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

IN RE:	**CASE NO. 16-01361 MCF**
HALAIS GROUP, INC.	
DEBTOR	**CHAPTER 11**

DEBTOR'S AMENDED DISCLOSURE STATEMENT DATED MARCH 10th, 2018

/s/ CARLOS A. RUIZ RODRIGUEZ
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I. INTRODUCTION

Pursuant to Section 1125 of the United States Bankruptcy Code, 11 U.S.C. §101, *et seq.* (the "Bankruptcy Code"), Halais Group, Inc., debtor and debtor-in-possession in the above captioned case ("Debtor"), provides its disclosure statement (the "Disclosure Statement") to all of its known creditors. This Disclosure Statement contains information about the Debtor and describes the Debtor's Amended Plan of Reorganization, dated March 10th, 2018 (the "Amended Plan"). A full copy of the Amended Plan is attached to this Disclosure Statement as Exhibit A. A table of the proposed distribution to be made under the Plan is also attached as Exhibit B and discussed in this Amended Disclosure Statement.

The purpose of the Amended Disclosure Statement is to provide such information as Debtor believes may be deemed necessary for Debtor's creditors to make an informed decision in exercising their rights to vote on Debtor's Amended Plan. Particularly, this Amended Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case;
- How the Amended Plan proposes to treat claims or equity interests of the type you hold (*i.e.*, what you will receive on your claim or equity interest if the plan is confirmed);
- The prospects if confirmation is denied or the proposed Amended Plan does not become effective;
- Who can vote on or object to the Amended Plan;
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Amended Plan;

- Why Debtor believes the Amended Plan is feasible, and how the treatment of your claim or equity interest under the Amended Plan compares to what you would receive on your claim or equity interest during a liquidation; and
- The effect of the confirmation of the Amended Plan.

Debtor recommends that you vote to accept the Amended Plan. Each creditor must, however, review the Amended Plan and the Amended Disclosure Statement carefully, including all exhibits in their entirety, and determine whether or not to accept or reject the Plan based upon that creditor's independent judgment and evaluation. The description of the Plan in the Disclosure Statement is in summary form and is qualified by reference to the actual terms and conditions of the Plan, which should be reviewed carefully before making a decision to accept or reject the Plan. Capitalized terms not otherwise defined herein have the same meaning as set forth in the Plan; other terms shall have the meaning ascribed to them in the Bankruptcy Code. ***Your rights may be affected. You should read the Amended Plan and this Amended Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

The information contained in the Amended Disclosure Statement has been provided by Debtor's representative, based upon his knowledge of Debtor's records, business and affairs. Except as otherwise expressly indicated, the information provided in the Amended Disclosure Statement has not been subject to an audit or independent review. Although great efforts have been made to be accurate, Debtor, its counsel and other professional advisors do not warrant the accuracy of the information contained herein.

No representations concerning Debtor, including the value of its assets, or the aggregate dollar amount of claims which may be allowed are authorized other than as set forth in the Amended Disclosure Statement. Any representations, warranties or agreements made to secure acceptance or rejection of the Plan by Debtor's creditors that differ from those contained in the Amended Disclosure Statement should not be relied upon in voting on the Plan.

The Amended Disclosure Statement has not yet been approved by the Bankruptcy Court as providing information deemed adequate to enable Debtor's creditors to make an informed judgment in exercising their right to vote for or against the Amended Plan. The Court has not yet determined whether the Amended Plan meets the legal requirements for confirmation, and the fact that the Court approves this Amended Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted.

The hearing at which the Court will determine whether to finally approve this Amended Disclosure Statement and confirm the Amended Plan will be scheduled by the Bankruptcy Court and will be conducted at the U.S. Bankruptcy Court, District of Puerto Rico, 300 Recinto Sur Street, Second Floor, San Juan PR 00901. ***You will receive a Notice for this hearing from the Debtor.***

Debtor believes that the Amended Plan provides the quickest recovery and will maximize the return to creditors on their claims. **ACCORDINGLY, DEBTOR URGES ALL CREDITORS TO VOTE IN FAVOR OF THE AMENDED PLAN.**

II. GENERAL INFORMATION

A. Description, History, and Management of the Debtor's Business

Halais Group, Inc., established on September 11, 2000, is a for-profit corporation organized under the laws of Puerto Rico, an it is involved in the business of providing burial and cremations services, and the sale of cemetery lots and columbariums. Before filing for bankruptcy, Halais Group, Inc. was managed by its founder and president Mr. Raymond Halais-Karesh. After the bankruptcy, Debtor's business is still managed by its president with the assistance and advice of the professionals retained in this case. Debtor's finances and accounting structure were established, and the corporate affairs of the Debtor have been adjusted and under strict compliance.

B. Insiders of the Debtor

Pursuant to 11 U.S.C. §101(31)(B) of the United States Bankruptcy Code, an insider (if the debtor is a corporation) includes (i) director of the debtor; (ii) officer of the debtor; (iii) person in control of the debtor; (iv) partnership in which the debtor is a general partner; (v) general partner of the debtor; or (vi) relative of a general partner, director, officer, or person in control of the debtor.

The insider of the Debtor is Mr. Raymond Halais- Karesh and his two sons, Mr. Omar and Eric Halais. There are no insider claims nor be any distribution under the terms of the Plan.

C. Events Leading to Chapter 11 Filing

The Debtor experienced as significant loss of revenues due to a reduction of salesmen employees. As a result of the revenues' decrease, the cemetery business was not able to comply with its debts as were originally structured and thus was sued for the foreclosure of the cemetery lot and also had garnishments executed by the CRIM and the Department of Treasury. In August

2017, the debtor received authorization by the Bankruptcy Court to obtain a DIP Financing in the amount of $785,000.00. With these funds the Debtor purchased several mortgage notes from creditor Capital Crossing for the reduced price of $420,000.00. Debtor currently holds around $190,118.00 in an escrow account to pay claims.

D. **Significant Events During the Bankruptcy Case**

Debtor retained legal professional services from Lcdo. Carlos Alberto Ruiz, CSP and accounting professional services from Albert Tamarez-Vásquez, CPA. The employment of these professionals was approved by the Court. Debtor has executed measures and made adjustments to reorganize its business affairs.

The Debtor does not intend to pursue preference, fraudulent conveyance, or any kind of avoidance actions.

E. Objections to Claims

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Amended Plan.

F. Current and Historical Conditions

Debtor's financial condition is detailed in Debtor's summary of monthly operating reports filed with the Court, and hereby attached as Exhibit C.

III. SUMMARY OF DEBTOR'S AMENDED PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. Purpose of the Amended Plan of Reorganization

As required by the Code, the Amended Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Amended Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Amended Plan is confirmed, your recovery will be limited to the amount provided by the Amended Plan.

B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Amended Plan. They may, however, object if, in their view, their treatment under the Amended Plan does not comply with that required by the Code. As such, the Amended Plan Proponent has *not* placed the following claims in any class:

1. Administrative Expenses

Administrative expenses are costs or expenses of administering the Debtor's Chapter 11 case which are allowed under §507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor's estimated administrative expenses and their proposed treatment under the Plan:

Type	Estimated Amount Owed	Proposed Treatment
Professional Fees, as approved by the Court - Lcdo. Carlos Alberto Ruiz, CSP - CPA Albert Tamarez Vasquez	$ 12,000.00 $ 4,500.00	Paid in full on the effective date of the Plan, or according to separate written agreement, or according to Court order if such fees have not been approved by the Court on the effective date of the Plan.
Office of the U.S. Trustee Fees	$ 1,950.00	Debtor proffers payments are current. If any outstanding amount is due it will be paid in full on the effective date of the Plan.
TOTAL	**$ 18,450.00**	

2. Priority Tax Claims

Priority tax claims are unsecured income, employment, and other taxes described by §507(a)(8) of the Code. Unless the holder of such a §507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief. Each holder of a priority tax claim will be paid consistent with § 1129(a)(9)(C) of the Code, in monthly cash installments, equal to the allowed amount of its claim, plus yearly interest over a period ending before the statutory five-year period from the filing of the captioned petition.

The following lists the Debtor's §507(a)(8) priority tax claims and their proposed treatment under the amended plan:

Description (name and type of tax)	Estimated Amount Owed	Treatment
IRS	$ 71,202.35	To be paid in full in a lump sum payment upon the confirmation of the plan.

State Insurance Funds Corp. (CFSE)	$5,347.08	To be paid in full in a lump sum payment upon the confirmation of the plan.
PR Department of Treasury	$69,907.42	Monthly Payment = $2,072.00 Begin date = April 15th, 2018 End date = March 15th, 2021 Total Payout = $69,907.00
PR Department of Treasury (IVU)	$41,769.00	To be paid in full in a lump sum payment upon the confirmation of the plan.
PR Department of Labor	$1,892.13	To be paid in full in a lump sum payment upon the confirmation of the plan.

C. Classes of Claims and Equity Interests

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

1. Classes of Secured Claims

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under §506 of the Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim.

The following chart lists all classes containing Debtor's secured prepetition claims and their proposed treatment under the Plan:

Class	Description	Impairment	Treatment
1	Swift Capital	Impaired	Paid in full on August 2017.
2	CRIM	Impaired	To be paid in full in a lump sum payment upon the confirmation of the plan.

3	Bautista Cayman Asset Company (Capital Crossing)	Impaired	Paid in full on August 2017.
4	Department of Treasury	Impaired	To be paid in full in a lump sum payment upon the confirmation of the plan.
5	Parliament High Yield Fund, LLC (Post-Petition)	Impaired	Monthly Payment = $9,322.00 Begin Date = April 15th, 2018 End Date (Balloon) = August 31st, 2019 Total Payout = $818,182.60

2. Classes of General Unsecured Claims

General unsecured claims are not secured by property of the estate and are not entitled to priority under §507(a) of the Code. The following chart identifies the Amended Plan's proposed treatment of Class 6, which contains general unsecured claims against the Debtor:

Class	Description	Impairment	Treatment
6	General Unsecured Claims	Impaired	All Unsecured creditors in this class holding allowed claims will receive Pro-rata distributions of a total of $10,000.00 at the effective date of the Plan. Based on the current allowed amounts, each claim holder in this class will receive approximately 100.00% of the allowed amount. Any change in the allowed amounts may change the actual distribution percentage, but it will be nevertheless the same to all of them. (This amount is subject to the final negotiation between Debtor and Class 3 member.)

3. Class of Equity Interest Holders

Equity interest holders are parties who hold an ownership interest (*i.e.*, equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company ("LLC"), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

The following chart sets forth the Plan's proposed treatment of the class of equity interest holders:

Class	Description	Impairment	Treatment
7	Equity Interest Holders	Impaired	There will be no distribution to this class.

D. <u>Means for Implementation of the Amended Plan</u>

The Amended Plan will be implemented as required under §1123(a)(5) of the Code. Payments and distributions under the Amended Plan will be funded by from the cash flow from operations and future income of the Debtor, as well as Stockholders' contributions and from the DIP Financing extended by Parliament.

E. <u>Risk Factors</u>

Although the PR economy has shrunk for the last twelve (12) years, the recovery funds which have begun to be injected to the economy for the restoration of electricity, communication and transportation infraestructure will reverse the shrinking tendency within the next twelve (12) months and afterwards, a general improvement in the economic climate on the island should improve.

F. <u>Executory Contracts and/or Unexpired Leases</u>

The Amended Plan, in Section 6.01, specifies the Debtor will assume or reject unexpired leases and executory contracts, which have not been expressly rejected or assumed under 11 U.S.C. §365(a). Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any. It also lists how the Debtor will cure and compensate the other party to such contract or lease for any such defaults.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Amended Plan, unless the Court has set an earlier time.

All executory contracts and unexpired leases that are not listed in Section 6.01 of the Amended Plan will be rejected under the Amended Plan. Consult your advisor or attorney for more specific information about particular contracts or leases.

G. <u>Tax Consequences of Amended Plan</u>

Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

The Court has not yet confirmed the Amended Plan described in this Amended Disclosure Statement. To be confirmable, the Amended Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Amended Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting the votes of insiders; the Amended Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Amended Plan; and the Amended Plan must be feasible. These requirements are <u>not</u> the only requirements listed in §1129, and they are not the only requirements for confirmation.

All creditors entitled to vote on the Amended Plan may cast their votes for or against the Amended Plan by completing, dating, signing and causing the Ballot Forms accompanying this Amended Disclosure Statement to be returned to the following address:

Halais Group, Inc.
c/o Lcdo. Carlos Alberto Ruiz, CSP
PO Box 1298, Caguas, PR 00726-1298

The Ballots must be received **on or before 4:00 P.M. (Eastern Standard Time) of the date that will be notified,** to be counted in the voting. Ballots received after this time will not be counted in the voting unless the Bankruptcy Court so orders. **Those not marked as accepted or rejected will be deemed as an acceptance of the Amended Plan. If creditors choose not to send them, they will also be counted in favor of the acceptance of the Amended Plan. Debtor recommends a vote for "ACCEPTANCE" of the Amended Plan.**

Pursuant to §1128 of the Bankruptcy Code, the Bankruptcy Court will schedule a hearing on confirmation of the Amended Plan. The Confirmation Hearing will be held before the Honorable Mildred Caban Flores, United States Bankruptcy Judge, in the United States Courthouse, 300 Recinto Sur, San Juan, Puerto Rico, 00901, or before any other Bankruptcy Judge that may be designated to hold the same at such place as may be indicated in the future.

At the Confirmation Hearing, the Bankruptcy Court will consider whether the Amended Plan satisfies the various requirements of the Bankruptcy Code, including whether it is feasible and in the best interests of holders of claims and interests. The Bankruptcy Court will also receive and consider a Report of Amended Plan Voting prepared by Debtor, summarizing the votes for acceptance or rejection of the Amended Plan by parties entitled to vote.

The Confirmation Hearing may be adjourned from time to time without further notice except for the announcement of the adjourned date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

At the Confirmation Hearing, with respect to the Plan, the Bankruptcy Court will (i) determine whether the required votes have been obtained for each Class, (ii) hear and determine objections, if any, to the Amended Plan and to the confirmation of the Amended Plan, that have not been previously disposed of, (iii) determine whether the Amended Plan meets the confirmation requirements of the Bankruptcy Code, and (iv) determine whether to confirm the Amended Plan.

Any objection to confirmation of the Amended Plan must be in writing, filed and served as required by the Bankruptcy Court pursuant to the order approving the Amended Disclosure Statement on Debtor, the United States Trustee and all parties having appeared in the case and requested to be served with pleadings filed in the case.

A. Who May Vote or Object

Any party in interest may object to the confirmation of the Amended Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Amended Plan. A creditor or equity interest holder has a right to vote for or against the Amended

Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Debtor believes that *there are no* unimpaired classes. Debtor believes that *classes 1 through 5* are impaired and that holders of claims in these classes, therefore, are entitled to vote, to accept or reject the Amended Plan.

1. What Is an Allowed Claim or an Allowed Equity Interest?

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Amended Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case was June 30th, 2016 for all creditors, except for governmental units whose deadline was on August 24th, 2016.

2. What Is an Impaired Claim or Impaired Equity Interest?

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Amended Plan. As provided in § 1124 of the Code, a class is considered impaired if the Amended Plan alters the legal, equitable, or contractual rights of the members of that class

3. Who is **Not** Entitled to Vote

The holders of the following five types of claims and equity interests are *not* entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes.
- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and
- holders of claims or equity interests in classes that do not receive or retain any value under the Amended Plan;
- administrative expenses.

Even If You Are Not Entitled to Vote on the Amended Plan, You Have a Right to Object to the Confirmation of the Amended Plan and to the Adequacy of the Amended Disclosure Statement.

4. *Who Can Vote in More Than One Class*

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity and should cast one ballot for each claim.

B. Votes Necessary to Confirm the Amended Plan

If impaired classes exist, the Court cannot confirm the Amended Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by a *cramdown* on non-accepting classes, as discussed later in Section [B.2.].

1. Votes Necessary for a Class to Accept the Amended Plan

A class of claims accepts the Amended Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Amended Plan.

A class of equity interests accepts the Amended Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Amended Plan.

2. Treatment of Nonaccepting Classes

Even if one or more impaired classes reject the Amended Plan, the Court may nonetheless confirm the Amended Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a cramdown plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not "discriminate unfairly" and is "fair and equitable" toward each impaired class that has not voted to accept the Plan.

You should consult your own attorney if a "cramdown" confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

C. Liquidation Analysis

To confirm the Amended Plan, the Court must find that all creditors and equity interest holders who do not accept the Amended Plan will receive at least as much under the Amended Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. A liquidation analysis is attached to this Amended Disclosure Statement as Exhibit D.

D. Feasibility

The Court must find that confirmation of the Amended Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

1. Ability to Initially Fund Amended Plan

Debtor believes that it will have enough cash on hand on the effective date of the Amended Plan to pay all the claims and expenses that are entitled to be paid on that date. See Summary of Monthly Operating Reports and Projected Financial Information attached as Exhibits C and E.

2. Ability to Make Future Amended Plan Payments And Operate Without Further Reorganization

Debtor has provided projected financial information. Those projections are listed in Exhibit E.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

V. EFFECT OF CONFIRMATION OF THE AMENDEDPLAN

A. Discharge of Debtor

The order under §1141(d) of the Bankruptcy Code, except as otherwise provided for in the Plan or in the Order of Confirmation, the rights granted by the Plan and the payments and distributions to be made hereunder 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 the Amended Plan shall constitute an injunction against pursuing any claim or 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; whether or not such claim is allowed under 11 U.S.C. §502 or whether the holder of such claim has accepted this Plan in the manner set forth herein.

Being a Corporation, the confirmation of the amended plan does not discharge debtor from any debt (A) of a kind specified in paragraph (2)(A) or (2)(B) of section 523(a) of the Bankruptcy Code that is owed to a domestic governmental unit, or owed to a person as the result of an action filed under subchapter III of Chapter 37 of title 31 or any similar State statute; or (B) for a tax or customs duty with respect to which debtor made a fraudulent return; or willfully attempted in any manner to evade or to defeat such tax or such customs duty.

B. Modification of the Amended Plan

Debtor may modify the Plan before confirmation of the Plan. However, the Court may require a new disclosure statement and/or re-voting on the Plan. The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing.

C. Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the case shall be closed upon the Debtor's compliance with the statutory requirements of section 1101(2) of the Bankruptcy Code. Debtor will apply for final decree evidencing the Plan has been substantially consummated.

VI. ALTERNATIVES TO THE AMENDED PLAN

If the Plan is not confirmed and consummated, the alternatives include (a) Debtor's liquidation under Chapter 7 of the Bankruptcy Code, (b) dismissal of the Case or (c) the proposal of an alternative plan or settlement with creditors.

A. Liquidation under Chapter 7

If no plan can be confirmed, the Case may be converted to Chapter 7 of the Bankruptcy Code, and as indicated above, a trustee would be elected or appointed to liquidate Debtor's assets for distribution to Creditors in accordance with the priorities established by the Bankruptcy Code.

Debtor believes that conversion of the Case to Chapter 7 of the Bankruptcy Code would not be in the best interest of creditors, due to a loss of value of the assets once they stop producing revenues as an ongoing operation, additional costs of administration under Chapter 7, and delay in distribution on account of such conversion. As it was discussed in Section IV (C), the estimated dividend for unsecured claims under a Chapter 7 proceeding would be 0% and through this Plan of Reorganization is a Dividend of 3.24%.

Thus, Debtor believes that the interest of Creditors and the goals of Chapter 11 are better served by the continuation of the Chapter 11 proceedings.

B. Dismissal of the Case

Dismissal of the Case would likely create substantial problems for all parties involved, which would result, in an abandonment of the orderly and structured equitable payments provided for the Plan under the provisions of the Bankruptcy Code. Therefore, dismissal of the Case is not a viable alternative for creditors.

C. Alternative Plan of Reorganization

If the Plan is not confirmed, Debtor could attempt to formulate a different plan. Debtor believes, however, that the Plan described herein will provide the greatest and most expeditious return to creditors, subject to final negotiation with secured creditor Bautista Cayman Asset.

VII. CONCLUSION

Debtor submits that the Amended Plan is fair and reasonable and in the best interest of the Estate and Creditors and offers the best possible recoveries for Creditors under the circumstances, subject to the final negotiations with BCA. Debtor therefore, urges creditors to vote in favor of the Amended Plan once it is amended to provide definite terms of Class 3 creditors.

/S/ Raymond Halais Karesh
Signing as President of Debtor
Halais Group, Inc.

/s/ CARLOS A. RUIZ RODRIGUEZ
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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF PUERTO RICO

IN RE: **HALAIS GROUP, INC.** DEBTOR	**CASE NO. 16-01361 (MCF)** **CHAPTER 11**

DEBTORS' AMENDED PLAN OF REORGANIZATION
DATED MARCH 10th, 2018

Halais Group, Inc, debtor and debtor-in-possession in the above captioned case ("debtor") hereby proposes the following plan of reorganization (the "Plan") under Section 1121 of Title 11 of the United States Code:

ARTICLE I
SUMMARY

This Amended Plan proposes to pay creditors of the Debtor with funds from the cash flow from operations and future income derived from the burial and funeral services business and from funds obtained from Parliament High Yield Fund, LLC ("Parliament") by a post-petition secured loan.

This Amended Plan provides for **secured claims**, classified in Classes 1 through 5; general **unsecured claims** classified in Class 6; and **interest holders claims** classified in Class 7. This Amended Plan also provides for the payment of **priority tax claims** and **administrative expenses,** which are unclassified.

All creditors and equity security holders should refer to Articles III through VI of this Amended Plan for information regarding the precise treatment of their respective claim. And Disclosure Statement that provides more detailed information regarding this Amended Plan and the rights of creditors and equity security holders has been circulated with this Amended Plan.

Your rights may be affected. You should read these documents carefully and discuss them with your attorney if you have one. If you do not have an attorney, you may wish to consult one.

ARTICLE II
CLASSIFICATION OF CLAIMS AND INTERESTS

As of the Petition Date, Debtor had secured and non-priority unsecured debt, as more particularly described below. The Amended Plan classifies the various claims against Debtor. A description of all classes of Claims, the estimated principal amounts of each Class as of the Effective Date and its treatment are set forth below. The Classes of Claims established in the Amended Plan are as follows:

Class 1 - Swift Financial Corp d/b/a Swift Capital – San Juan, PR.

Class 2 - Municipal Revenue Collection Center ("CRIM")

Class 3 - Bautista Cayman Asset Company c/o Capital Crossing PR – San Juan, PR.

Class 4 - PR Department of Treasury (Real Property)

Class 5 – Parliament High Yield Fund, LLC (Post-Petition)

Class 6 – Unsecured Claims

Class 7 - Equity Interest Holders

ARTICLE III
TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS, U.S. TRUSTEES FEES, AND PRIORITY TAX CLAIMS

3.01 Non-Classification. In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims are not classified in the Plan. A description of the unclassified claims and the claims in each class, as well as the estimated principal amounts of each as of the Effective Date and their treatment, are set forth in the Amended Plan.

Administrative Expense Claims are generally the ordinary and necessary costs of administering and operating the bankruptcy estate during a Chapter 11 case.

3.02 Administrative Expense Claims.

(a) General. Except as otherwise agreed to by Debtor and the holder of an Allowed Administrative Expense Claim, each such holder shall be paid in full in Cash on the Effective Date of the Plan. If Debtor disputes any portion of an Administrative Expense Claim, Debtor shall pay such Claim within thirty (30) days after the entry of a Final Order with respect to the allowance of such disputed Administrative Expense Claim.

(b) U.S. Trustee's Fees. The United States Trustee's quarterly fees shall be paid in full pursuant to 11 U.S.C. § 1930 on or before the Effective Date.

(c) Professional Compensation and Expense Reimbursement Claims. The professionals retained by the Debtor in their Chapter 11 case has and will incur fees and expenses from the date of their retention through the Effective Date of the Plan. To date, through retainers, Debtor has advanced $7,000.00 (pre-petition) and $15,158.00 (post-petition) to his counsel. The advance to Debtor's counsel and all fees paid through the Effective Date of the Plan are subject to final Bankruptcy Court approval. Debtor reserve the right to contest the allowance of any professional fees.

(d) All fees and expenses of Professionals for services rendered after the Confirmation Date in connection with the Bankruptcy Case and the Plan including, without limitation, those relating to the occurrence of the Effective Date, shall be paid by the Debtor upon receipt of reasonably detailed invoices therefore in such amounts and on such terms as such Professionals and Debtor may agree, without the need for further Bankruptcy Court authorization or entry of a Final Order.

3.03 Priority Tax Claims. Priority Tax Claims are Claims entitled to priority pursuant to Section 507(a)(8) of the Bankruptcy Code. Debtors have no Priority Tax Claims.

3.04 Treatment of Unclassified Claims.

Type	Impairment	Treatment
Estimated Professional Fees, as approved by the Court	UNIMPAIRED	- To be paid in full on the effective date of the Plan, or according to separate written agreement, or according to Court order if such fees have not been approved by the Court on the effective date of the Plan.
Office of the U.S. Trustee Fees	UNIMPAIRED	- Any outstanding amount due will be paid in full on the effective date of the Plan.
Priority Tax Claims	UNIMPAIRED	- Will be paid consistent with § 1129(a)(9)(C) of the Code, in monthly cash installments, equal to the allowed amount of its claim, plus yearly interest over a period ending before the statutory five-year period.

ARTICLE IV
TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

4.01 Claims and interests shall be treated as follows under this Plan:

Class	Impairment	Treatment
CLASS 1 Swift Capital	Impaired	Paid in full on August 2017.

CLASS 2 CRIM	Impaired	To be paid in full in a lump sum payment upon the confirmation of the plan.
CLASS 3 Bautista Cayman Asset Company	Impaired	This claim was paid in full in or around August 2017.
CLASS 4 PR Department of Treasury (Real Property)	Impaired	To be paid in full in a lump sum payment upon the confirmation of the plan.
CLASS 5 Parliament High Yield Fund, LLC (Post-Petition)		Debtors will pay the expected amount of \$785,000.00 in monthly payments of \$9,322.00 in an interest rate of 14.25%. Maturity date of Balloon is August 31st, 2019 with an estimated balance of \$785,000.00.
CLASS 6 General Unsecured Claims		All Unsecured creditors in this class holding allowed claims will receive Pro-rata distributions of a total of \$10,000.00 at the effective date of the Plan. Based on the current allowed amounts, each claim holder in this class will receive approximately 100.00% of the allowed amount. Any change in the allowed amounts may change the actual distribution percentage, but it will be nevertheless the same to all of them.

ARTICLE V
ALLOWANCE AND DISALLOWANCE OF CLAIMS

5.01 Disputed Claim. A disputed claim is a claim that has not been allowed or disallowed by a final non-appealable order, and as to which either: (i) a proof of claim has been filed or deemed filed, and the Debtors or another party in interest has filed an objection; or (ii) no proof of claim has been filed, and the Debtor has scheduled such claim as disputed, contingent, or unliquidated.

5.02 Delay of Distribution on a Disputed Claim. No distribution will be made on account of a disputed claim unless such claim is allowed by a final non-appealable order.

5.03 Settlement of Disputed Claims. The Debtor will have the power and authority to settle and compromise a disputed claim with Court approval and compliance with Rule 9019 of the Federal Rules of Bankruptcy Procedure.

ARTICLE VI
PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.01 Assumed Executory Contracts and Unexpired Leases. The Debtor will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed under section 6.01(a) above, or before the date of the order confirming this Amended Plan, which is thirty days after the order confirming the plan.

ARTICLE VII
MEANS FOR IMPLEMENTATION OF THE AMENDED PLAN

7.01 Method of Distributions Under the Amended Plan.

(a) In General. Subject to Bankruptcy Rule 9010, all monetary distributions under the Amended Plan to the Holders of Allowed Claims shall be mailed by first class mail, postage prepaid, to the address of each Holder as listed on the Master Address List of the Bankruptcy Case, as the same may have been amended, as of the Distribution Record Date, unless Debtor has been notified in writing of a change of address, including, without limitation, by the filing of a proof of claim or notice of transfer of a Claim filed by a Holder of an Allowed Claim that provides an address for such Holder different from the address reflected on the Master Address Lists. Debtor shall have no obligation to locate such

Holders of Allowed Claims whose distributions or notices are properly mailed but nevertheless returned.

(b) Distribution to be on Business Day. Any payment or distribution required to be made under the Amended Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

(c) Fractional Dollars. Whenever any payment of a fraction of a dollar would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (rounding down in the case of less than $0.50 and rounding up in the case of equal or greater than $0.50).

(d) Distribution to Holders as of the Distribution Record Date. As of the close of business on the Distribution Record Date, the claims register shall be closed. Debtor shall have no obligation to recognize any transfer of any Claims occurring after the close of business on the Distribution Record Date. Debtor shall instead be entitled to recognize and deal for all purposes under the Plan with only those Holders of record as of the close of business on the Distribution Record Date, unless otherwise provided for by order of the Bankruptcy Court.

7.02 Objections to Claims. Any objections to Claims against Debtors shall be prosecuted by Debtors including any application to estimate or disallow Claims for voting purposes.

7.03 Deadlines for Objecting Claims. Except as otherwise provided by order of the Bankruptcy Court with respect to any Claim, Debtor may file an objection to such Claim or otherwise dispute such Claim until the later of (i) the date that such Claim becomes due and payable in accordance with its terms, or (ii) thirty (30) days before the first date fixed by the Bankruptcy Court for the hearing on the confirmation of the Amended Plan.

7.04 Estimation of Claims. Debtor may, at any time, request that the Bankruptcy Court estimate any Disputed Claim pursuant to Section 502(c) of the Bankruptcy Code, and the Bankruptcy Court shall have jurisdiction to estimate such Claim at any time, including, without limitation, during litigation concerning the Claim or an objection thereto. Debtor shall be entitled to request that the Bankruptcy Court determine either the Allowed amount of such Claim or a maximum limitation in reference thereof. If the Bankruptcy Court determines the maximum limitation of such Claim, the determination shall not preclude Debtor from pursuing any additional proceedings to object to any ultimate payment of the Claim. If the Bankruptcy Court determines the Allowed amount of such Claim, the amount so determined shall be deemed the amount of the Disputed Claim for all purposes under this Amended Plan. All those proceedings are cumulative and not exclusive remedies.

7.05 Reversion of Unclaimed Checks. The amount of any checks issued for distributions under the Plan that remain un-cashed for a period of 90 days after the date of the distributions shall revert and be vested in Debtor, as to the claims to be paid under the Plan, free and clear of any claim or interest of any Holder of that Claim under the Amended Plan.

ARTICLE VIII
GENERAL PROVISIONS

8.01 Definitions and Rules of Construction. For purposes of the Amended Plan, the following terms shall have the meanings specified in this Article VIII. A term used but not defined herein, which is also used in the Bankruptcy Code, shall have the meaning ascribed to that term in the Bankruptcy Code. Wherever from the context it appears appropriate, each term stated shall include both the singular and the plural, and pronouns shall include the masculine, feminine and neuter, regardless of how stated. The words "herein", "hereof", "hereto", "hereunder", and other words of similar import refer to the Plan as a whole and not to any particular Section, sub-Section or clause contained in the Plan. The rules of construction contained in Section 102 of the Bankruptcy Code shall apply to the terms of the Plan. The headings in the Amended Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof.

1. "Administrative Claim" shall mean a Claim that is Allowed under Section 503(b) of the Bankruptcy Code that is entitled to priority under Section 507(a)(1) of the Bankruptcy Code, including, without limitation:

(a) fees and expenses of Professionals Allowed pursuant to a Final Order entered under Sections 330, 331, or 503 of the Bankruptcy Code, and

(b) fees and charges assessed against the Estate pursuant to 28 U.S.C. §1930.

2. "Allowed" shall mean, with reference to any Claim:

(a) a Claim that has been listed by the Debtor in its Schedules, as amended, and (i) is not listed as disputed, contingent or un-liquidated, and (ii) is not a Claim as to which a proof of claim has been filed;

(b) a Claim as to which a timely proof of claim has been filed by the Bar Date and either (i) no objection thereto, or application to estimate, equitably subordinate or otherwise limit recovery, has been made on or before any applicable deadline, or (ii) if an objection thereto, or application to estimate, equitably subordinate or otherwise limit recovery has been interposed, the extent to which such Claim has been Allowed (whether in whole or in part) by a Final Order;

(c) a Claim arising from the recovery of property under Section 550 or 553 of the Bankruptcy Code and Allowed in accordance with Section 502(h) of the Bankruptcy Code; or

(d) any Claim Expressly Allowed under the Amended Plan or pursuant to the Confirmation Order.

3. "Bankruptcy Case" shall mean the Debtor's Chapter 11 case pending in the Bankruptcy Court.

4. "Bankruptcy Code" shall mean Title 11 of the United States Code, as amended from time to time, as applicable to the Bankruptcy Case.

5. "Bankruptcy Court" shall mean the United States Bankruptcy Court for the District of Puerto Rico where the Bankruptcy Case is pending.

6. "Bankruptcy Rules" shall mean the Federal Rules of Bankruptcy Procedure as promulgated under 28 U.S.C. §2075, and any local rules of the Bankruptcy Court.

7. "Bar Dates" shall mean June 30th, 2016, fixed as the last date for the filing of proofs of claim by creditors asserting Claims against Debtor, other than governmental units, and by governmental units, which last date was August 24th, 2016, as stated in the "Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors and Deadlines" dated February 26th, 2016, issued by the Clerk of the Bankruptcy Court, in Debtor's Bankruptcy Case, or otherwise be forever barred from asserting a Claim against Debtors or their property and from voting on the Plan and/or sharing in distributions under the Plan.

8. "Business Day" shall mean any day other than a Saturday, Sunday or legal holiday recognized in the Commonwealth of Puerto Rico.

9. "Cash" shall mean lawful currency of the United States of America (including wire transfers, cashier's checks drawn on a bank insured by the Federal Deposit Insurance Corporation, certified checks and money orders).

10. "Claim" shall mean a claim against a Person or its property as defined in Section 101(5) of the Bankruptcy Code, including, without limitation, (i) any right to payment, whether or not such

right is reduced to judgment, and whether or not such right is liquidated, un-liquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (ii) any right to an equitable remedy for breach of performance, if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, or is fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

11. "Claims Objection Bar Date" shall mean the later of (1) the date that such claim becomes due and payable in accordance with its terms, or thirty (30) days before the first date fixed by the Bankruptcy Court for the hearing on the confirmation of Debtor's Plan.

12. "Claims Objection" means the objections to claims that have been or may be filed against the Holders (or purported Holders) of Claims.

13. "Class" shall mean those classes designated in Article III of the Plan.

14. "Confirmation Date" shall mean the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket in this Bankruptcy Case.

15. "Confirmation Order" shall mean the order of the Bankruptcy Court confirming the Plan pursuant to the provisions of the Bankruptcy Code.

16. "Contingent or Unliquidated Claim" shall mean any Claim for which a proof of claim has been filed with the Bankruptcy Court but which was not filed in a sum certain, or which has not occurred and is dependent upon a future event that has not occurred or may never occur, and which has not been Allowed.

17. "Creditors" shall mean any person or entity having an Allowed Claim against Debtor.

18. "Debtors" shall mean Halais Group, Inc.

19. "Disclosure Statement" shall mean the disclosure statement relating to the Plan, including, without limitation, all exhibits and schedules thereto, in the form approved by the Bankruptcy Court pursuant to Section 1125 of the Bankruptcy Code.

20. "Distribution Record Date" shall mean the Business Day preceding the Effective Date.

21. "Effective Date" shall mean thirty (30) days after the confirmation order becomes final and un-appealable, or if such date is not a Business Day, the next succeeding Business Day.

22. "Estate" shall mean the estate created in the Bankruptcy Case pursuant to Section 541 of the Bankruptcy Code.

23. "Final Order" shall mean an order or judgment which has not been reversed, stayed, modified or amended and, as to which (i) the time to appeal or seek review or rehearing has expired and no appeal or petition for *certiorari*, review or rehearing is pending, or (ii) if an appeal, review, re-argument or *certiorari* of the order has been sought, the order has been affirmed or the request for review, re-argument or *certiorari* has been denied and the time to seek a further appeal, review, re-argument or *certiorari* has expired, and as a result of which such order shall have become final and non-appealable in accordance with applicable law; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed with respect to such order shall not cause such order not to be a Final Order.

24. "Unsecured Claim" shall mean a Claim that is not a Secured Claim or that is not entitled to priority of payment under Section 507 of the Bankruptcy Code.

25. "Holder" shall mean a Person or Entity who holds a Claim.

26. "Initial Distribution Date" shall mean the Effective Date, or the next succeeding Business Day if such thirtieth day is not a Business Day when funds are available for distribution.

27. "Internal Revenue Code" shall mean Title 26 of the United States Code, as amended from time to time.

28. "Lien" shall have the meaning set forth in Section 101(37) of the Bankruptcy Code, except that a lien that has been avoided in accordance with Sections 544, 545, 546, 547, 548, 549 or 553 of the Bankruptcy Code shall not constitute a Lien.

29. "Order of Relief" shall mean the date of the entry of the order of relief.

30. "Person" shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated association or organization, governmental agency or political subdivision thereof.

31. "Petition Date" shall mean February 24th, 2016, the date on which the Debtor filed the voluntary Chapter 11 petition with the Bankruptcy Court, pursuant to the Bankruptcy Code.

32. "Plan" shall mean this Plan of Reorganization under Chapter 11 of the Bankruptcy Code, including, without limitation, the Plan Documents, if any, and all exhibits, supplements, appendices and schedules hereto and thereto, either in their present form or as the same may be altered, amended or modified from time to time.

33. "Plan Documents" shall mean and include such agreements, instruments and documents as may be required to effectuate the terms of this Plan.

34. "Priority Claims" shall mean any and all Claims (or portions thereof), entitled to priority under Section 507(a) of the Bankruptcy Code other than Priority Tax Claims and Administrative Expense Claims.

35. "Priority Tax Claims" shall mean any Claim of a governmental unit entitled to priority under Section 507(a)(8) of the Bankruptcy Code.

36. "Professionals" shall mean those Persons (i) employed pursuant to an order of the Bankruptcy Court in accordance with Sections 327 or 1103 of the Bankruptcy Code and to be compensated for services pursuant to Sections 327, 328, 329, 330 and 331 of the Bankruptcy Code, or (ii) for which compensation and reimbursement is allowed by the Bankruptcy Court pursuant to Section 503(b)(4) of the Bankruptcy Code.

37. "Schedules" shall mean the schedules of assets and liabilities, the list of holders of interests and the statements of financial affairs filed by the Debtor under Section 521 of the Bankruptcy Code and Bankruptcy Rule 1007; as such schedules, lists and statements have been or may be supplemented or amended from time to time.

8.02 Severability. If any provision in this Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

8.04 Binding Effect. The rights and obligations of any entity named or referred to in this Plan will be binding upon and will inure to the benefit of the successors or assigns of such entity.

8.05 Captions. The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan.

8.06 Controlling Effect. Unless a rule of law or procedure is supplied by federal law (including the Code or the Federal Rules of Bankruptcy Procedure), the laws of the Commonwealth of Puerto Rico govern this Plan and any agreements, documents, and instruments executed in connection with this Plan, except as otherwise provided in this Plan.

ARTICLE IX
DISCHARGE

9.01 Discharge. On the confirmation date of this Amended Plan, the debtor will be discharged from any debt that arose before confirmation of this Amended Plan, subject to the occurrence of the effective date, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtors will not be discharged of any debt: (i) imposed by this Plan; (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure; or (iii) of a kind specified in § 1141(d)(6)(B).

The order under §1141(d) of the Bankruptcy Code, except as otherwise provided for in the Plan or in the Order of Confirmation, the rights granted by the Plan and the payments and distributions to be made hereunder 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 -which means the accomplishment of all things contained or provided for in the Plan, and the entry of a final decree in the case-, 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 the Amended Plan shall constitute an injunction against pursuing any claim or 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; whether or not such claim is allowed under 11 U.S.C. §502 or whether the holder of such claim has accepted this Plan in the manner set forth herein.

Confirmation of the Amended Plan does not discharge any debt provided for in the Amended Plan until the court grants a discharge on completion of all payments under the Amended Plan, or as otherwise provided in §1141(d)(1) of the Code.

/s/ Raymond Halais Karesh
Signing as President of Debtor
Halais Group, Inc.

/s/ CARLOS A. RUIZ RODRIGUEZ
Attorney for Debtor- USDC-PR 210009

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(Exhibit B)

HALAIS GROUP, INC.
Case No. 16-01361 (MFC)
PAYMENTS UNDER THE PLAN OF REORGANIZATION

Dated: March 10, 2018
Last POC: 12

CREDITOR	CLAIM NUMBER	CLAIM CLASS	PLAN CLASS	CLAIM AMOUNT	ALLOWED AMOUNT	EXPECTED ALLOWED PLAN	Monthly Payment	Year 1	Year 2	Year 3	Year 4	Year 5
Administrative Expenses												
Carlo Alberto Ruiz, Esq.	Estimated	Adm.	Adm.	12,000	12,000	12,000	-	12,000	-	-	-	-
Albert Tamarez - Accounting's Fees	Estimated	Adm.	Adm.	4,500	4,500	4,500	-	4,500	-	-	-	-
Internal Revenue Service	10	Adm.	Adm.	7,427	7,427	7,427	-	7,427				
US Trustee - Quarterly Fees	Estimated	Adm.	Adm.	1,950	1,950	1,950	-	1,950	-	-	-	-
Total				25,877	25,877	25,877	-	25,877	-	-	-	-
Priority Claims												
Internal Revenue Services	2	Taxes	Priority	71,202	71,202	71,202	-	71,202	-	-	-	-
State Insurance Fund	6	Taxes	Priority	5,347	5,347	5,347	-	5,347	-	-	-	-
PR Department of Treasury - Taxes	8	Taxes	Priority	69,907	69,907	69,907	2,072	24,861	24,861	24,861	-	-
PR Department of Treasury - Sales Tax	9	Taxes	Priority	41,769	41,769	41,769	-	41,879	-	-	-	-
PR Department of Labor - Unemployment	11	Taxes	Priority	1,892	1,892	1,892	-	1,892	-	-	-	-
Total for Priority Taxes				190,118	190,118	190,118	2,072	145,181	24,861	24,861	-	-
Secured Creditors												
Swift Capital	3	S	1	89,638	89,638	89,638	-	Fully paid				
CRIM - Real Property	4	S	2	54,828	54,828	54,828	-	62,983	-	-	-	-
Bautista Cayman (Capital Crossing)	7	S	3	2,158,511	420,000	420,000		420,000	-	-	-	-
PR Department of Treasury - Real Property	8	S	4	14,351	14,351	14,351	-	16,069	-	-	-	-
Parliament High Yiedl Fund, LLC (Post-pet.)	9	S	5	785,000	785,000	785,000	9,322	111,863	818,183	-	-	-
Tota for Clases 1 to 5				3,102,328	1,363,817	1,363,817	9,322	610,914	818,183	-	-	-
General Unsecured							**Pro-rata %**	**Distribution**				
CRIM - Personal Property	5	U	6	5,315	5,315	5,315	1.72%	172.21	-	-	-	-
CRIM - Real Property	4	U	6	112,055	112,055	112,055	36.30%	3,630.37	-	-	-	-
Internal Revenue Services	2	U	6	31,266	31,266	31,266	10.13%	1,012.95	-	-	-	-
Joan M. Ubinas	Scheduled	U	6	-	-	-	0.00%	-	-	-	-	-
Manuel Ubinas	Scheduled	U	6	-	-	-	0.00%	-	-	-	-	-
PR Department of Labor - Disablity	12	U	6	1,321	1,321	1,321	0.43%	42.81	-	-	-	-
PR Department of Labor - Unemployment	11	U	6	12,218	12,218	12,218	3.96%	395.84	-	-	-	-
PR Department of Treasury - Sales Tax	9	U	6	9,625	9,625	9,625	3.12%	311.83	-	-	-	-
PR Department of Treasury - Taxes	8	U	6	95,494	95,494	95,494	30.94%	3,093.84	-	-	-	-
Puerto Rico Telephone	1	U	6	226	226	226	0.07%	7.34	-	-	-	-
State Insurance Fund	6	U	6	41,139	41,139	41,139	13.33%	1,332.81	-	-	-	-
Wilfredo Rivera	Scheduled	U	6	-	-	-	0.00%	-	-	-	-	-
Total for Class 3				308,660	308,660	308,660	100.00%	10,000.00	-	-	-	-
Equity Interest Holders	Scheduled	U	7	-	-	-	-	-	-	-	-	-
OVERALL TOTAL				**$ 3,626,983**	**$ 1,888,472**	**$ 1,888,472**	**$ 11,394**	**$ 791,973**	**$ 843,043**	**$ 24,861**	**$ -**	**$ -**

(Exhibit C)

HALAIS GROUP, INC.
Case No. 16-01361 (MFC)
SUMMARY OF MONTHLY OPERATING REPORTS
FROM FEBRUARY 24, 2016 TO JANUARY 31, 2017

	2016 24-28 Feb	2016 Mar	2016 Apr	2016 May	2016 Jun	2016 Jul	2016 Aug	2016 Sep	2016 Oct	2016 Nov	2016 Dec	2017 Jan	Up to Date Jan-17
BEGINNING CASH BALANCE	$ 69,795	$ 70,719	$ 70,115	$ 60,623	$ 64,860	$ 68,819	48,600	$ 44,483	$ 35,558	$ 19,456	$ 915	$ (429)	$ 69,795
CASH RECEIPTS:													
From Operations	17,569	61,457	86,532	92,518	67,010	55,965	64,482	54,451	59,329	62,983	80,602	114,868	817,766
Net Loan Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH RECEIPTS	$ 17,569	$ 61,457	$ 86,532	$ 92,518	$ 67,010	$ 55,965	$ 64,482	$ 54,451	$ 59,329	$ 62,983	$ 80,602	$ 114,868	$ 817,766
CASH DISBURSEMENTS:													
Operating Disbursements	13,970	58,914	93,789	82,682	60,768	67,205	66,663	62,440	58,499	65,741	76,681	83,763	791,114
Secured Creditor	-	1,169	-	-	-	-	-	-	15,996	12,741	3,829	9,769	43,504
Post-petition Financing Closing	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction - Funeral Home	2,675	1,978	1,300	4,013	1,000	-	1,000	-	-	500	500	500	13,465
US Trustee	-	-	-	650	348	1,950	-	-	-	1,605	-	-	4,553
Professional Fees (Bankruptcy)	-	-	936	936	936	7,029	936	936	936	936	936	936	15,453
Total Cash Disbursements	16,645	62,061	96,025	88,281	63,051	76,184	68,599	63,376	75,430	81,524	81,946	94,968	868,090
ENDING CASH BALANCE	$ 70,719	$ 70,115	$ 60,623	$ 64,860	$ 68,819	$ 48,600	$ 44,483	$ 35,558	$ 19,456	$ 915	$ (429)	$ 19,471	$ 19,471

HALAIS GROUP, INC.
Case No. 16-01361 (MFC)
SUMMARY OF MONTHLY OPERATING REPORTS
FROM FEBRUARY 1, 2017 TO JANUARY 31, 2018

	2017 Feb	2017 Mar	2017 Apr	2017 May	2017 Jun	2017 Jul	2017 Aug	2017 Sep	2017 Oct	2017 Nov	2017 Dec	2018 Jan	Up to Date OVERALL
BEGINNING CASH BALANCE	$ 19,471	$ 15,226	$ 4,562	$ 7,095	$ 38,163	$ 33,393	10,319	$ (7,046)	$ 117,575	$ 95,495	$ 96,412	$ 111,099	$ 69,795
CASH RECEIPTS:													
From Operations	83,321	77,487	80,301	115,289	99,518	79,172	107,299	57,985	37,137	66,138	98,704	114,335	1,834,452
Net Loan Proceeds	-	-	-	-	-	-	-	126,941	-	-	-	-	126,941
TOTAL CASH RECEIPTS	$ 83,321	$ 77,487	$ 80,301	$ 115,289	$ 99,518	$ 79,172	$ 107,299	$ 184,926	$ 37,137	$ 66,138	$ 98,704	$ 114,335	$ 1,961,393
CASH DISBURSEMENTS:													
Operating Disbursements	79,387	78,023	66,597	74,577	94,469	78,057	90,500	59,055	48,648	52,707	73,759	88,787	1,675,680
Secured Creditor	7,243	7,243	6,298	6,928	6,928	6,298	6,928	315	9,633	9,633	9,322	9,731	130,003
Post-petition Financing Closing	-	-	-	-	-	15,000	23,550	-	-	-	-	-	38,550
Construction - Funeral Home	-	-	-	-	-	-	-	-	-	-	-	-	13,465
US Trustee	-	1,948	-	-	1,955	1,955	-	-	-	1,945	-	-	12,356
Professional Fees (Bankruptcy)	936	936	4,874	2,717	936	936	3,686	936	936	936	936	936	35,153
Total Cash Disbursements	87,566	88,150	77,768	84,221	104,288	102,246	124,664	60,306	59,217	65,221	84,017	99,454	1,905,208
ENDING CASH BALANCE	$ 15,226	$ 4,562	$ 7,095	$ 38,163	$ 33,393	$ 10,319	$ (7,046)	$ 117,575	$ 95,495	$ 96,412	$ 111,099	$ 125,980	$ 125,980

HALAIS GROUP, INC.

Debtor in Possession
Case No. 16-01361 (MFC)

ASSUMPTIONS AND BASIS FOR PREPARATION
SUMMARY OF MONTHLY OPERATING REPORTS

In order to properly describe debtor operations the schedule attached herein summarizes all business transactions as previously reported in the Monthly Operating Reports from February 24, 2016 to January 31, 2018 filed with the Bankruptcy Court. All amounts of debtor's receipts and disbursements during the pendency of this bankruptcy case can be traced directly to the Monthly Operating Reports that have been filed.

Debtor has income derived from its business operation on burial and cremation services, and sales of cemetery lots and columbarium. During December 2016 began to operate a funeral home.

As to the basis for presentation of Operating Reports, debtor followed the format established by the United States Trustee Operating Guidelines, implemented in this Judicial District by the Regional Office. Although debtor maintains its accounting records in the accrual method of accounting, actual receipts and disbursements have been ascertained and included in this prescribed format.

(Exhibit D)

HALAIS GROUP, INC.
Case No. 16-01361 (MFC)
LIQUIDATION ANALYSIS

Estate Property Description	**Actual or Scheduled Value**	**Estimated Liquidation Factor**	**Realizable Value**	**Mortgage Liens**	**Other Liens**	**Liquidation Value**
Real Property						
Cemetery Lot, Caguas, PR	$ 980,000	Appraised	$ 980,000	$ (2,158,511)	$ (69,179)	$ -
Personal Property						
Cash on hand and in banks	$ 16,408	100%	$ 16,408	$ -	$ -	$ 16,408
Utilities Deposits	2,510	0%	-	-	-	-
Deposit at State Court (2013)	68,203	100%	68,203	-	-	68,203
Account Receivables	1,771,182	10%	177,118	-	(89,638)	87,480
Raw Material inventory	9,000,000	0%	-	-	-	-
2003 Ford F-350	10,432	50%	5,216	-	-	5,216
2005 Acura RL	9,605	50%	4,803	-	-	4,803
2008 Nissan Frontier	13,487	50%	6,744	-	-	6,744
1999 Digger John Deere	23,000	50%	11,500	-	-	11,500
1995 Digger Ford	7,500	50%	3,750	-	-	3,750
1996 Toyota Finger	8,500	50%	4,250	-	-	4,250
Power Plant	7,800	50%	3,900	-	-	3,900
Total Personal Property	10,938,627		301,892	-	(89,638)	212,254
OVERALL TOTAL FOR ESTATE PROPERTY	**$ 11,918,627**		**$ 1,281,892**	**$ (2,158,511)**	**$ (158,817)**	**$ 212,254**

Summary of Liquidation Analysis

	Estimated Liquidation Value		$ 212,254
Less:	Administrative Expenses Chapter 11		(25,877)
Less:	Administrative Expenses Chapter 7 (Stamps, Notarial, Realtor & Trustee Fees)		(42,451)
Less:	Priority Taxes		(190,118)
	Net Assets for Unsecured Claims		**$ -**
	Estimated Dividend for Unsecured in a Chapter 7 Scenario		
	Class 5	**$ 308,660**	
	Estimated Dividend for Unsecured Claims		**0.00%**
	Based on the cash dividend proposed, the estimated % to unsecured creditor Class 5 as per the amount allowed by plan is		**3.24%**

HALAIS GROUP, INC.

Debtor in Possession
Case No. 16-01361 (MFC)

ASSUMPTIONS AND BASIS FOR PREPARATION OF THE LIQUIDATION ANALYSIS

One requirement for the confirmation of a 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 holder would receive or retain if the debtor is liquidated under Chapter 7 of the Code. In order to provide the value as of the effective date of the plan under a Chapter 7 scenario, debtor provides a detailed liquidation analysis.

The first step in determining whether the liquidation component of this test has been satisfied is to determine the dollar amount that would be generated from the liquidation of a debtor's assets and properties in the context of a Chapter 7 liquidation case. The gross amount of cash that would be available for satisfaction of claims would be the sum consisting of the proceeds resulting from the disposition of the unencumbered assets and properties of the debtor and any preference recoveries augmented by the unencumbered cash held by the debtor at the time of the commencement of the liquidation case.

The next step is to reduce the gross amount by the costs and expenses of liquidation and by such additional administrative and priority claims that might result from the termination of the debtor's business and the use of a Chapter 7 for the purposes of liquidation. Any remaining net cash would be allocated to creditors in strict priority in accordance with section 726 of the U.S. Bankruptcy Code. Finally, the value of such allocations (not taking into account the time necessary to accomplish the liquidation) is compared to the value of the property that is proposed to be distributed under the Plan on the Effective Date.

A debtor's costs of liquidation under a Chapter 7 would include the fees payable to a bankruptcy trustee, as well as those fees that might be payable to attorneys and other professionals which such a trustee might engage. Other liquidation costs include the expenses incurred during the Chapter 11 cases allowed in a Chapter 7 case, such as compensation for attorneys, financial advisors, appraisers, accountants, and other professionals for the debtor appointed in the Chapter 11 cases, as well as other compensation claims.

NOTES TO LIQUIDATION ANALYSIS

In the best interest of creditors and given the current financial information to this date, Debtor presents its liquidation analysis. In this analysis debtor incorporate the estimated result of possible outcome and effect of negotiations with secured creditors, as this related to the plan of reorganization, and final outcome should be available in preparation for the hearing on confirmation to be scheduled in this case.

Real Property:

Debtor owns a real property located at, Caguas, Puerto Rico. This is a commercial property used as cemetery and business operation providing burial and cremation services, sales of cemetery lots and columbarium. This property had been presented at the last known liquidation appraised value. Property is encumbered by mortgage and tax liens.

The estimated liquidation value is $980,000.

Personal Properties:

A. Cash on Bank Accounts

For the purpose of determining a liquidation value on the cash on bank, debtor considered as realizable in a chapter 7 scenario 100% of the amounts presented as filed detailed in the schedules.

B. Utilities Deposits

For the purpose of determining a liquidation value on utilities deposits, debtor considered as realizable in a chapter 7 scenario 0% of the amounts presented as filed detailed in the schedules.

C. Deposit at State Court (2013)

For the purpose of determining a liquidation value on the State's Court deposit, debtor considered as realizable in a chapter 7 scenario 100% of the amounts presented as filed detailed in the schedules.

D. Account Receivables

For the purpose of determining a liquidation value on the account receivable, debtor considered as realizable in a chapter 7 scenario 10% of the amounts presented as filed detailed in the schedules. Most of the account receivables are uncollectable as previously listed in the schedules.

E. Raw Material Inventory

For the purpose of determining a liquidation value on the raw material inventory, debtor considered as realizable in a chapter 7 scenario 0% of the amounts presented as filed detailed in the schedules. The amount listed in schedule is the projected income to be produced if all available pantheons, 1,800 pantheons at $5,000 each, are sold.

F. Vehicles and Power Plant

For the purpose of determining a liquidation value on the 2003 ford F-350, 2005 Acura RL, 2008 Nissan Frontier, 1999 Digger john Deere, 1995 Digger Ford, 1996 Toyota Finger and Power Plant, Debtor considered as realizable in a chapter 7 scenario 50% of the amounts presented as filed detailed in the schedules.

Administrative Claims:

Administrative Claims are claims constituting the costs and expenses of administering the Debtor's Chapter 11 cases, as provided by sections 503(b), 507(b), and 1114(e)(2) of the U.S. Bankruptcy Code. Administrative Claims generally include the actual and necessary costs and expenses incurred after the applicable Commencement Date of preserving the Debtor's estates and operating the business of the Debtor. Administrative Claims also consist of the fees and expenses of various legal, financial, and other professionals incurred during the Chapter 11 cases, and also all the fees due to the United States Trustee pursuant to 28 U.S.C. § 1930(a)(6) and allowed reimbursable expenses of the members of the Committee.

Under a Chapter 7 scenario, the Trustee would need to incur in expenses during the liquidation process and would also charge his own fees as allowed by the U.S. Bankruptcy Code. These payments would be paid from the Estate's funds and prior to all Chapter 11 administrative claims, priority claims and general unsecured claims.

Administrative Expenses under a Chapter 7 scenario:

Based on the estimated disbursement in liquidation would be around $212,254, the stamps, notarial, realtor and trustee's fees are estimated on overall average of 20% which approximate to a total fees within this category of expenses of $42,451.

Administrative Expenses under a Chapter 11 scenario:

Legal and Accounting Fees: These fees are the estimated amount that the Debtor has to pay for legal and accounting work to complete the Chapter 11 Case upon confirmation.

U.S. Trustee Quarterly Fees: Amount estimated to be paid to the United States Trustee, for the next three months of operation upon confirmation.

The Liquidation Analysis prepared for this case shows that the estimated dividend for the general unsecured creditors under a Chapter 7 is **0%**. The proposed Plan of Reorganization provides a lump-sum distribution of $10,000. Based on the current allowable amount by plan in this class, creditors will receive a 3.24% distribution of their respective allowed amount at effective date. Any change in the allowed amounts may change the actual distribution percentage, but it will be nevertheless the same to all of them. This amount is subject to the final negotiation between debtor and Class 3 Creditor.

(Exhibit E)

HALAIS GROUP, INC.

Case No. 16-01361 (MFC)

OPERATING INFLOWS AND OUTFLOWS FOR YEARS FROM 1 TO 5 OF THE PLAN

	Monthly	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Inflows from Operations:						
Cemetery Income	$70,000	$ 840,000	$ 840,000	$ 840,000	$ 840,000	$ 840,000
Funeral Income (new)	15,000	180,000	180,000	180,000	180,000	180,000
Total Cash Inflows	$85,000	$1,020,000	$1,020,000	$1,020,000	$1,020,000	$1,020,000
Cash Outflows for Operations:						
Salaries and Wages	23,000	276,000	276,000	276,000	276,000	276,000
Payroll Taxes	3,450	41,400	41,400	41,400	41,400	41,400
Professional Services	3,000	36,000	36,000	36,000	36,000	36,000
Comisions from Sales	15,500	186,000	186,000	186,000	186,000	186,000
Cementery Expenses	9,500	114,000	114,000	114,000	114,000	114,000
Funerary Expenses	3,500	42,000	42,000	42,000	42,000	42,000
Repairs and Maintenance (General)	1,700	20,400	20,400	20,400	20,400	20,400
Insurances, including health	3,500	42,000	42,000	42,000	42,000	42,000
Office supplies	750	9,000	9,000	9,000	9,000	9,000
Utilities	2,500	30,000	30,000	30,000	30,000	30,000
Patents, Licenses & Permits	600	7,200	7,200	7,200	7,200	7,200
Real Property Taxes	872	10,469	10,469	10,469	10,469	10,469
Bank Charges and Merchant Fees	850	10,200	10,200	10,200	10,200	10,200
Advertisting and Promotions	1,200	14,400	14,400	14,400	14,400	14,400
Othe Operating Expenses	2,500	30,000	30,000	30,000	30,000	30,000
Total Cash Outflows	72,422	869,069	869,069	869,069	869,069	869,069
Net Cash From Operations	$12,578	$ 150,931	$ 150,931	$ 150,931	$ 150,931	$ 150,931
Cash at Beginning of Period		125,980				
Post-petition Loan		619,372	818,183			
Cash Available for Plan	$12,578	$ 896,284	$ 969,114	$ 150,931	$ 150,931	$ 150,931
Plan Payments:						
Administrative Expenses	-	25,877	-	-	-	-
Priority Claims	2,072	145,181	24,861	24,861	-	-
Class 1	-	Fully paid	-	-	-	-
Class 2	-	62,983	-	-	-	-
Class 3	-	420,000				
Class 4	-	16,069	-	-	-	-
Class 5	9,322	111,863	818,183	-	-	-
Class 6	-	10,000	-	-	-	-
Class 7	-	-	-	-	-	-
Total Plan Payments:	11,394	791,973	843,043	24,861	-	-
Cash available after operations & plan	**$ 1,184**	**$ 104,311**	**$ 126,071**	**$ 126,071**	**$ 150,931**	**$ 150,931**

HALAIS GROUP, INC.

Debtor in Possession
Case No. 16-01361 (MFC)

ASSUMPTIONS AND BASIS FOR PREPARATION
OF PROJECTED CASH INFLOWS AND OUTFLOWS
OF THE PLAN

General:

The reorganization plan has been proposed considering Debtor's income generated from providing burial and cremation services, sales of cemetery lots and columbarium and funerary services.

The accompanying schedule of cash inflows and outflows presents to the best of debtor's knowledge and belief, the expected income from operation and rental if obtain the approval of the plan of reorganization under Chapter 11. Accordingly, these projections reflect debtor's judgment as of this date, of the expected conditions and their expected course of action if debtor were to obtain this approval.

Debtor believes that its current sale income and funerary services that began during December 2016 is the best starting point for the preparation of the projections. The base level for cash receipts for the year is estimated to $1,020,000 from these services.

The repayment schedule information has been determined considering the actual payments that will be made to creditors classified, upon the effective date of the reorganization plan.

Major assumptions and bases thereof for the source income and expenses as projected are as follows:

Income Sources:

For the purpose of determining the expected amount of cash flows for the year, debtor have considered the actual cash receipts generated from providing burial and cremation services, sales of cemetery lots and columbarium and funerary services.

Expenses:

The basis for operating expenses was set considering the current expenditures and excluding the unusual and non-recurring events.