

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

**In re:**

**WILLIAM CONTRACTOR INC**

**CASE NO: 15-06311**

**DEBTOR**

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**CHAPTER 11**

**INTRODUCTION**

The Debtor is a corporation organized under the Laws of Puerto Rico dedicated to the construction business. During the process of the instant Bankruptcy proceeding, the Debtor has been able to file a complaint that, if settled or a favorable judgment, will give Debtor the possibility of the payment of all debts. Otherwise debtor will devise a Liquidation Plan. Accordingly, the Debtor submits the instant Disclosure Statement and Summary of Proposed Plan of Payment.

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## **I. DEFINITIONS**

For purposes of this disclosure statement, and to the extent not otherwise provided herein, all capitalized terms below shall have the meanings set forth in the Plan proposed by the Debtor of even date herewith and, unless otherwise indicated, the singular shall include the plural, and any term used in this disclosure statement which is not defined in the Plan, but which is defined in the Bankruptcy Code (11 U.S.C.), shall have the meaning designated in the Bankruptcy Code.

### **1.1 BANKRUPTCY CODE PROVISIONS FOR POST PETITION DISCLOSURE**

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

### **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 Debtor does not warrant or intends to represent that the information contained

herein is without inaccuracy notwithstanding its efforts to disclose all matters with careful attention to accuracy and completeness.

### 1.3 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 finds 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 such applicable law; and

D. does nor 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, i.e., those actually voting on the plan. Creditors may vote for the acceptance or for the rejection of the plan.

Each creditor is urged to consult with its own attorney and obtain advice on the proposals and dispositions of this Disclosure Statement and the Plan. 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 attorneys before making a determination to vote for or against the Plan.

Creditors are expressly referred to the Debtor's Schedules of Assets and Liabilities, the Statement of Financial Affairs and all other documents duly filed in this case with the Bankruptcy Court. This Disclosure Statement is predicated upon certain assumptions that may not materialize, and you are urged to give consideration to such assumptions.

No representation concerning the Debtor or as to the actual or realizable value of its properties, are authorized by the Debtor 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.

#### **1.4 DEBTOR'S HISTORY**

William Contractor Inc., (hereinafter WC) is a Corporation organized under the laws of Puerto Rico dedicated to the construction. This entity was created on 1998, by William Bonilla and Limary Benique. The Partners maintains an ownership of 50% of the interest.

Since start WC participated n the construction of private and governmental projects exceeding 8 million dollars and 30 percent in profits having constructed successfully finished all project in time and with no failure to the developers, banks or bond insurers.

On 2000, WC, as developer, purchased a tract of land of 23 acres located in Bo. Asomante road 115, Aguada , P.R., for housing development known as Villas de San Cristobal. This new real estate development consisted of 59 lots of land that includes the construction of single-family housing units, with construction loans by the buyers. The project is composed of 3 stages, first stage completed with the sale of 19 units, 15 units, single-family housing units had already been sold and 4 lots of land and the project is being developed to be able to sell the rest of the units.

This project has a secured loan with Cooperativa de Ahorro y Credito de Aguada under an agreement. Cooperativa receive 100% of profit of land purchase and WC the profits for construction.

Debtor was contracted on April 13, 2007 by MPR, owner of Plaza del Mar to complete a Project with a cost of 8 million dollars. This project cost as contracted and designed, even with changes of orders could go to a maximum cost of 10 million. Plaza del Mar is a shopping mall owned by the time of the contract by MPR at Hatillo Puerto Rico. BPPR, MPR or MPR shareholders never paid WC the remaining amounts for the work already certified for the amount of \$4,800,000.00 of work already certified. An adversary proceeding was filed.

### **1.5 EVENTS LEADING TO BANKRUPTCY**

Debtor was contracted on April 13, 2007 by MPR, owner of Plaza del Mar to complete a Project with a cost of 8 million dollars. This project cost as contracted and designed, even with changes of orders could go to a maximum cost of 10 million. Plaza del Mar is a shopping mall owned by the time of the contract by MPR at Hatillo Puerto Rico.

Banco Popular de Puerto Rico financed the project and by the time of the contract MPR had a construction line of credit of 26 million dollars for that specific project. WC provided a Payment and Performance Bond provided by USIC and endorsed the same to BPPR.

Before signing the contracts, WC requested BPPR to certify the construction loan, to be able to have the Payment and Performance Bond for the project. BPPR provided a letter on May, 7, 2007 stating that MPR had a credit line of \$26,750,000.00 for the construction of Plaza del Mar Shopping Center, three times the amount of the cost project.

Under that information and considering that the amount was exclusively for the project of Plaza del Mar as represented by the PBBR officials, USIC provided WC with a

Payment and Performance Bond, WC finished with all the paperwork and started the construction as agreed.

The constructions project was build was in stages, once a staged was finished the bank inspector would inspect the construction and if certification was approved and signed by the inspector, parties and bank officials, certifications where paid to the owner of the project in this case MPR and MPR was in the obligation of paying WC.

The first 8 stages where submitted under certification, inspected, signed by the bank and paid to MPR who paid WC as contracted. All this between the months of May and December 2007. BPPR retained 10% of the total amount paid as contracted for a total amount retained by the time of \$26,025.25.

Certifications from stages from 9 to 12 and a change order under number 20 where submitted, inspected, certified by the BPPR engineer and signed by the bank but WC did not receive any payment.

WC alerted the bank officials in charge of the loan but they told WC to wait because payment was on its way and told them to continue to work in the project. Based on previous similar relations with the bank and the owner of the project, relying in the amount of the certified line of credit, WC believed that more than 20 million should still be available by that moment they did not suspected any reason to stop working.

After every certification was signed, but not paid WC contacted BPPR officials and requested an explanation for the lack of payment and they received the same answers. WC kept working until the project was 90% finished and he had no resources to keep working, at the time MPR owned WC the amount of more than 3 million dollars, lot less that the money that was represented by bank as available for the money available for the project. In

one communication with the bank official's WC was informed that they were going to be paid and the delay was due to the fact that they used the money in the credit line for other projects in violation of the contracts and in detriment of WC, the suppliers and the contract with USIC.

In those many conversations, Zalduondo, Jose Mercado and the bank together requested time for payment and for WC to have confidence in them as in previous projects that they were fully paid. By the moment that WC had to stop the constructions the future tenants and buyers had already meet with WC for the specifics of their locals, the remaining 10% of the construction. BPPR, MPR or MPR shareholders never paid WC the remaining amounts for the work already certified for the amount of \$4,800,000.00 of work already certified. An adversary proceeding was filed.

Due to the debt with USIC for payment of Performance Bond to WC is unable to keep working in contracts of more than 1.5 million.

## **1.6 DATE THE PETITION WAS FILED**

The Chapter 11 bankruptcy petition for the Debtor was filed on August 18, 2015. Since then, the Debtor has remained as Debtor in Possession in full compliance with the duties under the Bankruptcy Code and the guidelines of the US Trustee.

## **1.7 BANKRUPTCY PROCEEDINGS**

### **Schedules, Statement of Financial Affairs and Creditors' Meeting.**

On August 18, 2015, the Debtor filed its Voluntary Petition under Chapter 11 with its Schedules, Statement of Financial Affairs, List of Creditors Holding the



20 Largest Unsecured Claims. The Schedule F was later amended in order to provide additional information. (Dkts. No. 1 & 14).

On September 21, 2015 the 341 Meeting of Creditors was held and closed. The minutes of the meeting were entered on October 16, 2015. (Dkts. No. 4 & 19)

### **Employment of Professionals**

The Debtor filed an application to employ its counsel, Damaris Quinones on November 30, 2015, and was approved by the Court on January 4, 2016 (See Dkts. No. 36 & 50).

The Debtor filed an application to employ its Certified Public Accountant counsel, Armando Perez Sosa on November 30, 2015, and was approved by the Court on January 4, 2016 (See Dkts. No. 37 & 51).

### **Duties of the Debtor in Possession**

Upon the filing of this bankruptcy petition, Flexible has taken all possible measures necessary to reorganize the enterprise. Debtor is in compliance with the Operating Guidelines as follows:

- a) Monthly Operating Reports have been completed and filed with the Court up to March 2010.
- b) Property and public liability insurance has been maintained
- c) Quarterly fees required by the U.S. Trustee are up to date.
- d) Post petition expenses are paid in the ordinary course of business.
- e) Tax returns and declarations have been filed as these become due.

## **Other Matters**

On August 24, 2015, the Court entered an Order in which status conference hearing was scheduled for November 4, 2015. (Dkt. No. 8). Therefore, on November 9, 2015, the Debtor filed its respective Report in Preparation for the Status Conference and the status conference was held. (Dkts. No 26 & 35)

On June 20, 2016 the Debtor filed a Motion Requesting an Order to Extend the Exclusivity Period to File a Disclosure Statement, which, was approved by the Court on July 26, 2016. (Dkts. No. 80 & 88)

## **1.8. FINANCIAL INFORMATION**

Debtor's financial information previous to their bankruptcy petition is herein provided as **Exhibit 1**. Additionally, the information provided in the Schedules and Statement of Financial Affairs, as amended, filed with the Court, reflect the Debtor's financial situation on the date of the petition. Monthly Operating Reports available on the Bankruptcy Court's file, reflect the Debtor's post-petition finances.

For purposes of filing this petition, debtor has analyzed and presented the required schedules. The information provided in the schedules filed and the statements of financial affairs show debtor's situation as of the date of the filing of the petition.

The Debtor herein, urges creditors and parties in interest to review the documents available on file at the Bankruptcy Court, in order to make a conscious decision when voting for or against the proposed Plan of Liquidation herein provided by the Debtor.

## II. ASSETS AND LIABILITIES

### 2.1. ASSETS AS OF PETITION DATE - PERSONAL PROPERTY

Personal property for the corporation is detailed in the Schedules filed with the Court, in the amount of \$4,981,080.00. This amount is mainly composed of an account receivable from Multiplazas de Puerto Rico and BPPR.

### 2.2 ASSETS AS OF PETITION DATE — REAL PROPERTY

Debtor's real estate property is detailed in Schedule A, and consists of assets detailed as following property located at \_Bo. Asomante, Aguadada , PR of a value of \$4,000,000.00 :

19 undeveloped lots

38 lots units

## LIABILITIES AS OF PETITION DATE

### 2.3 SECURED CREDITORS

Banco Popular de PR, ("BPPR") was listed as a secured creditor in Schedule D in the amount of \$353,000.00 holding a lien over Debtor's shareholders real estate property. Thereafter, BPPR filed Proof of Claim No. 4 in the total secured amount of \$549,658.30.

Banco Popular de PR, ("BPPR") was listed as a secured creditor in Schedule D in the amount of \$25,000.00 holding a lien over Debtor's equipment. Thereafter, BPPR filed Proof of Claim No. 5 in the total secured amount of \$45,730.01.

Cooperativa de Ahorro y Credito de Aguada ("COOP") was listed as a secured creditor in Schedule D in the amount of \$1,400,000.00 holding a lien over Debtor's lot of land and development. Thereafter, COOP filed Proof of Claim No. 11 in the total secured amount of \$1,191,469.47.

#### **2.4 GENERAL UNSECURED CREDITORS**

General unsecured creditors of the Debtor are listed by the Debtor in Schedule F, filed with the Court. These creditors are essentially service and equipment providers. Some have filed lawsuits against the Debtor, and other claims are undetermined, as they are contingent, unliquidated and disputed. However, for disclosure purposes, the Debtor included all amounts that are being claimed which sum up to the amount of: \$722,119.00.

#### **2.5 PRIORITIES**

WC listed priority claims in Schedule E for the amount of \$62,909.00 mostly taxes.

#### **2.6 CLAIMS BAR DATE AND PROOF OF CLAIMS**

On August 24, 2015, The Bankruptcy Court entered an order setting bar date for general unsecured claims on December 21, 2015 and for governmental units (as defined by section 101 (27) of the Bankruptcy Code) as February 20, 2016 (the "Bar Dates"). To date, the Debtor has received 13 proof of claims forms asserting approximately \$2,039,158.76 in claims. The Debtor has begun the process of reviewing the asserted Claims and has identified objections to those Claims it believes should be disallowed in whole or in a part.

### III. PENDING LITIGATION

Pending litigation to which William Contractor was a party as of petition date, is as follows:

6.1- Action for collection of moneys in the local courts filed by BPPR for the execution of the real estate properties. *Banco Popular de PR v. William Contractor* Case No. ABCI 2013- 1430. The claim filed by BPPR will be paid under Debtor's Plan.

6.2- Lawsuit for money collection has been filed against the Debtor. USIC Vs. William Contractor Case No. KAC 2012 1399. This judicial proceeding was under the consideration of the PR Local Court and has been stayed pending consideration of the instant bankruptcy proceeding.

6.3- Lawsuit for money collection and damages has been filed against the Debtor. GE vs. William / William Vs. Casco Case No. KAC 2012 1399. This judicial proceeding was under the consideration of the PR Local Court and has been stayed pending consideration of the instant bankruptcy proceeding.

All of the pending litigation described above has been considered in Debtor's Liquidation Plan and will have no additional impact.

6.4 Debtor filed an adversary proceeding against Banco Popular de PR , Multiplazas de Puerto Rico, Jose Mercado, Juan R. Zalduondo and others under ADV No. 15-00263 to recover accounts receivable and damages. This proceeding is the basis for the reorganization and payment plan.

## ARTICLE IV

### LIQUIDATION ANALYSIS

One requirement for the confirmation of a plan under Chapter 11 of the 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 holder would receive or retain if the debtor were liquidated under Chapter 7 of the Code, on such date.

The Debtor is relying on the pending litigation to recover the account receivable owned to provide payment of all claims. If judgment is entered unfavorably debtor will start a liquidation process

## V. SUMMARY OF THE PLAN

### CLASSIFICATION AND TREATMENT OF CLAIMS

#### A. DESIGNATION OF CLASSES OF CLAIMS AND INTERESTS

The Plan has been drafted designating six (6) classes in accordance with the provisions of 11 U.S.C. §1122 and §1123. All creditors and other parties in interest are urged to read and consider the Plan in full inasmuch as it represents a proposed legally binding agreement with the Debtor and any other party involved. The classes of creditors are as follows:

### **CLASS 1 ADMINISTRATIVE CLAIM**

This class shall consist of all allowed administrative expense priority claims, as provided under Section 503 (a)(2) of the Code, including, but not limited to, court costs accrued since the petition date, fees to the United States Trustee, fees and expenses of the Debtor's counsel, accountant and any other professionals retained by the Debtor, as may be allowed by the Bankruptcy

Court upon application thereafter, after notice and a hearing and in accordance with the Bankruptcy Code and Rules. This class includes any other expenses incurred by the Debtor, post-petition, which have not been paid in the ordinary course of business. Debt under this class is estimated to be approximately in the amount of \$30,000.00.

### **CLASS 2 SECURED CREDITOR: BANCO POPULAR DE PUERTO RICO**

Banco Popular de PR, ("BPPR") was listed as a secured creditor in Schedule D in the amount of \$353,000.00 holding a lien over Debtor's shareholder's real estate property. Thereafter, BPPR filed Proof of Claim No. 4 in the total secured amount of \$549,658.30.

Banco Popular de PR, ("BPPR") was listed as a secured creditor in Schedule D in the amount of \$25,000.00 holding a lien over Debtor's equipment. Thereafter, BPPR filed Proof of Claim No. 5 in the total secured amount of \$45,730.01.

**CLASS 3 SECURED CREDITORS: COOPERATIVA DE AHORRO Y CREDITO DE AGUADA**

Cooperativa de Ahorro y Credito de Aguada ("COOP") was listed as a secured creditor in Schedule D in the amount of \$1,400,000.00 holding a lien over Debtor's lot of land and development. Thereafter, BPPR filed Proof of Claim No. 11 in the total secured amount of \$1,191,469.47.

**CLASS 4 UNSECURED CLAIMS OF GOVERNMENTAL UNITS**

This class consists of the general unsecured portion of the allowed claims owed to governmental units. Pursuant to the information provided in Debtor's Schedules, the total liability under this class was estimated to be in the amount of \$62,909.00. Thereafter, IRS filed Proof of Claim No. 3 and 12 . After reconciling the amounts listed in Debtor's Schedules with the proof of claims filed, the total liability under this class is estimated to be \$10,500.00

**CLASS 5 CONTRACTORS AND OTHER CONSTRUCTION LOANS**

This class shall consist of all allowed general unsecured claims for contractors and all claims related to the construction and development business. Pursuant to the information provided by the Debtor• in its Schedules, the liability under this class is estimated to be in the amount of \$784,919.00. Thereafter proof of claims have been filed by these creditors and these have been reconciled with Debtor's records which sum up to the amount of \$784,919.00.



## **CLASS 6 EQUITY SECURITY AND/OR OTHER INTEREST HOLDERS**

This class includes all equity and interest holders who are partners of William Contractor.

### **B. TREATMENT TO CLASSES**

#### **CLASS 1 ADMINISTRATIVE CLAIMS**

This class shall consist of all allowed administrative expense priority claims, as provided under Section 503 (a)(2) of the Code, including, but not limited to, court costs accrued since the petition date, fees to the United States Trustee, fees and expenses of the Debtor's counsel, accountant and any other professionals retained by the Debtor, as may be allowed by the Bankruptcy Court upon application thereafter, after notice and a hearing and in accordance with the Bankruptcy Code and Rules. This class includes any other expenses incurred by the Debtor, post-petition, which have not been paid in the ordinary course of business. Debt under this class is estimated to be approximately in the amount of \$30,000.00. This class will be paid on Effective Date, or as agreed between the parties. This class is not impaired.

#### **CLASS 2 SECURED CREDITOR: BANCO POPULAR DE PUERTO RICO**

This class shall consist of BPPR's allowed secured claims. The Debtor listed BPPR's claim in the total secured amount of \$353,000.00, holding a lien over Debtor's shareholder's real estate Thereafter, BPPR Proof of Claim No. 4 in the total secured amount of \$549,658.30. Banco Popular de PR, ("BPPR") was listed as a secured creditor in Schedule D in the amount of \$25,000.00 holding a lien over

Debtor's equipment. Thereafter, BPPR filed Proof of Claim No. 5 in the total secured amount of \$45,730.01.

The Debtor will provide payment to BPPR's allowed secured claim up to the value of the collateral, or pursuant to agreement between the parties. Payment to this creditor is expected to occur on or before 180 days from Effective Date. This class is impaired.

### **CLASS 3 SECURED CREDITORS: COOPERATIVA DE AHORRO Y CREDITO DE AGUADA**

Cooperativa de Ahorro y Credito de Aguada ("COOP") was listed as a secured creditor in Schedule D in the amount of \$1,400,000.00 holding a lien over Debtor's lot of land and development . Thereafter, BPPR filed Proof of Claim No. 11 in the total secured amount of \$1,191,469.47. The Debtor will provide payment allowed secured claim pursuant to agreement between the parties. The Debtor expects to finalize an agreement with prior to the confirmation hearing. This class is not impaired.

### **CLASS 4 UNSECURED CLAIMS OF GOVERNMENTAL UNITS**

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. Debtor estimates the debt as follows:

- a. CRIM: \$22,000.00
- b. Internal Revenue Service: \$40,630 as per Proof of Claim #3-3/12-4
- c. Departamento de Hacienda \$15,909.00

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, shall be paid through monthly installments commencing on the effective date and during a period not exceeding five years after the date of the assessment of each such claim. Each claim is to be evidenced by a promissory note for the full amount thereof, bearing interest at the statutory rate, dated as of the Effective Date, the value of the future payments to be equal to its allowed amount.

In relation with the claim of IRS, if Debtors fail to make any deposits of any currently employment tax liability, fails to make any payment of any tax to IRS within 10 days of the due date of such deposits or payment, if Debtors fails to file required federal tax return by the due date, or if the Debtors fails to make any payments due to the IRS under this plan, the IRS may declare that the Debtors is in default, provided that a notice is given in writing to the Debtor to the address of record. If the IRS declares the Debtors in default, the Debtors must cure that default within 30 days. If the total amount in default is not cure, then the entire imposed liability to be paid under the plan, together with any unpaid current liability, shall become due and payable immediately upon written demand.

The IRS, notwithstanding any stay which may be in effect, may then collect any unpaid liabilities through the administrative collection provision of the IRS. This class is not impaired.

#### **CLASS 5 CONTRACTORS AND OTHER CONSTRUCTION LOANS**

This class shall consist of all allowed general unsecured claims for contractors and all claims related to the construction and development business. Pursuant to the information provided by the Debtor in its Schedules, the liability under this class is

estimated to be in the amount of \$784,919.00. Thereafter proof of claims have been filed by these creditors and these have been reconciled with Debtor's records which sum up to the amount of \$784,919.00.

This class will be paid on a prorata basis from the carve-out to be agreed with the secured creditor or as agreed with claimant. This class is impaired.

#### **CLASS 6 EQUITY SECURITY AND/OR OTHER INTEREST HOLDERS**

This class includes all equity and interest holders who are partners of William Contractor. The interest to be retained by the stockholders will be issued in consideration of the stockholders' contribution to the business upon completing a capital investment to the company in order to contribute to the payment of allowed claims. The amount of additional contribution is estimated in the aggregate amount of \$ 107,569.00.

#### **ARTICLE IV**

#### **IMPAIRMENT OF EXISTING CLAIMS AND INTERESTS**

As provided by 11 U.S. C. §1124, a class of claims of interests is impaired under a plan unless with respect to each claim of 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) compensated 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 such applicable law; and
- d) does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest.

## **ARTICLE VIII**

### **PAYMENT TO PRIORITIES UNDER SECTION 507(a)(8) OF THE CODE**

The Debtor did not list any priority unsecured claim in its Schedules and no priority claim was filed.

### **DISCHARGE OF CLAIMS**

10.1 Except as otherwise provided for in this Plan or in the Order of Confirmation, the rights granted by the Plan and the payments and distributions to be made there under shall be in complete exchange for, and in full satisfaction, discharge and release of, all existing debts and claims of any kind, nature or description whatsoever against the Debtor. On the Consummation Date, all existing claims shall be deemed to be exchanged, satisfied, discharged and released in full; and all holders of claims shall be precluded from asserting any other or future claim based upon any act or omission,

transaction or other activity of any kind or nature that occurred prior to the Consummation Date, whether or not such holder filed a proof of claim.

The order of confirmation of this Plan shall constitute an injunction against the pursuit of any claim or Equity Interest, whether or not a proof of claim or proof of interest based on any such debt, liability, or interest is filed or deemed filed, under 11 U.S.C. 501, such claim is allowed under 11 U.S.C. 502 or the holder of such claim has accepted this Plan in the manner set forth herein.

#### **10.2 OBJECTIONS TO CLAIMS:**

The Debtor, 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 and may substitute for the Debtor as the objecting party to any pending claim objections. 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.

### **ARTICLE VIII**

#### **LEASES AND EXECUTORY CONTRACTS**

Debtor assumes all unexpired leases and executor contracts to which it is a party and which have not been expressly rejected pursuant to 11 U.S.C. Section 365(a).

## **ARTICLE IX**

### **PROOF OF CLAIMS NOT FILED**

The Plan provides that where a proof of claim has not been filed, the Allowed Claim shall be in the amount appearing in the Schedules filed by the Debtor, provided however, that the scheduled amount is not shown as unliquidated, contingent or disputed, in which case no amount will be allowed unless the Debtor has notified such creditors and such creditors have filed a timely proof of claim. To the extent that no debt was listed on Debtor's schedules and the creditor was listed for notice purposes only and such creditor did not file a proof of claim, no payment will be provided.

## **ARTICLE X**

### **OBJECTIONS TO CLAIMS**

The Debtor, at the option of the Debtor or upon order of the Bankruptcy Court, if requested, may file an objection to any claim as to its validity or amount within thirty (30) days prior or after the Confirmation hearing. 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 the class to which such claim belongs.

## **ARTICLE XI**

## **CONDITIONS PRECEDENT TO CONSUMMATION**

Before the consummation of the Plan takes place, the Confirmation Order should be a Final Order. In the event that the conditions stated in the Plan are not satisfied, this Plan shall be null and void and the rights of all holders of claims and interests, and of the Debtor, shall be restored as of the date immediately preceding the Confirmation Date.

## **ARTICLE XII**

### **NON-ACCEPTANCE OF THE PLAN**

#### **(CRAMDOWN)**

If all applicable requirements of 11 U.S.C. §1129(a), other than subsection (a)(8), are met with respect to the Plan, the Debtor hereby requests that the Court confirms this Plan, notwithstanding the requirements of said section, if the Plan does not discriminate unfairly and is fair and equitable with respect to each class of claims or interests that is impaired under and has not accepted this Plan.

## **ARTICLE XIII**

### **MEANS OF EXECUTION OF THE PLAN**

#### **AND MANAGEMENT OF DEBTOR**

On the Effective Date of the Plan, the distribution, administration and management of Debtor's affairs, collection of moneys, and distribution to creditors, unless otherwise provided herein, will be under the control and supervision of the current officers, who will continue to assume the same roles that they have assumed throughout the instant bankruptcy proceeding. These officers will receive no compensation under Debtor's Plan of Liquidation.



The Debtor has identified as income for distribution the collection of the account receivables or from the pending adversary proceeding

#### **ARTICLE XIV**

##### **PROVISIONS FOR THE MODIFICATION OF THE PLAN**

The Debtor may propose amendments of modification of the Plan at any time prior to its confirmation, upon notice to creditors and parties in interest. After confirmation of the Plan, the Debtor may, 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 manners as may be necessary to carry out the purposes and effects of the same. If by any chance the Plan of Liquidation is to be amended, the creditors shall have a reasonable opportunity to review it with enough time prior to any hearing on confirmation.

#### **ARTICLE XV**

##### **CLOSING THE CASE**

At such time as the case has been substantially consummated, this case shall be closed. In order for the case to be closed, the Debtor shall file an application for final decree showing that the case has been fully administered and the Plan has been substantially consummated. The Court shall conduct a hearing upon application thereon and after notice to all creditors and parties in interest. Thereafter, an order approving the Debtor's report and closing of the case shall be entered.

#### **ARTICLE XVI**

##### **RELEASE AND DISCHARGE OF CLAIMS**

**16.1 Discharge.**

Except as otherwise expressly provided in the Plan or in Section 1141 of the Code, the distributions made pursuant to and in accordance with the applicable terms and conditions of the Plan of Liquidation are in full and final satisfaction, settlement, release and discharge as against the Debtor of any debt of the Debtor that arose before the Effective Date, and any debt of the Debtor of a kind specified in Section 502(g), 502(h), or 502 (i) of the code, and all claims against the Debtor or its Estate of any nature, including, without limitation, any interest accrued thereon from and after the Petition Date, other than the interest proposed in Debtor's plan, whether or not (i) a proof of claim based on such debt, obligation or equity interest is filed or deemed filed under Section 501 of the Code, (ii) such Claim is Allowed under Section 502 of the Code, or (iii) the holder of such Claim has accepted the Plan.

**16.2 Injunction Relating to the Plan.**

As of the Effective Date, all persons are hereby permanently enjoined from commencing or continuing, in any manner or in any place, any action or other proceeding, whether directly, indirectly, derivatively or otherwise against the Debtor and its Estate while payments under the Plan are pending, on account of, or respecting any Claims, debts, rights, Causes of Action or liabilities discharged pursuant to the Plan, except to the extent expressly permitted under the Plan or under any specific order entered by the Bankruptcy Court.

**16.3 Set offs.** Except as otherwise provided in this Plan, nothing contained in this except as otherwise provided in this Plan, nothing contained in this Plan

shall constitute a waiver or release by the Estate of any rights of setoff the Estate may have against any person.

## ARTICLE XVII

### OTHER PROVISIONS

Confirmation of the Plan and the Confirmation Order will vest title of all property of the estate of the Debtor and will constitute final settlement of payment to all creditors.

All injunctions or stays provided for in the bankruptcy case at bar under Sections 105 and 362 of the Bankruptcy Code (11 U.S.C.), or otherwise, and in existence on the Confirmation Date shall remain in full force and effect until the Effective Date.

The provisions of this Plan shall bind all claims against the Debtor of whatever nature, including any claim arising from the rejection of any executory contract, or any other action. Any holder of a claim or interest who fails to file an objection in writing to the provisions of the Plan, which is filed with the Court and served upon counsel for the Debtor, not later than the date set for the confirmation of the plan, shall be deemed to have accepted its classification and to be bound by the proposed Plan.

All actions taken by the Debtor with respect to any person shall not be construed to release, waive, discharge, compromise or in any other way satisfy any claim, except those subject to any agreement between the parties. Upon completion of the requirements of the Plan and the order of confirmation, the Debtor and/or the

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claimant shall execute all corresponding documents and cooperate fully to reflect, release and/or reaffirm all the obligations herein provided.

The Plan shall become effective upon the Effective Date of the Plan, which is 30 days after the order confirming the plan becomes a final order and shall be the date on which there shall be made all initial cash payments under the plan.

To the extent that any term of this Disclosure Statement varies from the terms of the Plan, the terms of the Plan shall govern.

#### **ARTICLE XVIII**

#### **RETENTION OF JURISDICTION**

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

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 30<sup>th</sup> day of September, 2016.



**William Bonilla**  
**President William Contractor**

**I HEREBY CERTIFY** that on this 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 the parties appearing in said system including the US Trustee and to all those parties who

has requested a copy and are not within the electronic service, by first class United States Postal Mail Service.

**WHEREFORE**, the Debtor respectfully requests that this Court take notice of the filing and consider the Lease Contract with Popular Leasing assumed with any other relieve deemed appropriate.

In Cabo Rojo, Puerto Rico, on September 30, 2016.

**DAMARIS QUINONES VARGAS**

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*s/ Damaris Quinones Vargas*

USDC-PR 213709