

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

IN RE: \*  
\*  
BENITEZ GONZALEZ & ASOC. S.E. \* CASE NO. 15-05940 ESL  
\*  
**DEBTOR** \* CHAPTER 11  
\*\*\*\*\*

CHAPTER 11 TRUSTEE'S  
DISCLOSURE STATEMENT  
DATED: JUNE 23, 2017

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 June 23, 2017, together with the proposed Plan of Liquidation.

Respectfully submitted, in San Juan, P.R. this 23 day of June of 2017.

**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](mailto:wlugo@lugomender.com)

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
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

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
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

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
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 Liquidation (hereafter referred to as the Plan) and any other matters pertinent to this case. A copy of the Plan of Liquidation 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.

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
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

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
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 Chapter 11 Trustee's Plan of Liquidation the claims in Classes number 1 and 3 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 is impaired and the Chapter 11 Trustee will solicit the vote of

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
Chapter 11 Trustee's Disclosure Statement

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 BENITEZ GONZALEZ & ASOCIADOS S.E., a special partnership that filed a voluntary bankruptcy petition on August 4, 2015.

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
Chapter 11 Trustee's Disclosure Statement

Debtor's business operations can be resume as a multi-unit residential project consisting of 122 residential dwellings located at Arroyo, Puerto Rico. These residential units are leased through a federal reimbursement program to the Municipality of Arroyo. Debtor scheduled as the aggregate fair market value of these properties the amount of \$5,500,000.

BSLP Funding LLC is the principal secured creditor in this case with a perfected secured lien encumbering all property owned by Debtor. The amount claimed and acknowledged as due to this creditor as of filing date is \$6,083,944.61. (Proof of Claim No. 1).

On October 28, 2015, a motion was filed by the US Trustee seeking the appointment of the undersigned as Chapter 11 Trustee of this estate. (Docket No. 55). After certain procedural matters raised by the principal secured creditor of this estate, on December 3, 2015, the Honorable Court entered order granting the appointment of the Chapter 11 Trustee. (Docket entry 71).

In summary, given the particular facts of this case, the administration of this bankruptcy estate entails the resolution of this residential project through either 1) a consented sale that will serve to pay the secured interest of BSLP Funding LLC on its collateral or 2) by the transfer to BSLP Funding LLC of its collateral in full satisfaction of its secured interest over the property.

In any of the two scenarios, an agreed "carve-out" is provided to allow for a distribution of allowed creditors of the estate.

## 2.2 *DATE THE PETITION WAS FILED*

Debtor filed the petition for relief under Chapter 11 of the Bankruptcy Code on August 4, 2015. (Docket No. 1) After several procedural matters, on December 3, 2015, the Honorable Court

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
Chapter 11 Trustee's Disclosure Statement

entered order granting the appointment of Wigberto Lugo-Mender, Esq. as the Chapter 11 Trustee of this bankruptcy estate (Docket No. 71).

### 2.3 *BANKRUPTCY PROCEEDINGS*

#### ***General Estate Administration:***

Upon his appointment as Chapter 11 Trustee, the undersigned assumed all managerial duties over this residential project. For day to day operations the Trustee retained the services of J.R. Marchand, P.E., who was the prior Court Administrator at the project, as resident Property Manager at the property. Initially, this firm was in charge of providing property management, preservation and renovation tasks, including daily maintenance work at the premises. On practical and cost considerations, the services of this firm were terminated on May 31, 2017.

Starting on June 1, 2017, the undersigned Trustee has assumed the day to day operations at the project. The trustee has now retained the services of a part-time administrative clerk (1), two maintenance employees (2) and one foreman/supervisor (1) to work directly at the project.

#### ***Cash Collateral Payments to BSLP Funding LLC:***

On January 29, 2016, BSLP Funding LLC and the herein estate entered into an agreement for the Interim Use of Cash Collateral and Adequate Protection. This stipulation was approved by the Honorable Court on February 25, 2016. By means of this agreement the secured creditor and the estate have agreed in a working plan that assures the operation of debtor's business while a Reorganization Plan is drafted and confirmed. (Dockets No. 76 and 78)

Starting in March 2016, all rental checks remitted by the Municipality of Arroyo have been delivered to the undersigned Trustee who in turn disburses all operating and business expenses

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
Chapter 11 Trustee's Disclosure Statement

pursuant the Cash Collateral Stipulation. After payment of operating expenses and the agreed carve-out reserve remaining funds are then paid to BSLP Funding LLC as adequate protection payments on the secured loan.

Payments of operating and preservation expenses as well as BSLP Funding LLC are detailed in the Monthly Operating Reports filed with the Honorable Court.

***Palmar de Arroyo Project Development:***

Aside the regular rent payment received, the Municipality of Arroyo is actively pursuing a major renovation project at the project known as Urbanización El Palmar II del Barrio Palmas Carr. PR #3 Km 127, Arroyo, Puerto Rico. By way of this renovation project and on funds previously assigned by the government, the 122 houses owned by the herein estate as well as all neighborhood common areas are to repaired and improved with a capital investment that may approximate \$2,000,000.

This renovation project is to be managed and controlled exclusively by the Municipality of Arroyo who will be the disbursing agent of all funds granted. On June 16, 2017, the Honorable Eric Bachier Román, Mayor of the Municipality of Arroyo confirmed that this renovation project should start during the next months and that construction work is projected to take at least one year. The Trustee understands that the Disclosure Statement and Plan of Liquidation may be supplemented with additional information that may be obtained on this construction project.

***Employment of Professionals:***

On October 28, 2015, a motion was filed by the U.S. Trustee seeking the appointment of the undersigned as Chapter 11 Trustee of this estate (Docket no. 55). On December 3, 2015, the

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
Chapter 11 Trustee's Disclosure Statement

Honorable Court entered order granting the appointment of the Chapter 11 Trustee. (Docket entry 196). From the date of his appointment and to this date, the undersigned Chapter 11 Trustee has filed four applications for compensation. Upon Order entered approving these applications, the aggregate amount of Trustee's compensation is \$29,431.56.

On January 29, 2016, the Chapter 11 Trustee filed an Application for Appointment of his Firm as Attorney for the Estate. This Application was granted by the Court on February 25, 2016 (Dockets no. 75 & 79). No compensation for these services has been claimed nor paid to this date.

On November 7, 2016, the Chapter 11 Trustee filed an Application for Leave to retain the services of a Ayala Financial Group, LLC to act as accountant for this estate. This firm was retained mainly to complete the entities tax returns for the years 2015 and 2016. This Application was granted by the Court on December 20, 2016 (Dockets no. 106 & 109). No compensation for these services has been claimed nor paid to this date.

On May 1, 2017, the Chapter 11 Trustee filed an Application for Leave to retain the services of a Christiansen Real Estate, Inc., to act as real estate broker for this estate. This Application was granted by the Court on June 2, 2017 (Dockets no. 124 & 129). No compensation for these services has been claimed nor paid to this date.

***Compliance with Operating Guidelines and Requirements:***

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

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
Chapter 11 Trustee's Disclosure Statement

May 2017.

- 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.
- d) Insurance coverage on the properties is up to date.

### **3. ESTATE'S FINANCIAL INFORMATION**

#### *3.1 GENERAL FINANCIAL INFORMATION:*

On August 4, 2015, Debtor filed the required schedules and Statements of Financial Affairs. In addition, on September 21, 2015, Debtor filed the Amended Schedule A, B, E, F, G, H and Statement of Financial Affairs to include additional information requested by the US Trustee in the meeting of creditors (Dockets no. 1 & 33).

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

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
Chapter 11 Trustee's Disclosure Statement

and enclosed herein as **Exhibit 1**.

*Claims Bar date and Proof of Claims*

On August 5, 2015, the Bankruptcy Court entered an order setting a bar date for general unsecured claims on December 10, 2015 and for governmental units (as defined by section 101 (27) of the Bankruptcy Code) as February 1, 2016 (the "Bar Dates").

To this date, the estate has received two (2) proofs of claims forms asserting approximately \$6.08 million in claims. The Chapter 11 Trustee has completed the process of reviewing the asserted Claims and to this date has not identified any claim 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**.

3.2 *PENDING LITIGATION:*

BSLP Funding LLC vs Benitez González & Asociados SE et al – Civil Case no. GCD2013-0172 (307) at the Commonwealth of Puerto Rico, First Instance Court, Subsection of Guayama. This proceeding concerns collection of money and foreclosure filed by BSLP Funding LLC before the date of the filing of the instant bankruptcy petition. A final judgement was entered and the amount due, BSLP Funding LLC, will be considered as a partially secured claim.

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

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
Chapter 11 Trustee's Disclosure Statement

date of the plan, that is not less than the amount such claim holders would receive or retain if the 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 determined that there is no potential realizable value for creditors of this estate since all property is fully encumbered to BSLP Funding LLC as secured creditor.

#### **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 FOUR (4) 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 Bankruptcy Code and Rules and; any unpaid taxes or fees accrued since petition date as well as court costs accrued since the petition date.

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
Chapter 11 Trustee's Disclosure Statement

Chapter 11 Trustee estimates the liability in this Class 1 not to be over the amount of \$57,000.

**CLASS 2 - SECURED CREDITOR – BSLP FUNDING LLC.**

BSLP Funding LLC filed proof of claim number 1 in a total amount of \$6,083,945. This amount is secured with multi-unit residential project, named Palmar de Arroyo, consisting of 122 residential dwellings located at Arroyo, Puerto Rico, and owned by Debtor.

**CLASS 3 – GENERAL UNSECURED CREDITORS**

General unsecured creditors considering those listed by the Chapter 11 Trustee, those who filed a proof of claim within the car date set by the Honorable Court 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 \$19,500.

**CLASS 4 - EQUITY SECURITY INTEREST HOLDERS**

Equity security and interest holders are the current partners of Debtor. The current partners are Mr. Roberto Benítez-González and Mr. Manuel Benítez-González.

*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.

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
Chapter 11 Trustee's Disclosure Statement

*This class is not impaired.*

**CLASS 2 – SECURED CREDITOR-BSLP Funding LLC.**

Upon confirmation of the Plan of Reorganization, the Chapter 11 Trustee shall 1) sell to a third party through a consented sale authorized by BSLP Funding LLC., or 2) transfer to BSLP Funding LLC., or its designee the multi-unit residential project, named Palmar de Arroyo, consisting of 122 residential dwellings. In the event of transfer, the project located at Municipality of Arroyo will be exchanged for a value of \$3,000,000, 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 BSLP Funding LLC will file with the Court the Notice of Transfer of the Palmar de Arroyo project to BSLP Funding LLC pursuant 11 U.S.C. §363 no earlier than fourteen (14) days after the Order of confirmation is final and un-appealable and within the time frame set forth by the secured creditor. Upon request and approval by BSLP Funding LLC, the transfer of the property shall be executed no later than thirty (30) days after the Order approving the transfer is entered by the Court.

Until the time of the transfer of this project to BSLP Funding LLC, or its designee, takes place, the operation of the project and other estate assets shall remain the general responsibility of the Chapter 11 Trustee, who will thereafter continue with the management, control and administration of the residential project as has been done to this date.

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
Chapter 11 Trustee's Disclosure Statement

The deficiency amount determined upon deducting from the total amount claimed per proof of claim 1 the partial payment arising from the value of the transfer of properties will be considered a general unsecured claim within Class 3. Although this creditor will not receive any payment for the unsecured portion of its claim within Class 3, it will retain its claim for purpose of voting.

After the transfer of the Palmar de Arroyo project, and payment of all amounts detailed in this Plan, any resulting excess funds arising on distribution will be paid to BSLP Funding LLC who will retain its secured interest over the cash collateral proceeds to be generated after confirmation of the Plan of Liquidation.

*This class is impaired.*

### **CLASS 3 – GENERAL UNSECURED CREDITORS**

Creditors under this Class will be paid a lump sum payment corresponding to the allowed amount of their claims from the carve-out proceeds deposited in the Chapter 11 Trustee estate account. Each member of Class 3 holding an allowed claim will receive a lump sum distribution within 30 days from the effective date, as per the Schedule Payments under the Plan of Reorganization enclosed herein as **Exhibit 2**.

The aggregate dividend under this class is limited to \$20,000, as this will be the maximum carve-out amount approved by BSLP Funding LLC in the Plan of Liquidation for unsecured creditors.

*This class is not impaired.*

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
Chapter 11 Trustee's Disclosure Statement

#### **CLASS 4 - EQUITY SECURITY INTEREST HOLDERS**

Equity security interest holders will not receive any cash dividend throughout this Plan. Further, upon the effective date of the Plan all rights and interest of the equity security holder shall be deemed terminated.

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

#### **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 \$1,341 as per the Centro de Recaudación de Ingresos Municipales (CRIM) proof of claim No. 2 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, shall be paid at the effective date of the Plan of Liquidation through a lump payment, to be paid from the funds available in the Chapter 11 Trustee's account number no. 8443 at Banco Santander.

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

#### **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

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
Chapter 11 Trustee's Disclosure Statement

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**

**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).

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
Chapter 11 Trustee's Disclosure Statement

Any contract that may need to be preserved or transferred for purposes of consuming this plan will be identified and assumed pursuant to 11 U.S.C. Section 365(a) through a separate motion no later than the date of confirmation of the Plan of Liquidation.

*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 8343 with Banco Santander de PR.

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 and up to the date of transfer of the property. Accordingly, the confirmation 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.

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
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

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
Chapter 11 Trustee's Disclosure Statement

encouraged to review these documents in order to formulate an informed decision on the estate's 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 23<sup>st</sup> day of June of 2017.

/s/ WIGBERTO LUGO MENDER  
**Wigberto Lugo-Mender, Esq.**  
Chapter 11 Trustee/ Attorney for the Estate

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
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 **Charles A. Cuprill Esq.**, (Attorney for Debtor) at [cacuprill@cuprill.com](mailto:cacuprill@cuprill.com); **Carmen Priscilla Figueroa-Bell, Esq.**, (Attorney for CRIM) at [cplibkcy@gmail.com](mailto:cplibkcy@gmail.com); **Hermann D. Bauer Alvarez, Esq.**, (Attorney for BSLP Funding LLC) at [herman@oneillborges.com](mailto:herman@oneillborges.com); **U.S. Trustee Office**, (Monsita Lecaroz Arribas, Esq.) at [ustpregion21.hr.ecf@usdoj.gov](mailto: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: [wlugolugomender.com](mailto:wlugolugomender.com)

Benitez Gonzalez & Asociados SE  
Case No. 15-05940 ESL  
Chapter 11 Trustee's Disclosure Statement

## **INDEX TO EXHIBITS**

<b>Exhibit Number</b>	<b>Description</b>
1.	Summary of Monthly Operating
2 .	Schedule of Payments Under The Plan of Reorganization