

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 10<sup>th</sup>, 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
<u>Estimated Professional Fees, as approved by the Court</u>	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.
<u>Office of the U.S. Trustee Fees</u>	UNIMPAIRED	- Any outstanding amount due will be paid in full on the effective date of the Plan.
<u>Priority Tax Claims</u>	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
<u><b>CLASS 1</b></u>  Swift Capital	Impaired	Paid in full on August 2017.

<b><u>CLASS 2</u></b> CRIM	Impaired	To be paid in full in a lump sum payment upon the confirmation of the plan.
<b><u>CLASS 3</u></b> Bautista Cayman Asset Company	Impaired	This claim was paid in full in or around August 2017.
<b><u>CLASS 4</u></b> PR Department of Treasury (Real Property)	Impaired	To be paid in full in a lump sum payment upon the confirmation of the plan.
<b><u>CLASS 5</u></b> 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 31 <sup>st</sup> , 2019 with an estimated balance of \$785,000.00.
<b><u>CLASS 6</u></b> General Unsecured Claims		All Unsecured creditors in this class holding allowed claims will receive Pro-rata distributions of a total of <u>\$10,000.00</u> 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 30<sup>th</sup>, 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 24<sup>th</sup>, 2016, as stated in the "Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors and Deadlines" dated February 26<sup>th</sup>, 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 24<sup>th</sup>, 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**  
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