of them.

Advance Rent

11. On execution of this Lease, the Tenant will pay the Landlord advance rent (the "Advance Rent") to be held by the Landlord without interest and to be applied on account of the 1 month gross rent as they fall due and to be held to the extent not so applied as security for and which may be applied by the Landlord to the performance of the covenants and obligations of the Tenant under this Lease.

Quiet Enjoyment

12. The Landlord covenants that on paying the Rent and performing the covenants contained in this Lease, the Tenant will peacefully and quietly have, hold, and enjoy the Premises for the agreed term.

Distress

13. If and whenever the Tenant is in default in payment of any money, whether hereby expressly reserved or deemed as rent, or any part of the rent, the Landlord may, without notice or any form of legal process, enter upon the Premises and seize, remove and sell the Tenant's goods, chattels and equipment from the Premises or seize, remove and sell any goods, chattels and equipment at any place to which the Tenant or any other person may have removed them, in the same manner as if they had remained and been distrained upon the Premises, all notwithstanding any rule of law or equity to the contrary, and the Tenant hereby waives and renounces the benefit of any present or future statute or law limiting or eliminating the Landlord's right of distress.
14. If the Tenant continues to occupy the Premises without the written consent of the Landlord at the expiration or other termination of the term, then the Tenant will be a tenant at will and will pay to the

Landlord, as liquidated damages and not as rent, an amount equal to twice the Base Rent plus any Additional Rent during the period of such occupancy, accruing from day to day and adjusted pro rata accordingly, and subject always to all the other provisions of this Lease insofar as they are applicable to a tenancy at will and a tenancy from month to month or from year to year will not be created by implication of law; provided that nothing in this clause contained will preclude the Landlord from taking action for recovery of possession of the Premises.

Tenant Improvements

15. The Tenant will obtain written permission from the Landlord before doing any of the following:
- a. painting, wallpapering, redecorating or in any way significantly altering the appearance of the Premises;
 - b. removing or adding walls, or performing any structural alterations;
 - c. changing the amount of heat or power normally used on the Premises as well as installing additional electrical wiring or heating units;
 - d. subject to this Lease, placing or exposing or allowing to be placed or exposed anywhere inside or outside the Premises any placard, notice or sign for advertising or any other purpose;
 - e. affixing to or erecting upon or near the Premises any radio or TV antenna or tower, or satellite dish;
or
 - f. installing or affixing upon or near the Premises any plan, equipment, machinery or apparatus without the Landlord's prior consent.

Utilities and Other Costs

16. The Tenant is responsible for the direct payment of the following utilities and other charges in relation to the Premises: electricity, natural gas, water, sewer, telephone, Internet and cable.

Insurance

17. The Tenant is hereby advised and understands that the personal property of the Tenant is not insured by the Landlord for either damage or loss, and the Landlord assumes no liability for any such loss. The Tenant is advised that, if insurance coverage is desired by the Tenant, the Tenant should inquire of Tenant's insurance agent regarding a Tenant's Policy of Insurance.
18. The Tenant is responsible for insuring the Premises for damage or loss to the structure, mechanical or improvements to the Building on the Premises for the benefit of the Tenant and the Landlord. Such insurance should include such risks as fire, theft, vandalism, flood and disaster.

19. The Tenant is responsible for insuring the Premises for liability insurance for the benefit of the Tenant and the Landlord.

Abandonment

20. If at any time during the Term, the Tenant abandons the Premises or any part of the Premises, the Landlord may, at its option, enter the Premises by any means without being liable for any prosecution for such entering, and without becoming liable to the Tenant for damages or for any payment of any kind whatever, and may, at the Landlord's discretion, as agent for the Tenant, relet the Premises, or any part of the Premises, for the whole or any part of the then unexpired term, and may receive and collect all rent payable by virtue of such reletting, and, at the Landlord's option, hold the Tenant liable for any difference between the Rent that would have been payable under this Lease during the balance of the unexpired term, if this Lease had continued in force, and the net rent for such period realized by the Landlord by means of the reletting. If the Landlord's right of reentry is exercised following abandonment of the premises by the Tenant, then the Landlord may consider any personal property belonging to the Tenant and left on the Premises to also have been abandoned, in which case the Landlord may dispose of all such personal property in any manner the Landlord will deem proper and is relieved of all liability for doing so.

Attorney Fees

21. All costs, expenses and expenditures including and without limitation, complete legal costs incurred by the Landlord on a solicitor/client basis as a result of unlawful detainer of the Premises, the recovery of any rent due under the Lease, or any breach by the Tenant of any other condition contained in the Lease, will forthwith upon demand be paid by the Tenant as Additional Rent. All rents including the Base Rent and Additional Rent will bear interest at the rate of Twelve (12%) per cent per annum from the due date until paid.

Governing Law

22. It is the intention of the Parties to this Lease that the tenancy created by this Lease and the performance under this Lease, and all suits and special proceedings under this Lease, be construed in accordance with and governed, to the exclusion of the law of any other forum, by the laws of the State of Florida, without regard to the jurisdiction in which any action or special proceeding may be instituted.

Severability

23. If there is a conflict between any provision of this Lease and the applicable legislation of the State of Florida (the 'Act'), the Act will prevail and such provisions of the Lease will be amended or deleted as necessary in order to comply with the Act. Further, any provisions that are required by the Act are incorporated into this Lease.

Assignment and Subletting

24. The Tenant will not assign this Lease, or sublet or grant any concession or license to use the Premises or any part of the Premises. An assignment, subletting, concession, or license, whether by operation of law

or otherwise, will be void and will, at Landlord's option, terminate this Lease.

Bulk Sale

25. No bulk sale of goods and assets of the Tenant may take place without first obtaining the written consent of the Landlord, which consent will not be unreasonably withheld so long as the Tenant and the Purchaser are able to provide the Landlord with assurances, in a form satisfactory to the Landlord, that the Tenant's obligations in this Lease will continue to be performed and respected, in the manner satisfactory to the Landlord, after completion of the said bulk sale.

Care and Use of Premises

26. The Tenant will promptly notify the Landlord of any damage, or of any situation that may significantly interfere with the normal use of the Premises.
27. The Tenant will not make (or allow to be made) any noise or nuisance which, in the reasonable opinion of the Landlord, disturbs the comfort or convenience of other tenants.
28. The Tenant will not engage in any illegal trade or activity on or about the Premises.
29. The Landlord and Tenant will comply with standards of health, sanitation, fire, housing and safety as required by law.

Surrender of Premises

30. At the expiration of the lease term, the Tenant will quit and surrender the Premises in as good a state and condition as they were at the commencement of this Lease, reasonable use and wear and damages by the elements excepted.

Hazardous Materials

31. This clause is intentionally deleted from this agreement.

Rules and Regulations

32. The Tenant will obey all rules and regulations posted by the Landlord regarding the use and care of the Building, parking lot and other common facilities that are provided for the use of the Tenant in and around the Building on the Premises.

General Provisions

33. Any waiver by the Landlord of any failure by the Tenant to perform or observe the provisions of this Lease will not operate as a waiver of the Landlord's rights under this Lease in respect of any subsequent defaults, breaches or nonperformance and will not defeat or affect in any way the Landlord's rights in respect of any subsequent default or breach.

- 34. This Lease will extend to and be binding upon and inure to the benefit of the respective heirs, executors, administrators, successors and assigns, as the case may be, of each party to this Lease. All covenants are to be construed as conditions of this Lease.
- 35. All sums payable by the Tenant to the Landlord pursuant to any provision of this Lease will be deemed to be Additional Rent and will be recoverable by the Landlord as rental arrears.
- 36. Where there is more than one Tenant executing this Lease, all Tenants are jointly and severally liable for each other's acts, omissions and liabilities pursuant to this Lease.
- 37. Time is of the essence in this Lease.
- 38. This Lease will constitute the entire agreement between the Landlord and the Tenant. Any prior understanding or representation of any kind preceding the date of this Lease will not be binding on either party to this Lease except to the extent incorporated in this Lease. In particular, no warranties of the Landlord not expressed in this Lease are to be implied.

IN WITNESS WHEREOF the Parties to this Lease have duly affixed their signatures under hand and seal, or by a duly authorized officer under seal, on this 15th day of Jan., 2017.

George Tinsley
(Witness)

Ralu Corp. (Landlord)
Per: [Signature] (SEAL)

George Tinsley
(Witness)

Aqua Life Corp. (Tenant)
Per: [Signature] (SEAL)

Exhibit “G”
Warehouse Lease

COMMERCIAL LEASE AGREEMENT

THIS LEASE (this "Lease") dated this 15th day of Jan, 2017

BETWEEN:

L & R Ibarra Investments LLC of 12301 SW 56th Street, Miami, Florida, 33175
(the "Landlord")

OF THE FIRST PART

- AND -

Aqua Life Corp. of 11035 S.W. 40th Street, Miami, Florida, 33165
(the "Tenant")

OF THE SECOND PART

IN CONSIDERATION OF the Landlord leasing certain premises to the Tenant, the Tenant leasing those premises from the Landlord and the mutual benefits and obligations set forth in this Lease, the receipt and sufficiency of which consideration is hereby acknowledged, the Parties to this Lease (the "Parties") agree as follows:

Definitions

1. When used in this Lease, the following expressions will have the meanings indicated:
 - a. "Additional Rent" means all amounts payable by the Tenant under this Lease except Base Rent, whether or not specifically designated as Additional Rent elsewhere in this Lease;
 - b. "Building" means all buildings, improvements, equipment, fixtures, property and facilities from time to time located at 12301 S.W. 56th Street, Miami, FL, 33175, as from time to time altered, expanded or reduced by the Landlord in its sole discretion;
 - c. "Common Areas and Facilities" mean:
 - i. those portions of the Building areas, buildings, improvements, facilities, utilities, equipment and installations in or forming part of the Building which from time to time are not

designated or intended by the Landlord to be leased to tenants of the Building including, without limitation, exterior weather walls, roofs, entrances and exits, parking areas, driveways, loading docks and area, storage, mechanical and electrical rooms, areas above and below leasable premises and not included within leasable premises, security and alarm equipment, grassed and landscaped areas, retaining walls and maintenance, cleaning and operating equipment serving the Building; and

- ii. those lands, areas, buildings, improvements, facilities, utilities, equipment and installations which serve or are for the useful benefit of the Building, the tenants of the Building or the Landlord and those having business with them, whether or not located within, adjacent to or near the Building and which are designated from time to time by the Landlord as part of the Common Areas and Facilities;
- d. "Leasable Area" means with respect to any rentable premises, the area expressed in square feet of all floor space including floor space of mezzanines, if any, determined, calculated and certified by the Landlord and measured from the exterior face of all exterior walls, doors and windows, including walls, doors and windows separating the rentable premises from enclosed Common Areas and Facilities, if any, and from the center line of all interior walls separating the rentable premises from adjoining rentable premises. There will be no deduction or exclusion for any space occupied by or used for columns, ducts or other structural elements;
- e. "Premises" means the warehouse and the area immediately surrounding the warehouse located at 12301 S.W. 56th Street, Miami, FL, 33175.
- f. "Proportionate Share" means a fraction, the numerator of which is the Leasable Area of the Premises and the denominator of which is the aggregate of the Leasable Area of all rentable premises in the Building.
- g. "Rent" means the total of Base Rent and Additional Rent.

Leased Premises

2. The Landlord agrees to rent to the Tenant the warehouse and the area immediately surrounding the warehouse municipally described as 12301 S.W. 56th Street, Miami, FL, 33175, (the "Premises").

Term

3. The term of the Lease is a periodic tenancy commencing at 12:00 noon on January 1, 2017 and continuing on a year-to-year basis until the Landlord or the Tenant terminates the tenancy (the "Term").

Rent

4. Subject to the provisions of this Lease, the Tenant will pay a base rent of \$5,000.00, payable per month, for the Premises (the "Base Rent"). In addition to the Base Rent, the Tenant will pay the following taxes to the Landlord: sales and use tax. In addition to the Base Rent, the Tenant will pay the following taxes to the appropriate government agencies: property taxes.
5. The Tenant will pay the Base Rent on or before the First of each and every month of the Term to the Landlord.

Operating Costs

6. In addition to the Base Rent, the Tenant is responsible for directly paying to the appropriate suppliers the following operating costs:
- a. cleaning and janitorial services;
 - b. security;
 - c. window cleaning;
 - d. all insurance relating to the Building as placed by the Landlord from time to time, acting prudently;
 - e. repairs and replacements to the Building and any component of the Building;
 - f. accounting and auditing;
 - g. supplies used in relation to operating and maintaining the Building;
 - h. all outdoor maintenance including landscaping and snow removal; and
 - i. preventive maintenance and inspection.

7. For any rent review negotiation, the basic rent will be calculated as being the higher of the Base Rent payable immediately before the date of review and the Open Market Rent on the date of review.

Use and Occupation

8. This clause is intentionally deleted from this agreement.
9. The Tenant covenants that the Tenant will carry on and conduct its business from time to time carried on upon the Premises in such manner as to comply with all statutes, bylaws, rules and regulations of any

federal, provincial, municipal or other competent authority and will not do anything on or in the Premises in contravention of any of them.

Advance Rent

10. On execution of this Lease, the Tenant will pay the Landlord advance rent (the "Advance Rent") to be held by the Landlord without interest and to be applied on account of the 1 month gross rent as they fall due and to be held to the extent not so applied as security for and which may be applied by the Landlord to the performance of the covenants and obligations of the Tenant under this Lease.

Quiet Enjoyment

11. The Landlord covenants that on paying the Rent and performing the covenants contained in this Lease, the Tenant will peacefully and quietly have, hold, and enjoy the Premises for the agreed term.

Distress

12. If and whenever the Tenant is in default in payment of any money, whether hereby expressly reserved or deemed as rent, or any part of the rent, the Landlord may, without notice or any form of legal process, enter upon the Premises and seize, remove and sell the Tenant's goods, chattels and equipment from the Premises or seize, remove and sell any goods, chattels and equipment at any place to which the Tenant or any other person may have removed them, in the same manner as if they had remained and been distrained upon the Premises, all notwithstanding any rule of law or equity to the contrary, and the Tenant hereby waives and renounces the benefit of any present or future statute or law limiting or eliminating the Landlord's right of distress.
13. If the Tenant continues to occupy the Premises without the written consent of the Landlord at the expiration or other termination of the term, then the Tenant will be a tenant at will and will pay to the Landlord, as liquidated damages and not as rent, an amount equal to twice the Base Rent plus any Additional Rent during the period of such occupancy, accruing from day to day and adjusted pro rata accordingly, and subject always to all the other provisions of this Lease insofar as they are applicable to a tenancy at will and a tenancy from month to month or from year to year will not be created by implication of law; provided that nothing in this clause contained will preclude the Landlord from taking action for recovery of possession of the Premises.

Tenant Improvements

14. The Tenant will obtain written permission from the Landlord before doing any of the following:
 - a. painting, wallpapering, redecorating or in any way significantly altering the appearance of the Premises;
 - b. removing or adding walls, or performing any structural alterations;

- c. changing the amount of heat or power normally used on the Premises as well as installing additional electrical wiring or heating units;
- d. subject to this Lease, placing or exposing or allowing to be placed or exposed anywhere inside or outside the Premises any placard, notice or sign for advertising or any other purpose;
- e. affixing to or erecting upon or near the Premises any radio or TV antenna or tower, or satellite dish; or
- f. installing or affixing upon or near the Premises any plan, equipment, machinery or apparatus without the Landlord's prior consent.

Utilities and Other Costs

15. The Tenant is responsible for the direct payment of the following utilities and other charges in relation to the Premises: electricity, natural gas, water, sewer, telephone, Internet and cable.

Insurance

16. The Tenant is hereby advised and understands that the personal property of the Tenant is not insured by the Landlord for either damage or loss, and the Landlord assumes no liability for any such loss. The Tenant is advised that, if insurance coverage is desired by the Tenant, the Tenant should inquire of Tenant's insurance agent regarding a Tenant's Policy of Insurance.
17. The Tenant is responsible for insuring the Premises for damage or loss to the structure, mechanical or improvements to the Building on the Premises for the benefit of the Tenant and the Landlord. Such insurance should include such risks as fire, theft, vandalism, flood and disaster.
18. The Tenant is responsible for insuring the Premises for liability insurance for the benefit of the Tenant and the Landlord.

Abandonment

19. If at any time during the Term, the Tenant abandons the Premises or any part of the Premises, the Landlord may, at its option, enter the Premises by any means without being liable for any prosecution for such entering, and without becoming liable to the Tenant for damages or for any payment of any kind whatever, and may, at the Landlord's discretion, as agent for the Tenant, relet the Premises, or any part of the Premises, for the whole or any part of the then unexpired term, and may receive and collect all rent payable by virtue of such reletting, and, at the Landlord's option, hold the Tenant liable for any difference between the Rent that would have been payable under this Lease during the balance of the unexpired term, if this Lease had continued in force, and the net rent for such period realized by the Landlord by means of the reletting. If the Landlord's right of reentry is exercised following abandonment of the premises by the Tenant, then the Landlord may consider any personal property belonging to the Tenant and left on the

Premises to also have been abandoned, in which case the Landlord may dispose of all such personal property in any manner the Landlord will deem proper and is relieved of all liability for doing so.

Attorney Fees

20. All costs, expenses and expenditures including and without limitation, complete legal costs incurred by the Landlord on a solicitor/client basis as a result of unlawful detainer of the Premises, the recovery of any rent due under the Lease, or any breach by the Tenant of any other condition contained in the Lease, will forthwith upon demand be paid by the Tenant as Additional Rent. All rents including the Base Rent and Additional Rent will bear interest at the rate of Twelve (12%) per cent per annum from the due date until paid.

Governing Law

21. It is the intention of the Parties to this Lease that the tenancy created by this Lease and the performance under this Lease, and all suits and special proceedings under this Lease, be construed in accordance with and governed, to the exclusion of the law of any other forum, by the laws of the State of Florida, without regard to the jurisdiction in which any action or special proceeding may be instituted.

Severability

22. If there is a conflict between any provision of this Lease and the applicable legislation of the State of Florida (the 'Act'), the Act will prevail and such provisions of the Lease will be amended or deleted as necessary in order to comply with the Act. Further, any provisions that are required by the Act are incorporated into this Lease.

Assignment and Subletting

23. The Tenant will not assign this Lease, or sublet or grant any concession or license to use the Premises or any part of the Premises. An assignment, subletting, concession, or license, whether by operation of law or otherwise, will be void and will, at Landlord's option, terminate this Lease.

Bulk Sale

24. No bulk sale of goods and assets of the Tenant may take place without first obtaining the written consent of the Landlord, which consent will not be unreasonably withheld so long as the Tenant and the Purchaser are able to provide the Landlord with assurances, in a form satisfactory to the Landlord, that the Tenant's obligations in this Lease will continue to be performed and respected, in the manner satisfactory to the Landlord, after completion of the said bulk sale.

Care and Use of Premises

25. The Tenant will promptly notify the Landlord of any damage, or of any situation that may significantly interfere with the normal use of the Premises.

26. The Tenant will not make (or allow to be made) any noise or nuisance which, in the reasonable opinion of the Landlord, disturbs the comfort or convenience of other tenants.
27. The Tenant will not engage in any illegal trade or activity on or about the Premises.
28. The Landlord and Tenant will comply with standards of health, sanitation, fire, housing and safety as required by law.

Surrender of Premises

29. At the expiration of the lease term, the Tenant will quit and surrender the Premises in as good a state and condition as they were at the commencement of this Lease, reasonable use and wear and damages by the elements excepted.

Hazardous Materials

30. The Tenant will not keep or have on the Premises any article or thing of a dangerous, flammable, or explosive character that might unreasonably increase the danger of fire on the Premises or that might be considered hazardous by any responsible insurance company.

Rules and Regulations

31. The Tenant will obey all rules and regulations posted by the Landlord regarding the use and care of the Building, parking lot and other common facilities that are provided for the use of the Tenant in and around the Building on the Premises.

General Provisions

32. Any waiver by the Landlord of any failure by the Tenant to perform or observe the provisions of this Lease will not operate as a waiver of the Landlord's rights under this Lease in respect of any subsequent defaults, breaches or nonperformance and will not defeat or affect in any way the Landlord's rights in respect of any subsequent default or breach.
33. This Lease will extend to and be binding upon and inure to the benefit of the respective heirs, executors, administrators, successors and assigns, as the case may be, of each party to this Lease. All covenants are to be construed as conditions of this Lease.
34. All sums payable by the Tenant to the Landlord pursuant to any provision of this Lease will be deemed to be Additional Rent and will be recoverable by the Landlord as rental arrears.
35. Where there is more than one Tenant executing this Lease, all Tenants are jointly and severally liable for each other's acts, omissions and liabilities pursuant to this Lease.
36. Time is of the essence in this Lease.

37. This Lease will constitute the entire agreement between the Landlord and the Tenant. Any prior understanding or representation of any kind preceding the date of this Lease will not be binding on either party to this Lease except to the extent incorporated in this Lease. In particular, no warranties of the Landlord not expressed in this Lease are to be implied.

IN WITNESS WHEREOF the Parties to this Lease have duly affixed their signatures under hand and seal, or by a duly authorized officer under seal, on this 15th day of Jan, 2017.

[Signature]
(Witness)

L & R Ibarra Investments LLC (Landlord)

Per: [Signature] (SEAL)

[Signature]
(Witness)

Aqua Life Corp. (Tenant)

Per: [Signature] (SEAL)

Exhibit “H”
Loans from Insiders

Aqua Life Corp. d/b/a Pinch A Penny #43
Case No. 17-15918-RAM
Superpriority Administrative Claim - Loans from Insiders

Date	Description	Personal Credit Cards	Cash	Payments	Running balance
02/28/18	Capital One Visa 3720	\$ 15,000.00			\$ 15,000.00
03/03/18	Amex 1000	9,500.00			24,500.00
03/03/18	Amex 1002	8,000.00			32,500.00
03/03/18	Amex 1009	7,000.00			39,500.00
03/03/18	Wells Fargo Visa 1721	4,500.00			44,000.00
03/03/18	Citi Amex 5122	9,000.00			53,000.00
03/03/18	Old Navy Visa 5218	8,000.00			61,000.00
03/03/18	Citi Visa 6431	2,000.00			63,000.00
03/03/18	Barclay MC 6679	7,000.00			70,000.00
03/03/18	Citi MC 0597	6,000.00			76,000.00
03/13/18	BOA MC 2134	16,000.00			92,000.00
03/26/18	Payment fo Citi Amex 5122			(9,000.00)	83,000.00
03/27/18	E-check for ad valorem taxes		35,896.97		118,896.97
04/05/18	Payment Capital One 3720			(150.00)	118,746.97
04/16/18	Payment BOA MC 2134			(160.00)	118,586.97
04/16/18	Payment Old Navy Visa 5218			(8,000.00)	110,586.97
04/17/18	Payment to Citi Visa 6431			(2,000.00)	108,586.97
05/01/18	Check #131 from BOA personal acct 8187		3,000.00		111,586.97
05/02/18	Payment Citi MC 0597			(3,000.00)	108,586.97
06/01/18	Check #196 from personal OB acct 3819		122,103.00		230,689.97
06/22/18	Payment BOA MC 2134			(5,500.00)	225,189.97
07/11/18	Check #125 from BOA personal acct 8187		70,000.00		295,189.97
07/27/18	Check #127 from TD Bank personal acct 0085		20,000.00		315,189.97
07/27/18	Check #123 from OB personal acct 3819		38,000.00		353,189.97
		<u>\$ 92,000.00</u>	<u>\$ 288,999.97</u>	<u>\$(27,810.00)</u>	<u>\$353,189.97</u>