

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

IN RE:

JOSE LUIS CRESPO LORENZO

DEBTOR

*

*

*

*

*

CASE NO. 14-04720 EAG

CHAPTER 11

CHAPTER 11 TRUSTEE'S
DISCLOSURE STATEMENT
DATED: AUGUST 20, 2016

TO THE HONORABLE COURT
TO CREDITORS
TO OTHER PARTIES IN INTEREST

Wigberto Lugo-Mender, the Chapter 11 Trustee of the above caption bankruptcy estate submits this Disclosure Statement as of August 20, 2016, together with the proposed Plan of Reorganization.

Respectfully submitted, in San Juan, P.R. this 23rd day of August of 2016.

Wigberto Lugo-Mender, Esq.
Chapter 11 Trustee/ Attorney for the Estate
100 Carr. 165 Suite 501
Guaynabo, P.R. 00968-8052
Tel. (787) 707-0404
Fax: (787) 707-0412
Email: wlugo@lugomender.com

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

TABLE OF CONTENTS

1. INTRODUCTION AND BANKRUPTCY PROVISIONS

1.1 BANKRUPTCY CODE PROVISIONS FOR POST PETITION
DISCLOSURE

1.2 DISCLAIMER

1.3 VOTING REQUIREMENTS

2. ESTATE'S OPERATIONS AND STRUCTURE

2.1 THE ESTATE AND ITS OPERATIONS

2.2 DATE THE PETITION WAS FILED

2.3 BANKRUPTCY PROCEEDINGS

3. ESTATE'S FINANCIAL INFORMATION

3.1 GENERAL FINANCIAL INFORMATION

3.2 PENDING LITIGATION

3.3 LIQUIDATION ANALYSIS

4. SUMMARY OF THE PLAN OF REORGANIZATION

4.1 DESIGNATION OF CLASSES OF CLAIMS AND INTERESTS

4.2 TREATMENT FOR CLASSES OF CLAIMS AND INTEREST

4.3 PAYMENT OF UNSECURED PRIORITY GOVERNMENT CLAIMS
UNDER 11 U.S.C. SECTION 507(a)(8)

4.4 IMPAIRMENT OF EXISTING CLAIMS AND INTERESTS

4.5 DISCHARGE OF CLAIMS

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

4.6 OBJECTIONS TO CLAIMS

5. OTHER MISCELLANEOUS PROVISIONS

5.1 EXECUTORY CONTRACTS

5.2 MEANS OF EXECUTION OF THE PLAN And FUTURE

MANAGEMENT OF THE ESTATE

5.3 PROVISIONS FOR THE MODIFICATION OF THE PLAN

5.4 CLOSING OF THE CASE

5.5 RETENTION OF JURISDICTION

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

1. INTRODUCTION AND BANKRUPTCY PROVISIONS

1.1 BANKRUPTCY CODE PROVISIONS FOR POST PETITION DISCLOSURE:

Section 1125 of the Bankruptcy Code requires the post-petition disclosure of the matters of the debtor in the form of a disclosure statement which provides "adequate information" to its creditors before debtor or a party acting on its behalf may solicit acceptances of a Chapter 11 plan of reorganization. Creditors are urged to consult with their own attorneys, or with each other, and to review all of the pleadings and other documents on file with the U.S. Bankruptcy Court in order to fully understand the disclosures made herein, regarding Chapter 11 Trustee proposed Plan of Reorganization (hereafter referred to as the Plan) and any other matters pertinent to this case. A copy of the Plan of Reorganization is attached to this Chapter 11 Trustee's Disclosure Statement.

1.2 DISCLAIMER:

Creditors are advised that the financial information contained in this Disclosure Statement has not been the object of an audit and is not certified by independent public accountants, except where expressly stated otherwise. The proponent do not warrant or represent that the information contained herein is without inaccuracy notwithstanding the efforts to disclose all matters with careful attention to accuracy and completeness.

Although great efforts have been made to be as accurate as possible, the Chapter 11 Trustee, and his respective counsels and other professional advisors do not warrant an exact accuracy of the information contained herein.

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

The Disclosure is filed with this Honorable Court, without waving or renouncing to any other rights or remedies, legal or otherwise for equitable reliefs in the caption proceeding or in any other future proceeding.

1.4 VOTING REQUIREMENTS:

In order for the Plan to be confirmed by the Bankruptcy Court, the Bankruptcy Code requires that the Plan be approved by all classes of creditors and interest holders or that the Court find that the Plan is "fair and equitable" as to any dissenting class. As provided by 11 U.S.C. 1124, a class of claims or interests is impaired under a plan unless, with respect to each claim or interest of such a class, the plan:

- (1) leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest; or
- (2) notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default.
 - (A) cures any such default that occurred before or after the commencement of the case under this title, other than a default of a kind specified in section 365(b)(2) of this title;
 - (B) reinstates the maturity of such claim or interest as such maturity existed before such default;
 - (C) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

such applicable law; and

(D) if such claim or such interest arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A), compensates the holder of such claim or such interest (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure; and

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

Ordinarily, but not in all circumstances, a plan may not be confirmed unless at least one impaired class, assuming there is at least one impaired class, accepts the plan. A class has accepted the plan if such a plan has been accepted by creditors, other than those under 11 U.S.C. 1126 (e), that hold at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the allowed claims of such class held by creditors, that have accepted or rejected such plan. Creditors may vote for the acceptance or rejection of the plan. Only impaired classes are entitled to vote for the plan.

As detailed in Article V of the Plan of Reorganization the claims in Class no. 1 are deemed unimpaired in accordance with Section 1124 of the Bankruptcy Code. By virtue of such status, such classes are either deemed to accept the plan in accordance with Section 1126(f) of the bankruptcy Code or are not otherwise required to have their votes to accept or reject the Plan solicited.

For voting purposes, Class 2, 5 and 6 are impaired and the Chapter 11 Trustee will solicit

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

the votes of such class with respect to the acceptance or rejection of the Plan pursuant to the provisions of 11 U.S.C. Section 1126.

Each creditor is urged to consult with their own attorney and obtain advice on the proposals and dispositions of this Disclosure Statement and Plan of Reorganization. The statements contained herein are only a brief summary of the confirmation process and should not be relied upon in making your determination as to whether to vote in favor of or against the Plan. Creditors should consult their attorney before making a determination to vote for or against the Plan.

Creditors are expressively referred to the debtor's schedules of assets and liabilities and the statement of financial affairs and all other documents duly filed with the Bankruptcy Court. This Plan is predicated upon certain assumptions that may not materialize, and they are urged to give consideration to such assumptions.

No representation concerning the estate, or as to the actual or realizable value of its property is authorized by the proponents other than as set forth in this Disclosure Statement. Any amendments or clarifications to this Disclosure Statement or the Plan shall be in writing and filed with the Court.

2. ESTATE'S HISTORY, OPERATIONS AND STRUCTURE

2.1 THE DEBTOR AND ITS OPERATIONS:

General Background:

This estate is comprised of the assets and liabilities of Debtor JOSE LUIS CRESPO LORENZO who at the time of the filing of his voluntary bankruptcy petition owned two gas service stations. The first gas station is located at Malpaso Ward, Aguada, Puerto Rico, identified

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

as Land no. 4005 in the Register of Property and with cadaster number 309-007-189-75-000. The second gas station is located at Guanabanos Ward, Aguada, Puerto Rico, identified as Land no. 13040 in the Register of Property and with cadaster number 069-096-400-23-000.

These commercial real properties are fully encumbered by certain credit facilities detailed within Proof of Claim No. 7, originally filed Banco Popular de Puerto Rico, later Triangle Cayman Asset Company 2, which amount to \$6,642,306.14 as of the filing date. On June 21, 2016, a notice was filed to inform the transfer of this claim from Triangle Cayman Asset Company 2 to Rosan Inc. (Docket no. 317).

Upon his appointment and after August 20, 2015, the appearing Chapter 11 Trustee is thereby entrusted and has the duty to administer these bankruptcy estates pursuant 11 U.S.C. § 1106, which in turn incorporates some of the provision of 11 U.S.C. § 704. It is important to know that since the date of filing of this bankruptcy petition, these two gas stations have been in control an operation of unrelated third parties. To this date and based on cash collateral issues and claims, no funds have been received nor are expected to be received by the herein estate on account of the operation of these two gas stations.

On the other hand, from the part of the Chapter 11 Trustee, the principal and only asset to which the Trustee has control are certain funds obtained in another case. Since May 10, 2016 the Chapter Trustee holds on deposit the amount of \$258,707.14 all deposited in an estate account at Banco Santander Puerto Rico. Currently the balance of this account is \$246,864.84.

These funds are related to an imminent domain procedure initiated by "Autoridad De Carreteras y Trasportacion de Puerto Rico" (ACT) at the Puerto Rico State Court in the Case No.

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

KEF 2004-0196. In said case a Judgment was entered wherein a compensation in the amount of \$574,085.00 was awarded. These amounts were to be paid by (ACT) through an initial payment of \$13,800.00 and five (5) additional installments of \$112,057.00 (instalments amount to \$560,285.00). (Docket No. 28)

The herein estate is the owner of half of the judgment awarded in that State Court case. Further, after several procedural matters and considerable litigation of the State Court case, on May 10, 2016 the Chapter 11 Trustee obtained possession and control of the portion of the funds to which the estate was entitled related to the imminent domain case. This last disbursement has settled all interest of the Bankruptcy Estate in the imminent domain case. Currently, the funds in possession of the Chapter 11 Trustee are \$246,865, which are to be use for funding this Plan.

2.2 *DATE THE PETITION WAS FILED*

Debtor Jose Luis Crespo Lorenzo filed his petition for relief under Chapter 11 of the Bankruptcy Code on June 9, 2014. (Docket No. 1) After several procedural matters, on August 20, 2015, the Honorable Court entered order granting the appointment of Wigberto Lugo-Mender, Esq. as the Chapter 11 Trustee of this bankruptcy estate (Docket No. 196).

2.3 *BANKRUPTCY PROCEEDINGS*

Compliance with Operating Guidelines and DIP Requirements:

Upon his appointment as Chapter 11 Trustee, the undersigned has taken all possible measures necessary to reorganize the estate. Currently, the Chapter 11 Trustee is in compliance with the U.S. Trustee Operating Guidelines as follows:

- a) Monthly Operating Reports have been completed and filed with the Court up to

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

July 2016.

- b) Quarterly fees required by the U.S. Trustee are up to date.
- c) Tax returns and declarations have been filed as these become due.

Prior to the undersigned appointment, Debtor's reorganization efforts were always directed to some sort of resolution of the secured claim encumbering these two real properties, either by 1) a debt restructuring of the secured debt that could allow the continuation of business operations with the debtor or 2) a carved-out sale allowing some dividend to unsecured creditors.

Upon appointment, the Chapter 11 Trustee exchanged reorganization proposals with the existing secured creditors at that time. Notwithstanding, upon the transfer of the secured claims to ROSAN INC., the possibility of reaching a debt refinancing of the outstanding secured debt may no longer be an alternative for the estate.

The Chapter 11 Trustee purports that it will be in the best interest of allowed unsecured creditors that the administration of these two stations be turned over to the secured creditor and that the funds currently available be distributed at the least cost possible to the allowed creditors of this estate.

Employment of Professionals:

On June 9, 2014, Debtor filed the application to employ attorney Jose Ramon Cintron, who served as attorney for the debtor in possession (Docket no 4). The order of the court that would approved this application was entered on July 3, 2014 (Docket 21).

On June 23, 2016, Alberto Lozada Colon, Esq. assumed the legal representation of the Debtor. (Docket No. 320)

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

On August 13, 2015, a motion was filed by the US Trustee seeking the appointment of the undersigned as Chapter 11 Trustee of this estate. (Docket No. 195). On August 20, 2015, the Honorable Court entered order granting the appointment of the Chapter 11 Trustee. (Docket entry 196).

In addition, on September 1, 2015, the Chapter 11 Trustee filed an Application for Appointment of Interim Trustee Firm as Attorney for the Estate. This Application was granted by the Court on October 2, 2015 (Dockets no. 199 & 209).

Operational Adjustments Implemented:

Since appointment, the Chapter 11 Trustee of Debtor tried to develop means to fund the Reorganization Plan to provide payments of the obligations to all creditors. Notwithstanding, in order to provide funds for Debtor's intended reorganization, the Chapter 11 Trustee has determined that the best alternative for all parties in interest is to use the funds in possession to pay allowed administrative and unsecured claims filed in the case and to turn over the commercial properties encumbered by the claim filed by Banco Popular, now ROSAN, INC.

3. ESTATE'S FINANCIAL INFORMATION

3.1 GENERAL FINANCIAL INFORMATION:

On June 9, 2014, Debtor filed the required schedules and Statements of Financial Affairs. In addition, on August 21, 2014, Debtor filed the Amended Schedule B, C, F, G and Statement of Financial Affairs to include additional information requested by the US Trustee in the meeting of creditors (Dockets no. 1 & 32).

The information provided in the schedules and the statements of financial affairs show the

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

estate's financial position as of the date of the filing of the petition. The Chapter 11 Trustee has relied on the information provided by Debtor in the Schedules and declarations as the principal source of evidence to ascertain what conforms the estate. Creditors and parties in interest are encouraged to identify and bring to the attention of the Chapter 11 Trustee any additional information that may exist leading to the identification of assets, if any, not disclosed by the Debtor.

On the other hand, monthly operating reports available in the Bankruptcy Court file show estate's finances and results of personal operations for the period after appointment of the Chapter 11 Trustee in the case.

A summary of monthly operating reports filed by the Chapter 11 Trustee has been prepared and enclosed herein as **Exhibit 1**.

Claims Bar date and Proof of Claims

On June 11, 2014, the Bankruptcy Court entered an order setting a bar date for general unsecured claims on October 14, 2014 and for governmental units (as defined by section 101 (27) of the Bankruptcy Code) as December 8, 2014 (the "Bar Dates").

To this date, the estate has received sixteen (16) proofs of claims forms asserting approximately \$11.03 million in claims. The Chapter 11 Trustee has begun the process of reviewing the asserted Claims and objecting to those Claims which he believes should be disallowed in whole or in part.

The Chapter 11 Trustee estimates of Allowed Claims are identified herein. See Schedule of Payments under the Plan of Reorganization enclosed as **Exhibit 2**.

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

3.2 *PENDING LITIGATION:*

Total Petroleum vs José L. Crespo - Federal Case 2009-1402 United States District Court, District of San Juan, Puerto Rico. This proceeding concerns collection of money and damages filed by Total Petroleum before the date of the filing of the instant bankruptcy petition. A final judgement was entered and the amount claimed are being recovered be considered as an unsecured claim.

Chevron vs José L. Crespo - Federal Case 2012-1192 United States District Court, District of San Juan, Puerto Rico. This proceeding concerns collection of money and damages filed by Chevron before the date of the filing of the instant bankruptcy petition. A final judgement was entered and the amount due seems to have been paid after the date of the filing of the petition by means of a recoupment claim filed by the creditor.

Cooperativa de Ahorro & Crédito de Aguada vs José L. Crespo – Civil Case No. ISCI 2010-1083 at the Commonwealth of Puerto Rico, First Instance Court, Subsection of Mayaguez. This proceeding concerns collection of money and foreclosure filed by Cooperativa de Ahorro & Crédito de Aguada before the date of the filing of the instant bankruptcy petition. A final judgement was entered and the amount claimed will be considered as an unsecured claim.

Cordero vs José L. Crespo – Civil Case No. AICI 2000-2266 at the Commonwealth of Puerto Rico, First Instance Court, Subsection of Aguadilla. This proceeding concerns collection of money filed by Cordero before the date of the filing of the instant bankruptcy petition. Although Debtor represented that a final judgement was entered, this creditor has not filed a proof of claim in the case. No dividend to this potential creditor is provided in the Plan of Reorganization.

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

Soto Nieves vs José L. Crespo – Civil Case No. ABCI 2013-1598 at the Commonwealth of Puerto Rico, First Instance Court, Subsection of Aguada. This proceeding concerns collection of money filed by Soto Nieves before the date of the filing of the instant bankruptcy petition. Although Debtor represented that a final judgement was entered, this creditor has not filed a proof of claim in the case. No dividend to this potential creditor is provided in the Plan of Reorganization.

BPPR vs José L. Crespo – Civil Case No. ABCI 2011-0451 at the Commonwealth of Puerto Rico, First Instance Court, Subsection of Aguada. This proceeding concerns a foreclosure filed by BPPR before the date of the filing of the instant bankruptcy petition. A final judgement was entered and the amount due, now claimed by ROSAN, INC., will be considered as a partially secured claim up to the amount of \$1,670,000 and the remaining balance as a general unsecured claim.

Autoridad De Carreteras y Traspotacion de Puerto Rico” (ACT) v. Jose L. Crespo – Civil Case No. KEF 2004-0196 at the Puerto Rico State Court. This proceeding concerned an imminent domain proceeding against a property in which the Debtor/estate had a 50% interest. A Judgment wherein a compensation in the amount of \$574,085.00 was awarded and 50% of said proceeds which pertains to this estate has already been collected by the Chapter 11 Trustee.

3.3 *LIQUIDATION ANALYSIS:*

One requirement for the confirmation of the plan under Chapter 11 of the U.S. Code is that, with respect to each impaired class of claims, each claim holder of such class has accepted the plan or will receive or retain under the plan on account of such allowed claim, a value as of the effective date of the plan, that is not less than the amount such claim holders would receive or retain if the

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

debtors were liquidated under Chapter 7 of the Code on such date. In order to provide the value as of the effective date of the plan under a Chapter 7 scenario, the Chapter 11 Trustee provides a detailed liquidation analysis.

For purposes of determining a liquidation value, the Chapter 11 Trustee of debtor has estimated as possible in a Chapter 7 scenario from 0% of the actual or scheduled value for existing commercial properties since both gas stations are fully encumbered to a secured creditor. The only potential liquidation value to creditors is determined as the resulting net funds on hand after deducting the allowed administrative and priority claims due in this case. A detailed liquidation analysis is enclosed herein as **Exhibit 3**.

4. SUMMARY OF THE PLAN OF REORGANIZATION

4.1 DESIGNATION OF CLASSES OF CLAIMS AND INTERESTS

The Chapter 11 Trustee Plan divides the creditors into SIX (6) classes. The classes of creditors are as follows:

CLASS 1 – ADMINISTRATIVE EXPENSES

Shall consist of Allowed Administrative Expense Claims, as provided under sections 507 (a)(1) and 507(b) of the Bankruptcy Code including, without limitation, costs and expenses allowed under section 503 (b) of the Bankruptcy Code, the actual and necessary costs and expenses of preserving the Estate and Professional Fee Claims and any other fees or charges assessed against the Estate under 28 U.S.C. § 1930. This class including, but not limited to, the United States Trustee's quarterly fees; fees and expenses of Chapter 11 Trustee as may be allowed by the Bankruptcy Court upon application therefore and after notice and hearing according to the

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

Bankruptcy Code and Rules and; any unpaid taxes or fees accrued since petition date as well as court costs accrued since the petition date.

Chapter 11 Trustee estimates the liability in this Class 1 not to be over the amount of \$33,625.

CLASS 2 - SECURED CREDITOR – ROSAN INC.

Banco Popular de PR filed proof of claim number 7 in a total amount of \$6,641,306. This amount is secured with two commercial properties used as gasoline service stations.

Gas Station 1 known as Gas and Else located at Malpaso Ward, Aguada, Puerto Rico. The property is identified as Land no. 4005 in the Register of Property and with cadaster number 309-007-189-75-000.

Gas Station 2 known as West Coast Gasoline and Food Mart, located in Guanabanos Ward, Aguada, Puerto Rico, identified as Land no. 13040 in the Register of Property and with cadaster number 069-096-400-23-000.

On December 10, 2015, Banco Popular de Puerto Rico filed a Notice of Transfer of claim transferring all rights over this claim to Triangle Cayman Asset Company 2. On June 21, 2016, Triangle Cayman Asset Company 2 filed its notice to inform the transfer of claim from Triangle Cayman Asset Company 2 to Rosan Inc. (Docket no. 317).

CLASS 3 – OTHER SECURED CLAIMS

3.1 Real Property Taxes Due on the Two Properties:

“Centro de Recaudacion de Ingresos Municipales (“CRIM”)”, filed proof of claims number 5-2 in the secured amount of \$29,430. This amount is in consideration of the property taxes of the

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

commercial properties (Gas Stations) located in Malpaso Ward, Aguada, Puerto Rico, identified as Land no. 4005 in the Register of Property and with cadaster number 309-007-189-75-000 and commercial property located in Guanabanos Ward, Aguada, Puerto Rico, identified as Land no. 13040 in the Register of Property and with cadaster number 069-096-400-23-000.

In addition to the amount claimed by "CRIM" this class will account for any amounts that may accrue post-petition on these real properties up to the date of closing of the transfers intended in the Plan of Reorganization.

3.2 Tax Lien Recorded by the PR Treasury Department:

The PR Department of Treasury, filed the proof of claim number 13 in the secured amount of \$68,278. This amount is in consideration of personal income tax of Debtor, secured by lien over the commercial properties located in Malpaso Ward, Aguada, Puerto Rico, identified as Land no. 4005 and in Guanabanos Ward, Aguada, Puerto Rico, identified as Land no. 13040 in the Register of Property.

CLASS 4 - CLAIMS BY TENANTS ON TERMINATED LEASE CONTRACTS

PC Puerto Rico, LLC has filed proof of claim number 6 in the amount of \$132,988 upon a judgment entered as a result of Debtor's pre-petition noncompliance with certain pre-petition contractual relationship. On the other hand, this entity owes back rent that have accrued on the operations of the gasoline service station known as Gas and Else located at Malpaso Ward, Aguada, Puerto Rico. The amount due for back rent to this date is still to be reconciled and continues to accrue for each additional month that the Gas Station remains under operation. PC Puerto Rico, LLC has claimed a right of recoupment of up to \$132,988.00.

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

This class also accounts for any contingent and disputed claim that may be claimed by Mr. Noel Cuevas Gonzalez regarding the termination of the lease and use agreement entered with Debtor JOSE LUIS CRESPO LORENZO for the operation of the gasoline service station located known as West Coast Gasoline and Food Mart, located in Guanabanos Ward, Aguada, Puerto Rico.

CLASS 5 - GENERAL UNSECURED CREDITORS

General unsecured creditors considering those listed by the Chapter 11 Trustee, those who filed a proof of claim and those secured creditors, who after the Trustee's efforts have agreed to be considered part of their claim as unsecured, are included in this class.

The debt under this class has been estimated in the amount of \$9,092,836.

CLASS 6 - PAYMENT TO DEBTOR

Debtor JOSE LUIS CRESPO LORENZO has claimed exempt the amount of \$24,225 from the funds received from the imminent domain procedure initiated by the "Autoridad De Carreteras y Transportacion de Puerto Rico" (ACT) at the Puerto Rico State Court in the Case No. KEF 2004-0196. This claim for exemption remains unopposed.

4.2 TREATMENT FOR CLASSES OF CLAIMS AND INTEREST:

CLASS 1 – ADMINISTRATIVE EXPENSES

Shall consist of Allowed Administrative Expense Claims, as provided under Section 503 of the Code. This class shall be paid in cash and in full as soon as practicable or agreed with the creditor on the later of (a) the Effective Date or (b) the date any such claim becomes an allowed Administrative Claim.

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

This class is not impaired.

CLASS 2 – SECURED CREDITOR-ROSAN INC.

Upon confirmation of the Plan of Reorganization, the Chapter 11 Trustee shall transfer to ROSAN INC., or its designee the two (2) commercial properties, meaning the gasoline service stations. The property located at Malpaso Ward, Aguada, identified as Land no. 4005 in the Register of Property and with cadaster number 309-007-189-75-000 will be transferred for a value of \$840,000. The property located at Guanabanos Ward, Aguada, Puerto Rico, identified as Land no. 13040 in the Register of Property, will be transferred for a value of \$830,000.00, both free and clear of liens, through a 11 U.S.C. §363 sale, pursuant to a confirmed Plan of Reorganization. The transfer of the realty property pursuant to the Confirmed Plan of Reorganization will have the benefits of the exemption provided for by 11 U.S.C. § 1146(a) and the same will not be subject to any stamp tax, real estate transfer tax or similar tax.

The Chapter 11 Trustee and ROSAN INC. will file with the Court the Notice of Transfer of the gas station properties to ROSAN INC. pursuant 11 U.S.C. §363 no later than fourteen (14) days after the Order of confirmation is final and un-appealable. Upon the approval of the transfer of the real properties to ROSAN INC., the transfer shall be executed no later than thirty (30) days after the Order approving the transfer is entered by the Court.

At the time of the transfer of these commercial properties to ROSAN INC., or its designee, such transferee will assume the payment of the arrears of real property taxes related to the gas stations as these are identified in CLASS 3.1 of the Plan of Reorganization as well as all the closing cost of said transactions.

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

The deficiency amount determined upon deducting from the total amount claimed per proof of claim 7 the partial payments arising from the value of the transfers of properties will be considered a general unsecured claim within Class 5. Although this creditor will not receive any payment for the unsecured portion of its claim within Class 5, it will retain its claim for purpose of voting.

Other than the transfer of the two properties, no cash dividend will be provided to ROSAN INC through the Plan of Reorganization.

This class is impaired.

CLASS 3 – OTHER SECURED CLAIMS

3.1 Real Property Taxes Due on the Two Real Properties:

Upon the transfers of the two commercial properties (gas service stations) located at Aguada, PR to secured creditor ROSAN INC, as detailed in Class 2 of this Joint Plan, no cash dividend will be provided from estate funds to CRIM by means of this Plan of Reorganization. The amounts due and payable to CRIM for real property taxes on the two gas service stations will be assumed and paid by ROSAN INC at the time of closing of the two transfers of properties.

Even though this class is impaired, it will not vote for the Plan.

3.2 Tax Lien Recorded by the PR Treasury Department:

To the extent that the real property over which this tax lien is recorded is fully encumbered by a senior mortgage now due to ROSAN INC, there is no value secured in favor of the P.R. Treasury Department. Thus, upon the transfers of the two commercial properties (gas service stations) located at Aguada, PR to secured creditor ROSAN INC, as detailed in Class 2 of

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

this Joint Plan, no cash dividend will be provided by the estate nor by ROSAN, Inc., to the P.R. Treasury Department on account of this tax liens. Upon Order to be entered by the Court approving the property transfers to ROSAN, Inc., the tax liens will be expunged and removed from the Puerto Rico Property Records in which this real property is referenced. Any dividend under Treasury's claim under this Class will be provided under Class 5.

Even though this class is impaired, it will not vote for the Plan.

CLASS 4 - CLAIMS BY TENANTS ON TERMINATED LEASE CONTRACTS

No later than the effective date of the Plan, and as part of the transfer of the two (2) commercial properties, meaning the gasoline service stations, the lease and occupancy rights of PC Puerto Rico, LLC and Mr. Noel Cuevas Gonzalez will be terminated in order for the properties to be vacated and transferred to ROSAN INC., or its designee. By this time, both lease agreements have terminated by their own terms and there is no binding agreement with the herein estate that could warrant any additional use rights in favor of these parties after confirmation of the Plan of Reorganization.

Regarding payment of any amounts due to PC Puerto Rico, LLC on account of proof of claim number 6, it will be only upon certification and reconciliation of the amounts that may be due to the estate for back rent that this claim will be paid by means of the recoupment rights claimed by this party. The recoupment amount to which PC Puerto Rico, LLC will be entitled is limited to the amount in the proof of claim, meaning \$132,988. In the event the amount of the back rent owed to the estate exceeds the amount of \$132,988, any excess amount will be received by the Chapter 11 Trustee for additional distribution to allowed claimants under Class 5

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

of the Joint Plan. In the event the amount of the back rent owed to the estate is less than the amount of \$132,988, any deficiency amount will share in distribution with other allowed claimants under Class 5 of the Plan of Reorganization.

Regarding Mr. Noel Cuevas Gonzalez, to this date no claim has been asserted on the termination of the lease and use agreement entered with Debtor JOSE LUIS CRESPO LORENZO for the operation of the gasoline service station located known as West Coast Gasoline and Food Mart, located in Guanabanos Ward, Aguada, Puerto Rico. Only upon Order entered by the Honorable Court upon proper application filed, this creditor will be entitled to any amount due by this estate. Any amount fixed by the Honorable Court in favor of Mr. Noel Cuevas Gonzalez, will share in distribution with other allowed claimants under Class 5 of the Plan.

Even though this class is impaired, it will not vote for the Plan.

CLASS 5 – GENERAL UNSECURED CREDITORS

Creditors under this Class will receive a lump sum payment of all proceeds deposited in the Chapter 11 Trustee account no. 8648 in Banco Santander resulting after full payment of allowed claims classified under Class 1, 6 and priority claims pursuant to 11 U.S.C. § 507(a)(8) of the Code, as these are defined in the Plan of Reorganization. Each member of Class 5 holding an allowed claim will receive a pro-rata distribution of the lump sum amount distribution within 30 days from the effective date, as per the Schedule Payments under the Plan of Reorganization enclosed herein as **Exhibit 2**.

This class is impaired.

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

CLASS 6 - PAYMENT TO DEBTOR

Debtor JOSE LUIS CRESPO LORENZO has claimed exempt the amount of \$24,225 from the funds received from the imminent domain procedure initiated by the “Autoridad De Carreteras y Transportacion de Puerto Rico” (ACT) at the Puerto Rico State Court in the Case No. KEF 2004-0196. This claim for exemption remains unopposed and represents the only amount to be paid to the Debtor by means of this Plan of Reorganization.

This class is impaired.

4.3 PAYMENT OF UNSECURED PRIORITY GOVERNMENT CLAIMS UNDER 11 U.S.C. SECTION 507(a)(8):

All allowed unsecured priority claims pursuant to 11 U.S.C. § 507(a)(8) of the Code, as the same are allowed, approved and ordered to be paid by the Court, will be paid as stated below.

The Chapter 11 Trustee estimates that on account of the proofs of claims filed to this date, the amount of priority claims should not exceed \$106,683 as per the PR Treasury Department proof of claim No. 14 on file.

All or substantially all allowed unsecured priority claims pursuant to 11 U.S.C. § 507(a)(8) of the Code, as the same are all approved and ordered to be paid by the Court, should be paid at the effective date of the Plan of Reorganization through a lump payment, to be paid from the funds in Chapter 11 Trustee's account number no. 8648 at Banco Santander. The payment to priority creditors will be made from the remaining funds of this account after paying all allowed administrative expenses.

See Schedule Payments under the Plan of Reorganization, **Exhibit 2**.

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

4.4 IMPAIRMENT OF EXISTING CLAIMS AND INTERESTS:

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

(1) leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest; or

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

4.5 DISCHARGE OF CLAIMS:

Confirmation of this Plan does not discharge the Debtor for any debt provided for in this Plan pursuant provided in § 1141(d)(3)(A) of the Code.

4.6 OBJECTIONS TO CLAIMS:

The Chapter 11 Trustee, at its option or upon order of the Bankruptcy Court, if requested may file an objection to any claim as to its validity or amount within 30 days before the confirmation date. Objections not filed by the date of confirmation shall be deemed waived. If an objection is made, payment to such claimants will be made only after the entry of a final order by the Court allowing such claim and in accordance with the provisions of the Plan governing such class to which such claims belongs.

The claim of any creditor whose claim has been scheduled as disputed but who has not filed a proof of claim shall be disallowed by confirmation of the Plan.

5. OTHER PROVISIONS

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

5.1 EXECUTORY CONTRACTS:

The Chapter 11 Trustee rejects all unexpired leases and executory contracts to which the estate is a party and which have not been expressly rejected pursuant to 11 U.S.C. Section 365(a).

5.2 MEANS OF EXECUTION OF THE PLAN AND DISTRIBUTION OF FUNDS:

Upon confirmation of the plan, the Chapter 11 Trustee shall have sufficient funds to make all payments then due under this Plan. The Plan will be implemented as required under §1123(a)(5) of the Code.

Regarding the proposed payment of administrative claims, payment to governmental and unsecured claims, funds are currently in deposit in the Chapter 11 Trustee account number 8648 with Banco Santander de PR. The cash balance on this account as of this date is \$246,865.

Except as otherwise stated, on the Consummation Date of the plan, the administration of the properties within this bankruptcy estate shall be and become the general responsibility of the Chapter 11 Trustee, who shall thereafter have the responsibility for the management, control, administration, transfer and distribution of all funds pertaining to this estate. Accordingly, the conformation order will not vest the funds or property of the estate in the custody of the Debtor. Funds and property dealt in the plan will remain under the custody of the Chapter 11 Trustee who will be in charge of all distributions to allowed creditors and transfers of properties thereof.

Management of Estate's affairs, disposition of property, collection of money and distribution to creditors, will be under the control and supervision of Chapter 11 Trustee of Estate, who will assume the same role He has assumed throughout this reorganization process.

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

5.3 PROVISIONS FOR THE MODIFICATION OF THE PLAN:

The Chapter 11 Trustee may propose amendments or modifications of this Plan at any time prior to its confirmation pursuant to 11 U.S.C. 1127. After confirmation of the Plan, it will be the Chapter 11 Trustee that, with the approval of the Court and as long as it does not adversely affect the interests of the creditors, remedy any defect or omission, in such manner as may be necessary to carry out the purposes and effects of the same.

5.4 CLOSING OF THE CASE:

Only at such time as the case has been consummated and the resulting funds distributed by the Chapter 11 Trustee to allowed creditors, this case will be closed. In order for the case to be closed, the Chapter 11 Trustee will file an application for final decree showing that the case has been fully administered and the Plan has been consummated. The Court may conduct a hearing upon application thereof and after notice to all creditors and parties in interests. Thereafter, an order approving the Chapter 11 Trustee's report and closing the case shall be entered.

5.5 RETENTION OF JURISDICTION:

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

This is the Disclosure Statement filed by Chapter 11 Trustee hereby proposed to creditors and parties in interest, filed with the Honorable Bankruptcy Court on this same date. Parties are encouraged to review these documents in order to formulate an informed decision on the estate's

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

whereabouts and conditions. A hearing to consider the approval of this Disclosure Statement will be scheduled by the Honorable Court, with Notice of said hearing served to all parties as per the master address list.

RESPECTFULLY SUBMITTED,

In San Juan, Puerto Rico, this 23th day of August of 2016.



Wigberto Lugo-Mender, Esq.
Chapter 11 Trustee/ Attorney for the Estate

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

CERTIFICATE OF SERVICE

I HEREBY CERTIFY: That on this same date I electronically filed the foregoing with the Clerk of the Court using the CM/ECF System which will send notification of such filing to **Jose M. Perez Villanueva** (Creditor) at jmperezvillanueva@gmail.com; **Migdalia Effie Guasp, Esq.**, (Attorney for BPPR) at megbky@bppr.com; **Luis C. Marini Biagi, Esq.**, (Attorney for BPPR) at luis.marini@oneillborges.com; **Eduardo M. Veray, Esq.**, (Attorney for BPPR) at eduardo.veray@popular.com; **Nayuan Zouairabani Trinidad, Esq.**, (Attorney for BPPR) at nayuan.zouairabani@oneillborges.com; **Jorge A. Galiber Sanchez, Esq.**, (Attorney for Total Petroleum Puerto Rico Corp.) at jorge.galiber@tpprc.com; **Paul James Hammer, Esq.**, (Attorney for Puma Energy Caribe, LLC) at phammer@estrellallc.com; **Nylca Muñoz Sosa, Esq.**, (Attorney for Coca Cola Puerto Rico Bottlers) (Attorney for Medalla Distributors) at nmunoz@mslawpr.com; **Juan Carlos Ortega Torres, Esq.**, (Attorney for Cooperativa de Ahorro y Credito de Aguada) at nmunoz@mslawpr.com; **Patricia Perez Surillo, Esq.**, (Attorney for Service Zone Co, Inc) at perezpatricialaw@gmail.com; **Michelle M. Vega Rivera, Esq.**, (Attorney for Total Petroleum Puerto Rico Corp.) at mvega@vega-rivera.com; **Alberto O. Lozada Colon** (Attorney for Jose Luis Crespo Lorenzo, at lozada1945@hotmail.com , U.S. Trustee Office, (Monsita Lecaroz Arribas, Esq.) at ustpregion21.hr.ecf@usdoj.gov and to the participants appearing in said record.

I HEREBY CERTIFY: That on this same date, a true and correct copy of the foregoing Disclosure Statement and Plan of Reorganization, has been hand delivered to the United States Trustee, and mailed by first class service to those parties that, in writing, have requested copy of said document, as ordered by the Court.

/S/ Wigberto Lugo-Mender, Esq.
Chapter 11 Trustee/ Attorney for the Estate
100 Carr. 165 Suite 501
Guaynabo, P.R. 00968-8052
Tel. (787) 707-0404
Fax: (787) 707-0412
Email: wlugo@lugomender.com

Jose Luis Crespo Lorenzo
Case No. 14-04720 EAG
Chapter 11 Trustee's Disclosure Statement

INDEX TO EXHIBITS

Exhibit Number	Description
1.	Summary of Monthly Operating
2 .	Schedule of Payments Under The Plan of Reorganization
3.	Detailed Liquidation Analysis