

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

IN THE MATTER OF:

ELBARDI INTERNATIONAL PLA, LLC

Debtor in Possession

CASE NO.: 16-03844

CHAPTER 11

DISCLOSURE STATEMENT, DATED 03/06/2017

**TO THE HONORABLE COURT,
CREDITORS AND OTHER PARTIES IN INTEREST:**

The debtor herein, as debtor in possession, through the undersigned attorney, submit their Disclosure Statement as of March 9, 2017, together with the proposed Plan of Reorganization.

Respectfully submitted, in San Juan, P.R. this 9th of March of 2017.

CORREA BUSINESS CONSULTING GROUP, LLC

Attorney for DEBTOR

Cond. Centro de Seguros, Suite 413

701 Ave. Ponce de Leon

San Juan, PR 00907

Tel: 787-373-1185/Fax: 787-724-0353

/s/Luis E. Correa Gutiérrez

Luis E. Correa Gutiérrez, Esq.

USDC PR 221603

E-Mail: lcorra@correalawoffice.com

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I. INTRODUCTION

This is the disclosure statement (the "Disclosure Statement") in the small business chapter 11 case of ELBARDI INTERNATIONAL PLA, LLC (the "Debtor"). This Disclosure Statement contains information about the Debtor and describes the Plan of Reorganization of March 3, 2017 (the "Plan") filed by Debtor on March 6, 2017. A full copy of the Plan is attached to this Disclosure Statement as Exhibit A. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

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

Creditors are advised that the financial information contained in this Disclosure Statement has not been the object of an audit and is not certified by independent public accountants, except where expressly stated otherwise. Debtor does not warrant or represents that the information contained herein is without inaccuracy notwithstanding the efforts to disclose all matters with careful attention to accuracy and completeness.

The proposed distributions under the Plan are discussed at pages 16 through 18 of this Disclosure Statement.

A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the 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),
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan,
- Why Luis E. Correa Gutierrez believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

B. Voting Requirements

In order for each Plan to be confirmed by the Bankruptcy Court, the Bankruptcy Code requires that the Plan be approved by all impaired classes of creditors and interest holders or that the Court finds that the Plan is "fair and equitable" as to any dissenting class. As provided by 11 U.S.C. § 1124, a class of claims or interests is impaired under a plan unless, with respect to each claim or interest of such a class, the plan:

- (1) leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest; or

- (2) notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default:
 - (A) cures any such default that occurred before or after the commencement of the case under this title, other than a default of a kind specified in section 365(b)(2) of this title;
 - (B) reinstates the maturity of such claim or interest as such maturity existed before such default;
 - (C) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and
 - (D) if such claim or such interest arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A), compensates the holder of such claim or such interest (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure; and
 - (E) does not otherwise, alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest.

Ordinarily, but not in all circumstances, a plan may not be confirmed unless at least one impaired class, assuming there is at least one impaired class, accepts the plan. A class has accepted the plan if such plan has been accepted by creditors, other than those under 11 U.S.C. 1126 (e), that hold at least two-thirds ($\frac{2}{3}$) in amount and more than one-half ($\frac{1}{2}$) in number of the allowed claims

of such class held by creditors, that have accepted or rejected such plan, those actually voting for the Plan. Creditors may vote for the acceptance or rejection of the plan.

Each creditor is urged to consult with its own attorney and obtain advice on the proposals and dispositions of this Disclosure Statement and Plan of Reorganization. The statements contained herein are only a brief summary of the confirmation process and should not be relied upon in making your determination as to whether to vote in favor of or against the Plan. Creditors should consult their attorneys before making a determination to vote for or against the Plan.

Creditors are expressly referred to the Debtor's schedules of assets and liabilities and the statement of financial affairs and all other documents duly filed with the Bankruptcy Court. This Plan is predicated upon certain assumptions that may not materialize, and you are urged to give consideration to such assumptions.

No representation concerning Debtor, or as to the actual or realizable value of its property is authorized by the Debtor other than as set forth in this Disclosure Statement. Any amendments or clarifications to this Disclosure Statement or the Plan shall be in writing and filed with the Court.

II. BACKGROUND

A. Description and History of the Debtor's Business

The Debtor is a non-public corporation. Since 2012, the Debtor has been in the business of sale of prepared food, specifically Philly Cheese Steak Sandwiches. Debtor is engaged in the operation of a fast food restaurant, particularly dedicated to the sale of Philly Cheese Steak Sandwiches. Debtor currently operates one locality in Plaza Las Americas under the commercial name Charlie's Philly Cheese Steak. Debtor is a franchisee of Gosh Enterprises, Inc.

Regarding to Debtor's equity security and interest, the investors of Debtor are:

1. ALIRU, LLC .
2. CRUZTO, LLC
3. ELBARDI INTERNATIONAL HOLDINGS, LLC
4. Fall Creek, LLC
5. MAJEMAR, LLC
6. ZEAL CONSULTING GROUP, LLC

B. Management of the Debtor Before and During the Bankruptcy

During the two years prior to the date on which the bankruptcy petition was filed, the officers, directors, managers or other persons in control of the Debtor (collectively the "Managers") were:

Jesus Urdaneta

Mario Contreras

The Managers of the Debtor during the Debtor's chapter 11 case have been:

Jesus Urdaneta

Mario Contreras

After the effective date of the order confirming the Plan, the directors, officers, and voting trustees of the Debtor, any affiliate of the Debtor participating in a joint Plan with the Debtor, or successor of the Debtor under the Plan (collectively the "Post Confirmation Managers"), will be:

Jesus Urdaneta

Mario Contreras

C. Events Leading to Chapter 11 Filing

Debtor business is the result of the investment of several companies and officers engaged in the fast food industry all over the United States. Thus, on May 5, 2012 they established their first fast food business in Puerto Rico, which incidentally was the first business they established outside of the United States. Due to lack of understanding and knowledge of the fiscal laws of Puerto Rico, Debtor incurred in certain debts with the Puerto Rico Treasury Department (hereinafter referred to as “Treasury”) related to the Sales and Use Tax.

During the last months of 2015 and continuing during the first months of 2016, Debtor were informed of the lack of compliance with the state and use tax provisions contained in the Puerto Rico Internal Revenue Code of 2011, as amended (hereinafter referred to as the “Code”). Immediately, they determined to file all applicable returns and report all their sales, which resulted in Treasury assessing certain debt for sales and use taxes. At that moment, Debtor tried to negotiate a payment plan with Treasury, which was denied. After this, Debtor received a notice from Treasury informing Treasury’s intention to include Debtor in the List of Delinquent Taxpayers to be published in all local media, but included in the debt to be published certain penalties that had not been notified to Debtor in accordance with the due process clauses contained in the Code for the assessment of debt.

Pursuant to the provisions of the applicable regulations, on May 9, 2016 Debtor immediately filed an Appeal with the Area of Administrative Appeals of Treasury, in order to challenge the determination of Treasury to assess the aforementioned penalties without prior notice to Debtor, and requested treasury not to include Debtor in the List of Delinquent Taxpayers. After filing the appeal, on May 13, 2016 Treasury executed a lien against Debtor's property in order to collect the debt owed, but also included the penalties that had not been

notified to Debtor, and that was subject to an administrative appeal before Treasury. This resulted in Treasury closing Debtor's operations.

D. Significant Events During the Bankruptcy Case

Upon filing of this bankruptcy petition, Debtor has taken all possible measures necessary to reorganize its respective business. Throughout these proceedings, Debtor has maintained compliance with the Bankruptcy Court's Operating Guidelines as follows:

- a) Monthly Operating Reports have been completed and filed with the Court up to November 31, 2016
- b) Property and public liability insurance has been maintained for the commercial business and operations.
- c) Quarterly fees required by the U.S. Trustee are up to date.
- d) Tax returns and declarations have been filed as these become due.

Regarding the employment of professionals, on July 21, 2016, Debtor filed an application to employ attorney Luis E. Correa Gutiérrez and Correa Business Consulting Group, LLC, as attorneys for Debtor in Possession (Docket no. 39). Pursuant thereof, on August 16, 2016, the Court entered an Order approving this employment for the above captioned case (Docket no. 52).

On January 25, 2016, Debtor filed an application to employ Accountant Mr. Jorge Guallini of GTA Consulting, LLC which was approved by this Honorable Court on January 5, 2017. (Dockets no. 69 & 76).

E. Appointment of Creditor's Committee

As of the date hereof, the U.S. Trustee has not appointed a Creditors Committee for any

of the above-captioned cases pursuant to section § 1102 of the Bankruptcy Code.

F. General Financial Information

For purposes of filing the above-captioned petition, on May 13, 2016 Debtor filed the Voluntary Petition under Chapter 11 without schedules, but including List of Creditors Holding 20 Largest Unsecured Claims, the Attorney Statement of Compensation, and Corporate Resolution. Further, on June 8, 2016, Debtor filed the required Summary of Schedules; Schedules A/B, D, E/F, G, H, and Statement of Financial Affairs. After several procedural matters, Debtor made certain amendments to the filed schedules which included amendments to Schedule E/F on June 30, 2016 (Docket no. 30), and Schedule A/B, E/F and H, all filed on July 22, 2016 (Dockets no. 41, 42 and 43.)

The information provided in the Schedules filed and the Statements of Financial Affairs show Debtor's financial position as of the date of the filing of the petition. Business income and expenses are detailed in the accompanying income tax returns. Also, monthly operating reports available in the Bankruptcy Court file, show Debtor's finances and results of operations for the period after the date of the filing of the petition. A summary of all monthly operating reports has been prepared and enclosed herein as **Exhibit 1**.

Furthermore, the corporate debtor includes as **Exhibit 2** to the Disclosure Statement copy of the Corporate Tax Return for the year ended on December 31, 2015.

The Debtor's most recent financial statements issued before bankruptcy, each of which was filed with the Court, are set forth in **Exhibit 3**.

G. Assets and Liabilities as of Petition Date

As provided above, Debtor filed its respective Schedules of Assets and Liabilities and Statements of Financial Affairs with the Bankruptcy Court on June 8, 2016. However, certain amendments were made by Debtor to Schedule A/B, D, E/F & H, all filed on July 22, 2016.

Among other things, the Schedules and Statements include the claims of known creditors against Debtor as of the Petition Date, based upon Debtor's books and records. Moreover, a detail of Debtor's assets is provided in the liquidation analysis section, with updated values, as detailed herein in **Exhibit 4**.

H. Claims Bar date and Proof of Claims

On May 20, 2016, the Bankruptcy Court entered an Order setting the bar date for general unsecured claims until September 19, 2016 and for governmental units (as defined by section 101 (27) of the Bankruptcy Code) until November 16, 2016 (the "Bar Dates") (Docket no. 10).

Specifically, to date, Debtor has received 6 proofs of claim forms asserting approximately \$752,960.13 in claims. Debtor has begun the process of reviewing the asserted claims, as well as assessing the necessity to object those which are believe should be disallowed in whole or in part.

I. 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 holders would receive or retain if the

Debtor were liquidated under Chapter 7 of the Code on such date. In order to provide the value as of the effective date of the plan under a Chapter 7 scenario, Debtor provides a detailed liquidation analysis.

For purposes of determining liquidation values for each case, Debtor has estimated and analyzed each scheduled asset and the estimated realizable values that could be obtained by a trustee under a Chapter 7 proceeding.

For the estimated realizable value, estimated administrative expenses have been reduced to determine the estimated amount for unsecured creditors in a liquidation process. Detailed liquidation analyses are enclosed herein as **Exhibit 4**.

The liquidation analysis prepared shows that, upon realization of estate assets and payment of liens and expenses, unsecured creditors would receive no dividend under a Chapter 7 proceeding inasmuch all realizable funds would be distributed to priority claimants. Furthermore, even priority claimants won't receive full satisfaction of their claims under a Chapter 7 proceeding.

III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. What is the Purpose of the Plan of Reorganization?

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

B. Unclassified Claims

Certain type 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 Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. The Plan does not include any Claims that are not classified.

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. *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 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:

<u>Type</u>	<u>Estimated Amount Owed</u>	<u>Proposed Treatment</u>
US Trustee Fees	\$8,000.00	Shall be paid on a quarterly basis upon receipt of Invoice
Bankruptcy Attorney	\$22,000.00	Shall be paid upon approval of invoices by the Court.
Accountant	\$12,000.00	Shall be paid upon approval of invoices by the Court.
TOTAL	\$42,000.00	

2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept a different treatment.

The following chart lists all classes containing claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code and their proposed treatment under the Plan:

POC No.	Description	Impairment	Treatment
1	CRIM	Yes	Shall be paid as specified in the Schedule of Payment
3 and 4	Department of Treasury	Yes	Shall be paid as specified in the Schedule of Payment
5	Municipality of San Juan	Yes	Shall be paid as specified in the Schedule of Payment

3. *Class[es] 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 Plan's proposed treatment of Class 3, which contain general unsecured claims against the Debtor:

POC No.	Description	Impairment	Treatment
1	CRIM	Yes	Shall be paid as specified in the Schedule of Payment
2	Pepsi Cola of PR	Yes	Shall be paid as specified in the Schedule of Payment
3 and 4	Department of Treasury	Yes	Shall be paid as specified in the Schedule of Payment
5 and 6	Municipality of San Juan	Yes	Shall be paid as specified in the Schedule of Payment

4. *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.

Debtor does not have any Equity Interest Holders.

D. Schedule of Payment under the Plan

Allowed secured government claims pursuant to 11 U.S.C. § 506 and unsecured priority claims pursuant to 11 U.S.C. § 507(a)(8) of the Code, and as the same are allowed, approved and ordered to be paid by the Court, will be paid as stated below.

Debtor estimates allowed priority claims in the amount of \$104,000.00, which are further detailed below.

- a. CRIM: As per POC No. 1, The amounts classified as general unsecured claim within this claim in the amount of \$3,632.68, will be deemed unsecured priority inasmuch there is no secured value available on this creditors collateral to support said classification. Accordingly, the portions identified as priority within POC No. 1 will be considered priority claim and paid within and in accordance to the treatment proposed to tax priority creditors within Class 2.

b. Department of Treasury: (POC No. 3 and 4). Filed by the Puerto Rico Treasury Department. The amounts classified as priority tax claims within this claims in the amount of \$409,875.00 and \$107,443.68 respectively, will be deemed unsecured priority inasmuch there is no secured value available on this creditors collateral to support said classification. Regarding POC No. 3, this debt claimed is for Income Taxes for taxable years 2012 through 2014 as per an alleged audit. And thus, the amounts claimed in POC No. 3 are disputed, for an Objection to Claim will be filed. Thus, Debtor does not recognize the amounts claimed in POC No. 3 as owed. Regarding POC No. 4, this debt includes certain debt for sales and Use Taxes, but also includes an additional debt as per an alleged audit. Thus, this debt is also disputed, for Debtor does not recognize the amount claimed as owed, and thus, an Objection to Claim will also be filed. Notwithstanding the preceding, any amounts allowed as priority claims within POC No 3 and 4 shall be paid within and in accordance to the treatment proposed to tax priority creditors within Class 2.

Debtor estimates that the allowed claim for the Treasury Department will amount to \$80,000.00

c. Municipality of San Juan (POC No. 5). Filed by the Municipality of San Juan. The amounts classified as priority tax claim within this claim in the amount of \$20,521.09, will be deemed unsecured priority inasmuch there is no secured value available on this creditors collateral to support said classification. Accordingly, the portions identified as priority within POC No. 5 will be considered priority claim and paid within and in accordance to the treatment proposed to tax priority creditors within Class 2.

This class will receive monthly cash dividend pursuant Debtor's Plan. See Schedule Payments under the Plan of Reorganization, **Exhibit 5**

E. Means of Implementing the Plan

1. Source of Payments

Payments and distributions under the Plan will be funded by the resulting cash flow from operations.

2. Post-confirmation Management

The Post-Confirmation Managers of the Debtor, and their compensation, shall be as follows:

Name	Affiliations	Insider (yes or no)?	Position	Compensation
Jesus Urdaneta	None	No	Manager	\$0.00
Mario Contreras	None	No	Manager	\$0.00

F. Risk Factors

The proposed Plan has the following risks:

Due to the current state of the economy in Puerto Rico, there is always the risk of economic recession, and the consequent reduction in sales.

G. Executory Contracts and Unexpired Leases

The Plan, in **Exhibit 6**, lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. 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. **Exhibit 6** 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 Plan, unless the Court has set an earlier time.

All executory contracts and unexpired leases that are not listed in **Exhibit 6** will be rejected under the Plan. Consult your advisor or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

IV. **CONFIRMATION REQUIREMENTS AND PROCEDURES**

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the 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 Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object

Any party in interest may object to the confirmation of the 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 Plan. A creditor or equity interest holder has a right to vote for or against the 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 Plan Proponent believes that classes 2 and 3 are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that class 1 are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the 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 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 September 19, 2016 and for governmental units (as defined by section 101 (27) of the Bankruptcy Code) November 16, 2016 (the

“Bar Dates”).

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 Plan. As provided in § 1124 of the Code, a class is considered impaired if the 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 interest in classes that do not receive or retain any value under the Plan;
- administrative expenses.

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

If impaired classes exist, the Court cannot confirm the 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 "cram down" on non-accepting classes, as discussed later in Section [B.2].

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

A class of claims accepts the 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 Plan.

A class of equity interests accepts the 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 Plan.

2. *Treatment of Nonaccepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the 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 "cram down" 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. Feasibility

The Court must find 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, unless such liquidation or reorganization is proposed in the Plan.

1. Ability to Initially Fund Plan

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date.

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

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments.

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

V. EFFECT OF CONFIRMATION OF PLAN

A. Discharge of Debtor

Discharge. On the effective date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the effective date, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor shall not be discharged of any debt (i) imposed by the 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). After the effective date of the Plan your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

B. Modification of Plan

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or revoting 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 Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final

decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

RESPECTFULLY SUBMITTED,

In San Juan, Puerto Rico, this 6th day of March of 2017.

/s/ Jesus Urdaneta
Jesus Urdaneta
Managing Member of Elbardi International Pla, LLC

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this same date I electronically filed the foregoing document with the Clerk using CM/ECF system, which will send notification, upon information and belief, of such filing to all parties therein registered to receive notice as follows:

Office of the US Trustee
Monsita Lecaroz Arribas
Ustpreregion21.hr.ecf@usdoj.gov

Puerto Rico Treasury Department
Migda Liz Rodriguez Collazo
Puerto Rico Department of Justice
bankruptcyjusticia.gobierno.pr@gmail.com

Puerto Rico Treasury Department
Martha L. Acevedo-Peñuela
martha.acevedo@hacienda.gobierno.pr

Municipality of San Juan
Arturo González Martín
Arturo González Law Office
ferraric@ferrarilawpr.com

PEPSI Cola PR Dist, LLC
Carla Ferrari Lugo
Ferrari Law, PSC
Agm017@yahoo.com

RESPECTFULLY SUBMITTED,

In San Juan, Puerto Rico, this 6th day of March of 2017.

CORREA BUSINESS CONSULTING GROUP, LLC

Attorney for DEBTOR

Cond. Centro de Seguros, Suite 413

701 Ave. Ponce de Leon

San Juan, PR 00907

Tel: 787-373-1185/Fax: 787-724-0353

/s/Luis E. Correa Gutiérrez

Luis E. Correa Gutiérrez, Esq.

USDC PR 221603

E-Mail: lcorra@correalawoffice.com

EXHIBIT 5

ELARDI INTERNATIONAL PLA, LLC
Case No. 16-03844-ESL 11 - PAYMENT SCHEDULE

Dated: March 6, 2017

Last POC: 6

PAYMENTS UNDER THE PLAN OF REORGANIZATION

CREDITOR	CLAIM NUMBER	CLAIM CLASS	PLAN CLASS	CLAIM AMOUNT	ALLOWED AMOUNT	ALLOWED PLAN	LUMP SUM DIVIDEND EFFECTIVE DATE	Monthly Payment	YEAR 1	YEAR 2
<u>Administrative Expenses</u>										
L. Correa Gutierrez - Attorney's Fees	Estimated	Adm.	1	22,000	22,000	22,000	22,000		22,000	
Accountant	Estimated	Adm.	1	12,000	12000	12000	12000		12000	
US Trustee - Quarterly Fees	Estimated	Adm.	1	8,000	8000	8000	8000		8000	
Total				42,000	42,000	42,000	42,000		42,000	
<u>Priority Claims</u>										
CRIM	1	Taxes	2	3,633	3,633	3,633			\$ 1,255.61	\$ 2,377.07
Department of Treasury-Income Tax	3	Taxes	2	D 409,875	0	0			0	0
Department of Treasury-IVU	4	P	2	D 107,444	80,000	80,000			\$ 27,651.42	\$ 52,348.58
Municipality of San Juan	5	P	2	20,521	20,521	20,521			\$ 7,092.97	\$ 13,428.12
Total				541,472	104,154	104,154			\$ 36,000.00	\$ 68,153.77
<u>General Unsecured Creditors</u>										
							9,846	Percent %		
CRIM	1	U	3	19,472	19,472	19,472		37%		7,254.98
PEPSI Cola of PR	2	U	3	804	804	804		37%		299.48
Department of Treasury-Income Tax	3	U	3	84,869	0	0		0%		-
Department of Treasury-Income Tax	4	U	3	O 100,190	0	0		0%		-
Municipality of San Juan	5	U	6	O 5,876	5,876	5,876		37%		2,189.31
Municipality of San Juan	6	U	6	O 275	275	275		37%		102.46
Total				211,486	26,427	26,427				9,846.23
TOTAL DISBURSEMENTS									\$ 78,000.00	\$ 78,000.00