

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF PUERTO RICO

IN RE:

GENERAL MOTRIZ, INC.

DEBTOR

CASE NO. 16-02193 MCF
SMALL BUSINESS
UNDER CHAPTER 11

**DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE
BANKRUPTCY CODE DESCRIBING THE REORGANIZATION
CHAPTER 11 PLAN PROPOSED BY DEBTOR**

PLEASE READ THIS DISCLOSURE STATEMENT CAREFULLY. THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THIS PLAN OF REORGANIZATION. THE PLAN PROponent BELIEVES THAT THIS PLAN OF REORGANIZATION IS IN THE BEST INTEREST OF THE CREDITORS AND THAT THE PLAN IS FAIR AND EQUITABLE. THE PROponent URGES THAT THE VOTER ACCEPT THE PLAN.

TABLE OF CONTENTS

| | |
|---|------------------------------|
| I. INTRODUCTION..... | 4 |
| A. Purpose of This Document | 4 |
| B. Confirmation Procedures..... | 6 |
| 1. Time and Place of the Confirmation Hearing | 6 |
| 2. Deadline For Voting For or Against the Plan | 6 |
| 3. Deadline For Objecting to the Confirmation of the Plan | 7 |
| 4. Identity of Person to Contact for More Information Regarding the Plan | 7 |
| C. Disclaimer | 7 |
| II. BACKGROUND..... | 7 |
| A. Description and History of the Debtor's Business | 7 |
| B. Principals/Affiliates of Debtor's Business | 8 |
| C. Management of the Debtor Before and During the Bankruptcy | 8 |
| D. Events Leading to Chapter 11 Filing | 8 |
| E. Significant Events During the Bankruptcy..... | 9 |
| 1. Bankruptcy Proceedings..... | 9 |
| 2. Other Legal Proceedings..... | 9 |
| 3. Actual and Projected Recovery of Preferential or Fraudulent Transfers | 10 |
| 4. Procedures Implemented to Resolve Financial Problems | 10 |
| 5. Current and Historical Financial Conditions..... | 10 |
| III. SUMMARY OF THE PLAN OF REORGANIZATION | 10 |
| A. What Creditors and Interest Holders Will Receive Under the Proposed Plan | 11 |
| B. Unclassified Claims | 11 |
| 1. Administrative Expenses and Fees..... | 11 |
| a. Court Approval of Professional Compensation Required..... | 12 |
| 2. Priority Tax Claims..... | Error! Bookmark not defined. |
| C. Classified Claims and Interests | Error! Bookmark not defined. |
| 1. Classes of Secured Claims..... | Error! Bookmark not defined. |
| 2. Class of General Unsecured Claims | Error! Bookmark not defined. |
| D. Means of Effectuating the Plan | 13 |
| 1. Funding for the Plan | 15 |
| 2. Post-confirmation Management | 15 |
| 3. Disbursing Agent | 16 |
| E. Other Provisions of the Plan..... | 16 |
| 1. Executory Contracts and Unexpired Leases | 16 |
| 2. Changes in Rates Subject to Regulatory Commission Approval | 17 |
| 3. Retention of Jurisdiction..... | 17 |
| 4. Procedures for Resolving Contested Claims..... | 16 |

| | | |
|-----|--|----|
| 5. | Effective Date | 16 |
| 6. | Modification | 17 |
| F. | Tax Consequences of Plan | 17 |
| G. | Risk Factors | 18 |
| IV. | CONFIRMATION REQUIREMENTS AND PROCEDURES | 18 |
| A. | Who May Vote or Object | 18 |
| 1. | Who May Object to Confirmation of the Plan..... | 18 |
| 2. | Who May Vote to Accept/Reject the Plan..... | 18 |
| 3. | Who Is Not Entitled to Vote..... | 19 |
| 4. | Who Can Vote in More Than One Class | 21 |
| 5. | Votes Necessary to Confirm the Plan | 20 |
| 6. | Votes Necessary for a Class to Accept the Plan..... | 20 |
| 7. | Treatment of Nonaccepting Classes | 21 |
| 8. | Request for Confirmation Despite Nonacceptance by Impaired Class(es) | 22 |
| B. | Liquidation Analysis | 21 |
| C. | Feasibility | 23 |
| V. | EFFECT OF CONFIRMATION OF PLAN | 22 |
| A. | Discharge..... | 22 |
| B. | Revesting of Property in the Debtor | 24 |
| C. | Modification of Plan | 23 |
| D. | Post-Confirmation Conversion/Dismissal..... | 24 |

I. INTRODUCTION

General Motriz, Inc. (hereinafter referred to as “General Motriz”, “Proponents” or “Debtors”) is the Debtor in a Chapter 11 bankruptcy case. On March 21, 2016, Debtor commenced a bankruptcy case by filing a voluntary Chapter 11 petition under the United States Bankruptcy Code (hereinafter “Code”), 11 U.S.C. §101 *et seq.* Chapter 11 of the Bankruptcy Code allows the Debtor, and under some circumstances, creditors and other parties in interest, to propose a plan of reorganization (hereinafter “Plan”). The Plan may provide for the Debtor to reorganize by continuing to operate, to liquidate by selling assets of the estate, or a combination of both. General Motriz, the party proposing the Plan, sent to you in the same envelope as this document, the proposed Plan. **THE DOCUMENT YOU ARE READING IS THE DISCLOSURE STATEMENT FOR THE PLAN WHICH IS ANNEXED HERETO AS *EXHIBIT A*.**

This is a reorganization plan. In other words, the Proponent seeks to accomplish payments under the Plan by distributing all the disposable income as it becomes available, to all parties and creditors as described in this Disclosure and in the Plan.

A. Purpose of This Document

This Disclosure Statement summarizes what is in the Plan, and tells you certain information relating to the Plan and the process the Court follows in determining whether or not to confirm the Plan.

READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO KNOW ABOUT:

- (1) WHO CAN VOTE OR OBJECT,
- (2) THE PROPOSED TREATMENT OF YOUR CLAIM (*i.e.*, what your claim will receive if the Plan is confirmed), AND HOW THIS TREATMENT COMPARES TO WHAT YOU WOULD RECEIVE IN LIQUIDATION,

- (3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING THE BANKRUPTCY,
- (4) WHAT THE COURT WILL CONSIDER WHEN DECIDING WHETHER TO CONFIRM THE PLAN,
- (5) THE EFFECT OF CONFIRMATION, AND
- (6) THE FEASIBILITY OF THE PLAN.

This Disclosure Statement cannot tell you everything about your rights. You should consider consulting your own lawyer to obtain more specific advice on how this Plan will affect you and what is the best course of action for you.

Be sure to read the Plan as well as the Disclosure Statement. If there are any inconsistencies between the Plan and the Disclosure Statement, the Plan provisions will govern.

Code Section 1125 requires a Disclosure Statement to contain “adequate information” concerning the Plan. The term “adequate information” is defined in the Bankruptcy Code Section 1125(a) as “information of a kind, and in sufficient detail,” about a debtor and its operations “that would enable such a hypothetical investor of the relevant class to make an informed judgment” about accepting or rejecting the Plan. The Bankruptcy Court (hereinafter “Court”) has determined that the information contained in this Disclosure Statement is adequate, and it has approved this document in accordance with Bankruptcy Code Section 1124.

This Disclosure Statement is provided to each creditor whose claim has been scheduled by the Debtor or who has filed a proof of claim against the Debtor and to each interest holder of record as of the date of approval of this Disclosure Statement. Under the Bankruptcy Code, your acceptance of the Plan may not be solicited unless you receive a copy of this Disclosure Statement prior to or concurrently with such solicitation.

B. Confirmation Procedures

Persons Potentially Eligible to Vote on the Plan

In determining acceptance of the Plan, votes will only be counted if submitted by a creditor whose claim is duly scheduled by the Debtor as undisputed, non-contingent and unliquidated, or who, prior to the hearing on confirmation of the Plan, has filed with the Court a proof of claim which has not been disallowed or suspended prior to computation of the votes on the Plan. The Ballot Form that you will receive does not constitute a proof of claim. If you are uncertain whether your claim has been correctly scheduled, you should check the Debtor's Schedules, which are on file at the office of the Clerk of the Bankruptcy Court located at: United States Bankruptcy Court, U.S. Court House, José V. Toledo Federal Building, 300 Recinto Sur Street, San Juan, P.R. 00901. The Clerk of the Bankruptcy Court will not provide this information by telephone.

THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE NOT YET BINDING ON ANYONE. HOWEVER, IF THE COURT LATER CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON THE DEBTOR AND ON ALL CREDITORS AND INTEREST HOLDERS IN THIS CASE.

1. Time and Place of the Confirmation Hearing

The hearing at which the Court will determine whether to confirm the Disclosure Statement and Plan has not been appointed by the Court.

2. Deadline For Voting For or Against the Plan

If you are entitled to vote, it is in your best interest to timely vote on the ballot that will be sent to you once the Disclosure Statement is approved by the Bankruptcy Court, and return to the undersigned Debtor's legal representation.

The deadline for you to submit your ballot will be established by the Court with the approval of the Disclosure Statement.

3. Deadline For Objecting to the Confirmation of the Plan

Objections to the confirmation of the Plan must be filed with the Court and served upon the undersigned Debtor's legal representation within the time that will be established by the Court with the approval of the Disclosure Statement.

4. Identity of Person to Contact for More Information Regarding the Plan

Any interested party desiring further information about the Plan should contact the undersigned Debtor's legal representation.

C. Disclaimer

The financial data relied upon in formulating the Plan is based on projections. The financial projections have been submitted by Carrasquillo CPA Group.

The Plan Proponent represents that everything stated in the Disclosure Statement is true to the Proponent's best knowledge.

PLEASE NOTE THAT THE APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A RULING ON THE MERITS, FEASIBILITY OR DESIRABILITY OF THE PLAN.

II. BACKGROUND

A. Description and History of the Debtor's Business

Debtor, General Motriz, Inc. is an auto part store located at Carr 175 # A-5, Urb. Agustín Stahl, Bayamon, Puerto Rico and a smaller store located at Carr. #2 Marginal D-40 Urb. Villa Real, Vega Baja, Puerto Rico. Debtors' business is dedicated to the sale of American auto parts like Jeep, Chrysler and Ford. The property where the stores are located do not belong to Debtor; both are leases.

B. Principals/Affiliates of Debtor's Business

Carlos Marcé Fajardo is the only shareholder of General Motriz, Inc. Regarding the principals of General Motriz, Inc., Carlos Marcé Fajardo serves as the President and the Treasurer. Mrs. María Lazo serves as the Secretary.

C. Management of the Debtor Before and During the Bankruptcy

Debtor has been the only manager of this business before and during the bankruptcy.

D. Events Leading to Chapter 11 Filing

Here is a brief summary of the circumstances that led to the filing of this Chapter 11 case:

- Debtor has confronted a hard economical situation since 2012. In the past few years Debtor, in good faith, has tried to give a period of time to its clients to pay in full their items sold.
- Nowadays, clients have not paid an approximate amount of \$167,633.71 which has made Debtor default on their rent payments, computer services and tax obligations.
- On July 2013, Debtor's largest creditor, Zorrilla Commercial initiated a lawsuit against Debtor for money owed and a seizure process was bound to commence. Debtor started to negotiate with creditor but a final agreement was never reached.
- On October 2014, creditor, Zorrilla Realty also initiated a lawsuit against Debtor for money owed over the rented property located at Bayamon. Debtor started to negotiate with creditor but never reached a final agreement. In addition to these lawsuits, on March 18, 2015, the Department of Treasury seized Debtor's business.

- For all the reasons stated above and in the desperation of trying to save their business, Debtor filed a voluntary Chapter 11 bankruptcy petition to help them reorganize and pay the money owed to all creditors.

E. Significant Events During the Bankruptcy

1. Bankruptcy Proceedings

The following is a chronological list of significant events which have occurred during this case:

- April 25, 2016 - The meeting of creditors was held and closed. Debtor has already filed and complied with all the changes and documents requested in the referred meeting.
- June 8, 2016 – A Status Conference Hearing was held.

The Court has approved the employment of the following professionals:

- Gratacós Law Firm, PSC – Law firm employed to represent Debtor in all the bankruptcy and related proceedings. The employment was approved on April 19, 2016. The current estimated amount owed to this professional is \$15,000.00
- Carrasquillo CPA Group, PSC – Accounting firm employed to conduct the analysis of Debtor's finance, prepare tax returns, complete monthly operating reports, prepare financial projections, amount other duties related to Debtor's finances. The employment was approved on July 12, 2016. The current estimated amount owed to this professional is \$8,000.00

Currently, there are is an adversary proceeding and motions are pending, regarding the bankruptcy case.

2. Other Legal Proceedings

Currently, Debtor is not involved in any non-bankruptcy legal proceedings.

3. Actual and Projected Recovery of Preferential or Fraudulent Transfers

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance action.

4. Procedures Implemented to Resolve Financial Problems

In an effort to remedy the problems that led to the bankruptcy filing, Debtor has implemented the following procedures:

- Controlled the expenses at the maximum amount possible, according to the necessities of the stores.
- Debtor negotiated a Joint Stipulation for settlement with Triple S to cure arrears so Debtor could assume the Insurance Policy Agreement pursuant to section 365 of the Bankruptcy code.
- The Debtor negotiated a Joint Stipulation to set-off with Banco Popular de Puerto Rico in the payment of \$20,000 with a Certificate of Deposit.
- Debtor negotiated a Joint Stipulation for settlement with the Department of Treasury of Puerto Rico to pay for the renewal of the internal revenue licenses for its Bayamón and Vega Baja stores.
- Managed all the accounting and finances of the stores through Carrasquillo CPA Group to receive a better and more organized view of the income and expenses of the store. This has allowed Debtor to make decisions that would further benefit the cash flow.

5. Current and Historical Financial Conditions

A summary of the Debtor's periodic operating reports recently filed in the Debtor's bankruptcy case is will soon be filed in a supplement to the Disclosure Statement and Plan.

III. SUMMARY OF THE PLAN OF REORGANIZATION

A. What Creditors and Interest Holders Will Receive Under the Proposed Plan

The Plan classifies claims and interests in various classes. The Plan states whether each class of claims or interests is impaired or unimpaired. The Plan provides the treatment each class will receive. ***See, Exhibit A.***

B. Unclassified Claims

Certain types of claims are not placed into voting classes. They are not considered impaired and they do not vote on the Plan because they are automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such, the Proponent has not placed the following claims in a class:

1. Administrative Expenses and Fees

Administrative expenses are claims for fees, costs or expenses of administering the Debtor's Chapter 11 case which are allowed under Code Section 507(a)(1), including all professional compensation requests pursuant to Sections 330 and 331 of the Code. The Code requires that all administrative expenses including fees payable to the Bankruptcy Court and the Office of the United States Trustee which were incurred during the pendency of the case must be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists all of the Debtor's unpaid administrative fees and expenses ("Compensation"), an estimate of future professional fees and other administrative claims and fees and their treatment under the Plan:

| NAME | AMOUNT ESTIMATED | TREATMENT | TYPE OF CLAIM |
|------------------------------------|---|---|------------------------------|
| Gratacós Law Firm, P.S.C. | \$15,000.00 | Paid in full on or before the Effective Date | Professional compensation |
| Carrasquillo CPA Group, P.S.C. | \$8,000.00 | Paid in full on or before the Effective Date | Professional compensation |
| Office of the U.S. Trustee Fees | As invoiced based on Debtor's quarterly disbursements | Paid in full on Effective Date or as the invoices become due | U.S. Trustee |

a. Court Approval of Professional Compensation Required:

Pursuant to the Bankruptcy Code, the Court must rule on all professional compensation and expenses listed in this chart before the compensation and expenses will be owed. The professional in question must file and serve a properly noticed fee application for compensation and reimbursement of expenses and the Court must rule on the application. Only the amount of compensation and reimbursement of expenses allowed by the Court will be owed and required to be paid under this Plan as an administrative claim.

Each professional person who asserts a further administrative claim that accrues before the confirmation date shall file with the Bankruptcy Court, and serve on all parties required to receive notice, an application for compensation and reimbursement of expenses no later than sixty (60) days after the Effective Date of the Plan. Failure to file such an application timely shall result in the professional person's claim being forever barred and discharged. Each and every other person asserting an administrative claim shall be entitled to file a motion for allowance of the asserted administrative claim within ninety days of the Effective Date of the Plan, or such administrative claim shall be deemed forever barred and discharged. No motion

or application is required to fix the fees payable to the Clerk's Office or Office of the United States Trustee. Such fees are determined by statute.

As indicated above, the Debtor will need to pay approximately \$23,000.00 worth of administrative claims and fees on or before the Effective Date of the Plan, plus the Offices of The United States Trustee fees, unless a claimant has agreed to be paid later or the Court has not yet ruled on the claim. Debtor plans to pay most of this administrative claims and fees before the Effective Date.

C. Classified Claims and Interests

1. Class 1 - Secured Claims

Secured Claims are claims secured by liens on property of the estate. The Debtor, however, does not have any secured claims to be paid under the Plan of Reorganization since a Stipulation was filed with BPPR consenting to lift the stay in favor of BPPR in order to allow the set-off in full satisfaction of BPPR's. **See, Exhibit B.**

2. Class 2 - Priority Tax Claims

Priority tax claims are certain unsecured income, employment and other taxes described by Code Section 507(a)(8). The Code requires that each holder of such a Section 507(a)(8) priority tax claim receive the present value of such claim in deferred cash payments with a 4% interest rate, over a period ending no later than five years after the date of the order for relief. The payments will begin on the Effective Date of the Plan. **See, Exhibit C.**

The following is a list of all of the Debtor's Section 507(a)(8) priority tax claims and their treatment under the Plan:

- **Internal Revenue Service** filed claim no. 4 for the total priority amount of \$33,892.53.

This priority claim stems from unpaid tax related to WT-FICA corresponding to the Tax

Periods of March 31, 2014; December 12, 2014; March 31, 2015; June 30, 2015; September 30, 2015; December 31, 2015; March 31, 2016 and December 31, 2016. The total amount claimed will be paid the present value of such claim, with a 4% interest rate, in regular installments paid over a period not exceeding 5 years from the order of relief. The total amount to be paid with the 4% interest will be \$35,248.23. The monthly payment will be the amount of \$587.47.

- **CDK Global** filed claim no. 16 for the total priority amount of \$1,033.83. This priority claim stems from unpaid computer services. The total amount claimed will be paid the present value of such claim, with a 4% interest rate, in regular installments paid over a period not exceeding 5 years from the order of relief. The total amount to be paid with the 4% interest will be \$1,075.18. The monthly payment will be the amount of \$17.92.
- **Department of Treasury of Puerto Rico** filed claims no. 11 & 12. Claim no. 11 priority claim stems from unpaid Sales & Use Tax from 2009, 2010, 2012 to 2016 for a total amount of \$3,227.00. Claim no. 12 stems from unpaid (IT 300) from October 2014; (IT 300) from January 2015; (IT 300) from April 2015; (IT 300) from July 2015; (IT 300) from October 2015; (IT 300) from January 2016; (IT 800) from August 2015; (IT 903) from May 2016 for a total amount of \$23,905.58. **These claims have been objected because according to the proof of claims filed by the Department the Priority claims doesn't add up to the correct priority amount.** The total amount claimed will be paid the present value of such claim, with a 4% interest rate, in regular installments paid over a period not exceeding 5 years from the order of relief.

The payments will begin on the Effective Date of the Plan.

3. Class 3 - General Unsecured Claims

General unsecured claims are unsecured claims not entitled to priority under Code Section 507(a). These claims are to be treated as follows:

General unsecured claims are estimated between the creditors that filed their proofs of claim and the ones that were scheduled by Debtor and did not file a proof of claim in the amount of \$438,130.47. See the list of the unsecured creditors considered for the Plan, enclosed as ***Exhibit D***.

Proposed treatment: This class' allowed unsecured claims will be paid in the following matter: Debtor will award a total sum of \$8,762.61, which represents a 2% distribution for this class. This class's allowed unsecured claims will be paid in 60 equal monthly installments of \$146.04; each payment will be distributed in a pro rate amount to all creditors and claimants included in this class. **See, *Exhibit D***. The liquidation value in this case is for 2%, this class would receive less distribution if Debtor's debts were liquidated under a Chapter 7. If a default in the monthly payments to these creditors were to occur, they would be entitled to collect the past due payments.

This class is Impaired: claims in this class are entitled to vote on the Plan.

4. Class of Equity Interests

Class 5. Equity Holders

There are no holders of Equity Interests in the Debtor, consequently Class 5 is vacant. Accordingly, Class 5 shall be deemed eliminated from this Plan for purposes of voting to accept or reject this Plan and for purposes of determining the acceptance or rejection of this Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy code.

D. Means of Effectuating the Plan

1. Funding for the Plan

The Plan will be funded with cash available proceeds from the revenue that the stores generate, after paying operating expenses and taxes.

2. Post-confirmation Management

The Post-Confirmation Manager of the Estate will continue to be the Debtor.

3. Disbursing Agent

Debtor shall act as the disbursing agent for the purpose of making all distributions provided for under the Plan. The Disbursing Agent shall be compensated as set forth in the Plan.

E. Other Provisions of the Plan

4. Executory Contracts and Unexpired Leases

The Plan provides that all Executory Contracts and Unexpired Leases, except for those specifically assumed by the Debtor in writing or previously assumed by Court Order, shall be deemed rejected. All proofs of claim with respect to claims arising from said rejection must be filed with the Bankruptcy Court within the earlier of (i) the date set forth for filing claims in any order of the Bankruptcy Court approving such rejection or (ii) thirty (30) days after the Confirmation Date. Any such claims, proofs of which are not filed timely, will be barred forever from assertion.

5. Changes in Rates Subject to Regulatory Commission Approval

This Debtor is not subject to governmental regulatory commission approval of its rates.

6. Retention of Jurisdiction

The Court will retain jurisdiction as provided in Section III- C of the Plan.

7. Procedures for Resolving Contested Claims

The Debtor and/or the Disbursing Agent shall have 60 days subsequent to confirmation to object to the allowance of claims. The Proponent has reviewed the claims that have been filed. The Proponent intends to object or cause the Disbursing Agent to object to the following number and amounts of claims in each class.

8. Effective Date

The Plan will become effective on the Effective Date thirty (30) days after the order of confirmation becomes final.

9. Modification

The Plan Proponent may alter, amend or modify the Plan at any time prior to the Confirmation Date and thereafter as provided in Section 1127(b) of the Bankruptcy Code.

F. Tax Consequences of Plan

CREDITORS AND INTEREST HOLDERS CONCERNED WITH HOW THE PLAN MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR OWN ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS. The following disclosure of possible tax consequences is intended solely for the purpose of alerting readers to possible tax issues this Plan may present to the Debtor. The Proponent CANNOT and DOES NOT represent that the tax consequences contained below are the only tax consequences of the Plan because the Tax Code embodies many complicated rules which make it difficult to state completely and accurately all the tax implications of any action. A tax consequence of the Plan could be an increase in the sales tax or an imposition of a services tax. Debtor cannot predict these complications but has projected the budget to have an available cash flow that could be used to pay these new taxes, if these were to be imposed or amended in the future and during the validity of the Plan.

G. Risk Factors

The following discussion is intended to be a non-exclusive summary of certain risks attendant upon the consummation of the Plan. You are encouraged to supplement this summary with your own analysis and evaluation of the Plan and Disclosure Statement, in their entirety, and in consultation with your own advisors. Based on the analysis of the risks summarized below, the Plan Proponent believes that the Plan is viable and will meet all requirements of confirmation:

- Revenue diminution

- Imposition of new taxes

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OF THIS PLAN SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX. The following discussion is intended solely for the purpose of alerting readers about basic confirmation issues, which they may wish to consider, as well as certain deadlines for filing claims. The proponent CANNOT and DOES NOT represent that the discussion contained below is a complete summary of the law on this topic.

Many requirements must be met before the Court can confirm a Plan. Some of the requirements include that the Plan must be proposed in good faith, that creditors or interest holders have accepted the Plan, that the Plan pays creditors at least as much as creditors would receive in a Chapter 7 liquidation, and that the Plan is feasible. These requirements are not the only requirements for confirmation.

A. Who May Vote or Object

1. Who May Object to Confirmation of the Plan

Any party in interest may object to the confirmation of the Plan, but as explained below not everyone is entitled to vote to accept or reject the Plan.

2. Who May Vote to Accept/Reject the Plan

A creditor or interest holder has a right to vote for or against the Plan if that creditor or interest holder has a claim that is both (1) allowed or allowed for voting purposes and (2) classified in an impaired class.

a) What Is an Allowed Claim/Interest

As noted above, a creditor or interest holder must first have an allowed claim or interest to have the right to vote. Generally, any proof of claim or interest will be allowed, unless a party in interest brings a motion objecting to the claim. When an objection to a claim or

interest is filed, the creditor or interest holder holding the claim or interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or interest for voting purposes.

THE BAR DATE FOR FILING A PROOF OF CLAIM IN THIS CASE WAS JULY 26, 2016 AND SEPTEMBER 19, 2016 FOR GOVERNMENTAL UNITS.

A creditor or interest holder may have an allowed claim or interest even if a proof of claim or interest was not timely filed. A claim is deemed allowed if (1) it is scheduled on the Debtor's schedules and such claim is not scheduled as disputed, contingent, or un-liquidated, and (2) no party in interest has objected to the claim. An interest is deemed allowed if it is scheduled and no party in interest has objected to the interest.

b) What Is an Impaired Claim/Interest

As noted above, an allowed claim or interest only has the right to vote if it is in a class that is impaired under the Plan. A class is impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class. For example, a class comprised of general unsecured claims is impaired if the Plan fails to pay the members of that class 100% of their claim plus interest.

In this case, the Proponent believes that *Classes 2 & 3* are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. Parties who dispute the Proponent's characterization of their claim or interest as being impaired or unimpaired may file an objection to the Plan contending that the Proponent has incorrectly characterized the class.

3. Who Is Not Entitled to Vote

The following four types of claims are not entitled to vote: (1) claims that have been disallowed; (2) claims in unimpaired classes; (3) claims entitled to priority pursuant to Code Section 507(a)(1), (a)(2), and (a)(8); and (4) claims in classes that do not receive or retain any

value under the Plan. Claims in unimpaired classes are not entitled to vote because such classes are deemed to have accepted the Plan. Claims entitled to priority pursuant to Code Section 507(a)(1), (a)(2), and (a)(7) are not entitled to vote because such claims are not placed in classes and they are required to receive certain treatment specified by the Code. Claims in classes that do not receive or retain any value under the Plan do not vote because such classes are deemed to have rejected the Plan. **EVEN IF YOUR CLAIM IS OF THE TYPE DESCRIBED ABOVE, YOU MAY STILL HAVE A RIGHT TO OBJECT TO THE CONFIRMATION OF THE PLAN.**

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 is entitled to accept or reject a Plan in both capacities by casting one ballot for the secured part of the claim and another ballot for the unsecured claim.

5. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class 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 “cramdown” on non-accepting classes, as discussed later in Section (IV.A.8.).

6. Votes Necessary for a Class to Accept the Plan

A class of claims is considered to have accepted the Plan when more than one-half ($\frac{1}{2}$) in number and at least two-thirds $\frac{2}{3}$ in dollar amount of the allowed claims that actually voted, voted in favor of the Plan. A class of interests is considered to have accepted the Plan when at least two-thirds ($\frac{2}{3}$) in amount of the allowed interest-holders of such class which actually voted, voted to accept the Plan.

7. Treatment of Non-accepting Classes

As noted above, even if all impaired classes do not accept the proposed Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner required by the Code. The process by which non-accepting classes are forced to be bound by the terms of the Plan is commonly referred to as “cram-down”. The Code allows the Plan to be “crammed down” on non-accepting classes of claims or interests if it meets all consensual requirements except the voting requirements of Section 1129(a)(8) and if the Plan does not “discriminate unfairly” and is “fair and equitable” toward each impaired class that has not voted to accept the Plan as referred to in 11 U.S.C. §1129(b) and applicable case law.

8. Request for Confirmation Despite Non-acceptance by Impaired Class(es)

The party proposing this Plan asks the Court to confirm this Plan by cram-down on impaired classes if any of these classes do not vote to accept the Plan.

B. Liquidation Analysis

Another confirmation requirement is the “Best Interest Test”, which requires a liquidation analysis. Under the Best Interest Test, if a claimant or interest holder is in an impaired class and that claimant or interest holder does not vote to accept the Plan, then that claimant or interest holder must receive or retain under the Plan property of a value not less than the amount that such holder would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

In a Chapter 7 case, the Debtor’s assets are usually sold by a Chapter 7 trustee. Secured creditors are paid first from the sales proceeds of properties on which the secured creditor has a lien. Administrative claims are paid next. Next, unsecured creditors are paid from any remaining sales proceeds, according to their rights to priority. Unsecured creditors with the same priority share in proportion to the amount of their allowed claims. Finally, interest holders receive the balance that remains after all creditors are paid, if any.

In order for the Court to be able to confirm this Plan, the Court must find that all creditors and interest holders who do not accept the Plan will receive at least as much under the Plan as such holders would receive under a Chapter 7 liquidation. The Plan Proponent maintains that this requirement is met here. Enclosed as **Exhibit E** is a demonstration of a liquidation scenario, that all creditors and interest holders will receive at least as much under the Plan as such creditor or interest holder would receive under a Chapter 7 liquidation.

C. Feasibility

Another requirement for confirmation involves the feasibility of the Plan, which means that confirmation of the 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 under the Plan, unless such liquidation or reorganization is proposed in the Plan.

Also, we have to consider whether the Proponent will have enough cash over the life of the Plan to make the required Plan payments.

The Proponent believes that this aspect of the feasibility requirement is met because Debtor's projected income is enough to fund the proposed Plan. Debtor will have enough for making the payments of the Plan. The feasibility of the Plan is demonstrated with a financial projection that also includes the scenario of the Plan payments; please find the forecast of payments of the Plan enclosed as **Exhibit F**.

Accordingly, the Plan Proponent believes, on the basis of the foregoing, that the Plan is feasible.

V. EFFECT OF CONFIRMATION OF PLAN

A. Discharge

The Plan provides that upon confirmation of the Plan, the Debtor shall be discharged of liability for payment of debts incurred before confirmation of the Plan, to the extent specified in 11 U.S.C. §1141. However, any liability imposed by the Plan will not be discharged. If

Confirmation of the Plan does not occur or if, after Confirmation occurs, the Debtor elects to terminate the Plan, the Plan shall be deemed null and void. In such event, nothing contained in the Plan shall be deemed to constitute a waiver or release of any claims against the Debtor or its estate or any other persons, or to prejudice in any manner the rights of the Debtor or its estate or any person in any further proceeding involving the Debtor or its estate. The provisions of the Plan shall be binding upon Debtor, all Creditors and all Equity Interest Holders, regardless of whether such Claims or Equity Interest holders are impaired or whether such parties accept the Plan, upon Confirmation thereof.

B. Revesting of Property in the Debtor

Except as provided in the Plan, the confirmation of the Plan revests all of the property of the estate in the Debtor.

C. Modification of Plan

The Proponent may modify the Plan at any time before confirmation. However, the Court may require a new disclosure statement and/or revoting on the Plan if Proponent modifies the plan before confirmation.

The Proponent may also seek to modify the Plan at any time after confirmation so long as (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modification after notice and a hearing. Proponent further reserves the right to modify the treatment of any Allowed Claims at any time after the Effective Date of the Plan upon the consent of the Creditor whose Allowed Claim treatment is being modified, so long as no other Creditors are materially adversely affected.

D. Post-Confirmation Conversion/Dismissal

A creditor or party in interest may bring a motion to convert or dismiss the case under Section 1112(b), after the Plan is confirmed, if there is a default in performance of the Plan or if cause exists under Section 1112(b). If the Court orders the case converted to Chapter 7

after the Plan is confirmed, then all property that had been property of the Chapter 11 estate, and that has not been disbursed pursuant to the Plan, will revert in the Chapter 7 estate, and the automatic stay will be reimposed upon the reverted property only to the extent that relief from stay was not previously granted by the Court during this case.

Quarterly fees pursuant to 28 U.S.C. § 1930(a)(6) continue to be payable to the Office of the United States Trustee post-confirmation until such time as the case is converted, dismissed, or closed pursuant to a final decree.

In Caguas, Puerto Rico, this 23 of December, 2016.

Debtor

//s// Carlos Marcé Fajardo

Carlos Marcé Fajardo
as President of General Motriz, Inc.

Attorney for Debtor

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