

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF PUERTO RICO

IN THE MATTER OF  
GAMALIER GONZALEZ TRUCKING, INC.  
Debtor

CASE NO: 16-04601 (BKT)

CHAPTER 11

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DISCLOSURE STATEMENT  
AND SUMMARY OF PROPOSED PLAN OF REORGANIZATION

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INTRODUCTION

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INTRODUCTION

Gamaliel González Trucking, Inc. (debtor) is a corporation created to operate two business simultaneously: (1) to transport and goods delivery in “dry load” trucks, and (2) to provide heavy equipment services such as leveling plots and ground movements.

During the process of the instant bankruptcy proceeding, debtor has been able to devise a Reorganization Plan that will enable to continue to successfully maintain and operate the

business. Accordingly, debtor herein submits the instant Disclosure Statement and Summary of Proposed Reorganization Plan. This Statement will enable each creditor that is so entitled, to make an informed judgment in exercising the right to vote on the Debtors' Plan of Reorganization (the "Plan"). The material in this Disclosure Statement is intended solely for that purpose and solely for the use of debtors' creditors. This disclosure statement may not be relied upon for any other purpose. Nothing contained in this disclosure statement constitutes an admission of any fact or liability by any party. The information contained in this disclosure statement has been submitted by debtor.

#### 1.1 DEFINITIONS

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

#### 1.2 BANKRUPTCY CODE PROVISIONES FOR POST-PETITION DISCLOSURE

Section 1125 of the Bankruptcy Code requires that a debtor make post-petition disclosure in the form of a disclosure statement which provides "adequate information" to its creditors before debtors or a party acting on its behalf may solicit acceptances of a Chapter 11 plan of reorganization. Creditors are urged to consult with their own attorney, or with each other, and to review all of the pleadings and other documents on file with the U.S. Bankruptcy Court in order to fully understand the disclosures made herein, regarding debtors' proposed

Plan of Reorganization (hereafter referred to as the Plan) and any other pertinent matters in this case.

### 1.3 DISCLAIMER

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

No representation concerning the Disclosure or the Plan is authorized by debtor other than as set forth in this Disclosure Statement. Any representations made by any person to secure your vote other than those contained in this disclosure statement should not be relied upon. Any person making representations or inducements concerning acceptance or rejection of the Plan should be reported to the court.

### 1.4 VOTING REQUIREMENTS

In order for the Plan to be confirmed by the Bankruptcy Court, the Bankruptcy Code requires that the Plan be approved by all classes of creditors and interest holders or that the Court find 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, if the plan:

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

- (2) Notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default.
- (A) cures any such default that occurred before or after the commencement of the case under this title, other than a default of a kind specified in section 365(b)(2) of this title;
- (B) reinstates the maturity of such claim or interest as such maturity existed before such default;
- (C) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and
- (D) Does 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 a plan has been accepted by creditors, other than those under 11 USC § 1126(e), that hold at least two-thirds ( $2/3$ ) in amount and more than one-half ( $1/2$ ) in number of the allowed claims of such class held by creditors, that have accepted or rejected such plan, 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 debtors, or as to the actual or realizable value of its property is authorized by the debtors 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. Debtor proposes that the proposed plan effective date and repayment of the plan will be thirty (30) days after confirmation of the plan.

#### 1.5 DEBTOR'S HISTORY

Gamalier González Trucking, Inc. (debtor) is a corporation created under the laws of the Government of Puerto Rico. The main purpose of business is to transport and goods delivery in "dry load" truck. Also the corporation provides heavy equipment services such as leveling plots and ground movements.

The corporation operates from a leased premise located at Urb. Villa Marisol, Calle Girasol, Parsela 1155 Sabana Seca Toa Baja, PR. The reason for filing the voluntary petition is to avoid judgment execution against debtor and debtor's assets. During the last three years, debtor suffered a dramatic income reduction caused by the island economic situation and construction industry reduction.

Debtor unsuccessfully tried to maintain employees and maintain normal operations. Debtor incurred in arrears with creditors and also suffered a “Torts” or damages action that risks the corporate existence. Also, debtor incurred in debt with governmental creditors such as the Internal Revenue Service and Puerto Rico Treasury Department.

Debtor is trying to reorganize and avoid to file a chapter 7 case. Debtor also will propose to pay corporate liquidation value plus interest to unsecured interest creditors through the plan.

Debtor anticipates that this case is a small business case. During the process of the instant bankruptcy proceeding, debtor has been able to devise a Reorganization Plan that will enable to continue to successfully maintain business operations.

The Corporate stockholders are the married couple composed by Mr. Gamalier González-Rivera and Mrs. Sybet Medina-Martínez. They operates the business. On July 14<sup>th</sup>, 2016 this couple filed a Voluntary Petition under the chapter 13 of the Bankruptcy Code, case number 16-05637 (MCF). The purpose of the voluntary petition is to save personal assets including their residential property.

Debtor unsuccessfully tried to maintain employees and maintain normal operations. Debtor incurred in arrears with creditors including the Internal Revenue Service and PR Treasury Department. Debtor is trying to reorganize and avoid filing a chapter 7 case.

#### 1.6 DATE THE PETITION WAS FILED

The Debtor filed its petition for bankruptcy under Chapter 11 of the Bankruptcy Code on June 8<sup>th</sup>, 2016 (Docket No. 1). The main reason for the filing of voluntary petition is to seek for reorganization from corporate debts, including an unsecured-priority debt with IRS and to

stay money collection judgment execution actions including bank accounts garnishments.

Since then, debtor has performed all its legal obligations as debtor in possession.

## 1.7 BANKRUPTCY PROCEEDINGS

### I. Schedules, Statement of Financial Affairs and Creditor's Meeting

On June 8<sup>th</sup>, 2016, Debtor filed its Voluntary Petition under the Chapter 11. With the Voluntary Petition, debtor filed the Schedules, Statement of Financial Affairs, the List of Creditors Holding the 20 Largest Unsecured Claims, and Corporate Resolution.

On July 11<sup>th</sup>, 2016, the 341 meeting of creditors was held and closed. The minutes of the meeting were entered on July 12<sup>st</sup>, 2016 (Docket No. 22).

During the period from July 1<sup>st</sup>, 2016 to and September 30<sup>th</sup>, 2016, Debtor submitted its Amended to Schedules debtor filed amended schedules A/B, E/F, G, H and the amended Statement of Financial Affairs (docket Nos. 15, 16, 17, 18, and 20), schedule D, and Schedule F (docket Nos. 48 and 49).

### II. Employment of Professionals

On June 28<sup>th</sup>, 2016 debtor filed an application to employ Jaime Rodríguez Law Office, PSC and its attorney, Jaime Rodríguez-Pérez. It was approved by Court on August 4<sup>th</sup>, 2016 (Docket Nos. 11 and 27).

In order to organize debtors' accounting books, on June 30<sup>th</sup>, 2016 debtor filed an application to employ Debtor's current accountant, BBA Heriberto Reguero-Acevedo. The accountant will work with debtor's accounting books and records in order to establish an appropriate accounting system, assisting in the preparation of the debtors' monthly operating reports, assisting them in the development of the reorganization plan and preparing cash flow

projections. On August 4<sup>th</sup>, 2016 this Honorable Court approved accountant's employment (docket no. 28).

### III. Duties of the Debtor in Possession

The Debtor has complied with all of its duties as Debtor in Possession, including but not limited to the appearance at the meeting of creditors, to provide supporting and required documents to the U.S. Trustee, the filing of Monthly Operating Reports and payment of fees to the U.S. Trustee.

## 1.8 FINANCIAL INFORMATION

Debtor's financial information were provided in the Schedules and Statement of Financial Affairs filed with the Court. Also debtor provided to the U.S. Trustee office previous to its bankruptcy, including Income Tax Returns.

Please refer to Debtor's Monthly Operating Reports for the months of June, July and August, 2016, Docket Nos. 34, 37 and 38. Also see attached Operating Projected Inflows and Outflows identified as Exhibit K.

## ARTICLE II ASSETS AND LIABILITIES

### 2.1 REAL PROPERTY

The debtor does not have real property.

### 2.2 PERSONAL PROPERTY

These assets are detailed in debtor's schedules as disclosed in the amended schedule A/B



filed on July 1<sup>st</sup>, 2016 (docket no 15), and are also provided in the Liquidation Analysis Section of this Statement. Refer to Liquidation Value Analysis identified as Exhibit A for details of personal assets and its value. Debtor's personal property primarily consists of fully depreciated machinery, equipment, accounts receivable and cash in bank accounts.

### 2.3 SECURED CREDITORS

Debtor's creditor holding secured claims are (a) Wells Fargo and (b) the Internal Revenue Service (IRS).

(a) Wells Fargo (previously identified as Citibank and GE Capital): This creditor holds a lien over some corporate equipment. After communication with creditor, debtor understand that this claimholder has \$5,000.00 as secured interest claim.

(b) Internal Revenue Service: This debt belongs consists of a secured portion of claim number five (5) filed by the Internal Revenue Service (IRS). Internal Revenue Service filed a secured interest claim portion for the amount of \$7,767.71. Debtor attaches Claims Analysis, identified as Exhibit B.

### 2.4 PRIORITIES

The Debtor listed its unsecured priority claims, in its schedules in the total amount of \$8,297.86. The priority claims includes Puerto Rico Treasury Department (Hacienda), claim number 4 with an unsecured-priority portion of \$8,267.43 and "Centro de Recaudaciones de Ingresos Municipales" (CRIM) claim number 2, for the unsecured priority amount of \$30.43. The total unsecured priority amount is \$8,297.86. Debtor attaches Claims Analysis, identified as Exhibit B.

## 2.5 GENERAL UNSECURED CREDITORS

General unsecured creditors were listed in Debtor's Schedules in the total amount of \$265,949.80. Debtor attaches Claims Analysis, identified as Exhibit B.

### ARTICLE III PENDING LITIGATION

As of October 3<sup>rd</sup>, 2016 debtor does not anticipates litigation. At this moment debtor's only concern is creditor Wells Fargo claim. However, debtor and creditor are communication, debtor proposed a claim amount and creditor accepted it. The next step will be to file a stipulation.

### ARTICLE IV LIQUIDATION ANALYSIS

One requirement for the confirmation of a plan under 11 USC sections 1123 and 1126 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 debtors 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, debtors provide a detailed liquidation analysis.

For the purpose of determining a liquidation value, debtors have estimated as realizable in a Chapter 7 scenario from 0 % to 100 % of the actual or scheduled value for existing personal property. The estimated realizable values have been deducted for purposes of the liquidation analysis using the experience of liquidation of assets under Chapter 7 bankruptcy cases.

The liquidation analysis prepared for this case shows that, upon realization and after making an “stress” of fully depreciated assets (machinery and equipment) of estate assets and payment of expenses, unsecured creditors would receive a dividend of \$22,026.05 of their respective claims under a Chapter 7 proceeding. A detailed liquidation Analysis is enclosed herein as Exhibit A.

ARTICLE V  
SUMMARY OF THE PLAN  
CLASSIFICATION AND TREATMENT OF CLAIMS

The plan has been drafted designating five (5) classes in accordance with the provisions of 11 U.S.C. § 1122 and 1123. All creditors and other parties in interest are urged to read and consider the Plan in full inasmuch as it represents a proposed legally binding agreement with the Debtors and any other party involved. The classes of creditors are as follows:

CLASS 1 ADMINISTRATIVE CLAIMS

This class shall consist of all allowed administrative expense priority claims, as provided under Section 11 USC § 503 of the Bankruptcy Code, including but not limited to the fees to the United States Trustee quarterly fees, fees and expenses of Debtor’s counsel, accountant and any other professional retained by the Debtor, as may be allowed by the Bankruptcy Court upon application thereafter, and after notice and a hearing, in accordance with the Bankruptcy Code and Rules, as well as any unpaid taxes or fees accrued since petition date. Debtor estimates the liability in this Class 1 not to be over the amount of \$15,500.00.

Please refer to attached Claims Analysis, identified as Exhibit B, Payments under the Reorganization Plan table identified as Exhibit G; Plan

Payment Monthly Distribution, identified as Exhibit H, and Prime Interest Rates Evidence identified as Exhibit I.

Treatment: The Debtor will provide payment to all allowed administrative expenses on or before the Effective Date, as allowed by the Court or as agreed by the parties. Please refer to attached Claims Analysis, identified as Exhibit B, Payments under the Reorganization Plan table identified as Exhibit G; Plan Payment Monthly Distribution, identified as Exhibit H, and Prime Interest Rates Evidence identified as Exhibit I.

CLASS 2 SECURED CREDITOR: WELLS FARGO

a. Wells Fargo (previously identified as Citibank and GE Capital): This creditor holds a lien over some corporate equipment. On September 17th, 2016 debtor's representative visited our law office. He informed us that he already paid \$385,000.00 to creditor GE Capital, now Wells Fargo and that this debt is supposed to be paid in full. He explained that during 2009 debtor filed a previous chapter 11 case, case number 08-07965 GAC.

On September 19th, 2009 debtor and creditor GE Capital entered into a stipulation to pay the creditor GE Capital (previously Citibank and now Wells Fargo) this debt in full.

According with that stipulation, debtor and creditor agree \$344,000.00 as secured interest portion claim and \$93,000.00 as unsecured portion. For this amount, debtor had to pay \$7,000.00 at 8.5% during 65 months. In the stipulation says that debtor should begin on September 2009 and ends on

March 2014. When we calculate this period of time, it is 55 months, not 65 months. Debtor paid \$7,000.00 during 55 months for a total of \$385,000.00. It means that debtor paid \$344,000.00 plus \$41,000.00 interest. It means that debtor paid more than 8.5% interest rate. Debtor informs that for the previous case the debt was \$437,585.16. In the previous case debtor challenged the value of collateral. In that time (2008-2009), due to the value of the collateral in that time, the debt was considered in \$344,000.00 as secured and \$93,585.16 as unsecured portion. For the unsecured portion, creditor GE Capital would receive approximately 5% of debt. It means that creditor would receive \$4,679.26 as unsecured. GE Capital received more than the stipulated amount. GE Capital received payments for \$385,000.00.

After that date debtor communicated with creditor Wells Fargo. Debtor initiated communication with creditor in order to stipulate a reduced secured interest claim for the amount of \$5,000.00 and a general unsecured portion of \$1,000.00. According with the last communication with Wells Fargo representative, Wells Fargo approved our proposal. The next step is to prepare a new stipulation with creditor. For this reason, on September 30<sup>th</sup>, 2016 debtor filed amended Schedule; to reduce the claim from \$47,639.30 to \$5,000.00 (docket no 49).

Treatment: This Class shall receive payment in full of its allowed secured claim plus interest at more than the prime rate<sup>1</sup> (3.25% interest) on or before

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<sup>1</sup> The interest rate as of June 8th, 2016 for 5-years loan is 1.20%. The prime interest rate is 3.66%. See Exhibit I or See <http://www.federalreserve.gov/Releases/H15/20150615/>.

the 60<sup>th</sup> month after the Effective Date.

Debtor attaches the following supporting documents:

- (i) Exhibit B – Claims Analysis;
- (ii) Exhibit C - Class 2 Amortization Table;
- (iii) Exhibit G - Payments under the Reorganization Plan;
- (iv) Exhibit H - Plan Payment Monthly Distribution;
- (v) Exhibit I - Prime Interest Rates Evidence;
- (vi) Exhibit L - Stipulation entered with creditor GE Capital in previous bankruptcy case with the Court Order approving Stipulation;
- (vii) Exhibit M – Table of payments made to creditor as stipulated;
- (viii) Exhibit N – Payment evidence (distributed in three filed)

**CLASS 3 SECURED CREDITOR: INTERNAL REVENUE SERVICE (IRS)**

This class shall consist of the secured portion of claim number five (5) filed by the Internal Revenue Service (IRS). Internal Revenue Service filed a secured interest claim portion for the amount of \$7,767.71. Debtor attaches Claims Analysis, identified as Exhibit B.

Treatment: This Class shall receive payment in full of its allowed secured claim plus interest at more than the prime rate<sup>2</sup> (2.00% interest) on or before the 60<sup>th</sup> month after the Effective Date.

Debtor attaches the following supporting information and/or documents:

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<sup>2</sup> The interest rate as of June 8th, 2016 for 5-years loan is 1.20%. The prime interest rate is 3.66%. See Exhibit I or See <http://www.federalreserve.gov/Releases/H15/20150615/>.

- (i) Exhibit B – Claims Analysis;
- (ii) Exhibit D - Class 3 Amortization Table;
- (iii) Exhibit G - Payments under the Reorganization Plan;
- (iv) Exhibit H - Plan Payment Monthly Distribution;
- (v) Exhibit I - Prime Interest Rates Evidence;

**CLASS 4 GENERAL UNSECURED CLAIMS FOR TAXING AUTHORITIES**

This class shall consist of all allowed unsecured priority claims pursuant to 11 USC § 507(a) (8) of the Code. Once the Bar Date has elapsed if any additional claims are filed they will be reconciled and included accordingly. The Bar Date for Governmental units is December 6<sup>th</sup>, 2016.

Debtor listed in the schedules two unsecured priority claimholders: Puerto Rico Treasury Department (Hacienda) and “Centro de Recaudaciones de Ingresos Municipales” (CRIM). Puerto Rico Treasury Department (Hacienda) filed claim number 4 with an unsecured-priority portion of \$8,267.43 and “Centro de Recaudaciones de Ingresos Municipales” (CRIM) filed claim number 2 with an unsecured priority amount of \$30.43. The total unsecured priority amount is \$8,297.86. Debtor attaches Claims Analysis, identified as Exhibit B.

Treatment: This Class shall receive payment in full of its allowed secured claim plus interest at more than the prime rate<sup>3</sup> (2% interest) on or before the 60<sup>th</sup> month after the filing of Voluntary Petition. This distribution will be made

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<sup>3</sup> The interest rate as of June 8th, 2016 for 5-years loan is 1.20%. The prime interest rate is 3.66%. See Exhibit I or See <http://www.federalreserve.gov/Releases/H15/20150615/>.

counting from the filing of voluntary petition or June 6<sup>th</sup>, 2016. Debtor wishes to clarify that since claimholder “Centro de Recaudaciones de Ingresos Municipales” (CRIM), claim number 2 has an unsecured priority claim for the amount of \$30.43, the entire amount will be paid on the effective date.

Please refer to the following supporting information:

- (i) Exhibit B – Claims Analysis;
- (ii) Exhibit E - Class 3 Amortization Table – PR Treasury Department;
- (iii) Exhibit G - Payments under the Reorganization Plan;
- (iv) Exhibit H - Plan Payment Monthly Distribution;
- (v) Exhibit I - Prime Interest Rates Evidence;

#### CLASS 5 ALL OTHER GENERAL UNSECURED CLAIMS

This class shall consist of the general unsecured claims listed in the Schedules and those who filed proof of claims. Once the Bar Date has elapsed if any additional claims are filed, and including accordingly. The Bar Date for general unsecured creditors is October 11<sup>th</sup>, 2016.

As of October 3<sup>rd</sup>, 2016 there are only four (4) general unsecured creditors who filed its respective proof of claimholders: (1) “Centro de Recaudaciones de Ingresos Municipales” (CRIM) (claim 2) with \$2,448.92; (2) Banco Popular de Puerto Rico (claim 3) with 836.39; (3) Puerto Rico Treasury Department (Hacienda) (claim 4) with 15,719.66; and (4) Internal Revenue Service (IRS) with \$3,398.28.



As of today, the other general unsecured creditors does not filed its respective proof of claims. Please refer to attached Claims Analysis, identified as Exhibit B for a list of all creditors and claims as listed in the amended schedule E/F, docket no. 48.

Treatment: The entire class shall receive the amount calculated as liquidation value under a Hypothetical Chapter 7 liquidation analysis for a total amount of \$22,026.05, plus 2.0% interest during sixty (60) months counting from the Effective Date. It means that the entire class 4 shall receive a monthly payment in the amount of \$386.07 during 60 months counting from the effective date. Debtor will distribute this monthly payment at pro rata of each claimholders claims.

Please refer to the following supporting information:

- (i) Exhibit A – Liquidation Value Analysis;
- (ii) Exhibit B – Claims Analysis;
- (iii) Exhibit F - Class 5 Amortization Table;
- (iv) Exhibit G - Payments under the Reorganization Plan;
- (v) Exhibit H - Plan Payment Monthly Distribution;
- (vi) Exhibit I - Prime Interest Rates Evidence;

This class is impaired

#### ARTICLE VI IMPAIRMENT OF EXISTING CLAIMS AND INTERESTS

As provided by 11 U.S.C. § 1124, a class of claims of interests is impaired under a plan unless with respect to each claim of interest of such class, the Plan:

1. Leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles to holder of such claim or interest; or
2. Notwithstanding with 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 11 U.S.C. § 365 (b) (2);
  - b. reinstates the maturity of such claim or interest as such maturity existed before such default;
  - c. compensated the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and
  - d. does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest.

ARTICLE VII  
PAYMENT TO PRIORITIES UNDER SECTION 11 U.S.C. § 507 (a) (8)

All unsecured priority governmental claims pursuant to 11 U.S.C. § 507 (a) (8), as the same are allowed, and any priority portion of any debt to all the governmental units as they are approved and ordered to be paid by the Court, will receive payment in full of their allowed claim and/or agreed amount plus prevailing prime interest rate over a period ending no later than five (5) years after the date of the order for relief or as agreed by the parties. As of the filing of present

motion, the unsecured priority claims are Puerto Rico Treasury Department (Hacienda), claim number 4 with an unsecured-priority portion of \$8,267.43 and “Centro de Recaudaciones de Ingresos Municipales” (CRIM) claim number 2, for the unsecured priority amount of \$30.43. The total unsecured priority amount is \$8,297.86.

#### ARTICLE VIII LEASES AND EXECUTORY CONTRACTS

Contracts to which Debtor is a party are listed in the amended Schedule G, docket no. 19. It was filed on July 5<sup>th</sup>, 2016. The only lease agreement is a land space verbal lease agreement entered with Mr. Palomares. Debtor hereby assumes the lease and executory contract therein described.

#### Assumption of Designated Executory Contracts and Unexpired Leases

Pursuant to sections 11 U.S.C. § 1123 (b) (2) and 365 (a), the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of the assumption, as of the Effective Date, of each executory contract or unexpired lease to which Debtor is a party including but not limited to those for which a motion to assume is pending at a time of the Confirmation Date. Unless otherwise provided in a pending motion to assume, on the Effective Date or as promptly as possible thereafter, the Debtor shall cure any defaults under such assumed executory contracts or unexpired leases to the extent required by Section 365 of the Bankruptcy Code. In addition, to the extent the Debtor has rights of setoff against any of the parties to these leases and contracts, the Debtor reserves the right to cure any defaults under such leases and contracts by exercising this right to setoff.

### Rejection of Executory Contracts and Unexpired Leases

Pursuant to sections 11 U.S.C. § 1123 (b) (2) and 365 (a), the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of the rejection, as of the Effective Date, of each executory contract or unexpired lease to which Debtor has not filed motion to assume.

### Executory Contracts and Unexpired Leases Which Were Assumed or Rejected to Date

Any executory contract or unexpired lease (other than insurance policies) which (i) has not expired by its own terms on or prior the Confirmation Date, (ii) has not been assumed or rejected with the approval of the Bankruptcy Court on or prior the Confirmation Date, (iii) is not subject of a motion to assume or reject which is pending at the time of the Confirmation Date, or (iv) is not designated in the Disclosure Statement, listing an executory contract or unexpired lease to be assumed at the time of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejection pursuant to section 11 U.S.C. § 365 (a) and 1123 (b) (2).

### Rejection of Damage Claims

If the rejection of an executory contract or unexpired lease by the Debtor results in a claim for damages to the other party or parties to such contract or lease, any claim for such damages, if not hereto evidenced by a filed proof of claim, shall be forever barred and shall not be enforceable against the Debtor's Estate, or its respective properties or agents, successors, or assigns, unless a proof of claim is filed with the Bankruptcy Court and served upon counsel for the Debtor on or before the earlier of, 30 days after the entry of the Order approving the rejection of the contract or unexpired lease, if such rejection is granted before the Confirmation Date, or 30 days after the Confirmation Date if the Confirmation Order constitutes approval of the

rejection. Unless otherwise ordered by the Court or provided in the Plan, all such Allowed Claims for which proof of claims are timely filed will be treated as Class 6 subject to the provisions of the Plan and Section 11 USC § 502 (b) (6), to the extent applicable. The Debtor shall have the right to object to any such rejection damage claims filed in accordance with this Section.

#### Post-Petition Agreements Unaffected By Plan

Except as otherwise provided herein, nothing contained in the Plan shall alter, amend or supersede any agreement or contracts entered into by Debtor after the Petition Date that were otherwise valid, effective and enforceable against the Debtor as of the Confirmation Date.

#### ARTICLE IX PROOF OF CLAIMS NOT FILED

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

#### ARTICLE X OBJECTIONS TO CLAIMS

The Debtor, at the option of the Debtor or upon order of the Bankruptcy Court, if requested, may file an objection to any claim as to its validity or amount within 30 days prior or

after the Confirmation Hearing. If an objection is made, payment of such claimants will be made only after the entry of a final order by the Court allowing such claim and in accordance with the provisions of the Plan governing the class to which such claim belongs.

Since the bar date for this case has not expired, the Debtor hereby reserves the right to object any proof of claim filed before the expiration of said date.

#### ARTICLE XI CONDITIONS PRECEDENT TO CONSUMMATION

Before the consummation of the Plan takes place, the Confirmation Order should be a final order. Once the Plan is confirmed by a final order, the provisions of the Plan will be the new contract between the parties, even in case of default thereafter. In the event that the conditions stated in the Plan are not satisfied, this Plan shall be null and void and the rights of all holders of claims and interests, and of the Debtor, shall be restored as of the date immediately preceding the Confirmation Date.

#### ARTICLE XII NON-ACCEPTANCE OF THE PLAN (CRAMDOWN)

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

ARTICLE XIII  
MEANS OF EXECUTION OF THE PLAN AND MANAGEMENT OF THE DEBTOR

On the Effective Date of the Plan, the distribution, administration and management of Debtor's affairs including collection of moneys, and distribution to creditors, unless otherwise provided herein, will be under the control and supervision of the current officers, who will assume the same roles they have assumed during the chapter 11 bankruptcy process.

Funding the plan will be from the collection of any account receivable and services provided by Gamalier González Trucking, Inc. and any other business that Debtor will be engaged during the life of the Plan.

Please refer to Debtor's Monthly Operating Reports for the months of June, July and August, 2016, Docket Nos. 34, 37 and 38. Also see attached Summary of Monthly Operating Reports identified as Exhibit J and Operating Projected Inflows and Outflows identified as Exhibit K.

ARTICLE XIV  
PROVISIONS FOR THE MODIFICATION OF THE PLAN

The Debtor may propose amendments or modifications of this Plan at any time prior to its confirmation pursuant to 11 USC § 1127, upon notice to creditors and interested parties. After confirmation of the Plan, the Reorganized Debtor may, with the approval of the Court and as long as it does not adversely affect the interests of the creditors, remedy any defect or omission, in such manner as may be necessary to carry out the purposes and effects of the same.

ARTICLE XV  
CLOSING THE CASE

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

ARTICLE XVI  
RELEASE AND DISCHARGE OF CLAIMS

Discharge

Except as otherwise expressly provided in the Plan or in Section 11 U.S.C. § 1141 (d), the distributions made pursuant to and in accordance with applicable terms and conditions of the Plan of Reorganization are in full and final satisfaction, settlement, release and discharge as against the Debtor of any debt of the Debtor that arose before the Effective Date, and any debt of the Debtor of a kind specified in Sections 11 U.S.C. § 502 (g), 502 (h), or 502 (i), and all claims against the Debtor or its Estate of any nature, including, without limitation, any interest accrued thereon from and after the Petition Date, other than the interest proposed in Debtor's Plan, whether or not (i) a proof of claim based on such debt, obligation or equity interest is filed or deemed filed under Section 11 U.S.C. § 501, (ii) such Claim is allowed under Section 11 U.S.C. § 502, or (iii) the holder of such Claim has accepted the Plan.



### Injunction Relating to the Plan

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

### Setoffs

Except as otherwise provided in the Plan, nothing contained in this except as otherwise provided in the Plan, nothing contained in this Plan shall constitute a waiver or release by the Estate of any rights of setoff the Estate may have against any person.

### Transfer of Properties under the Plan

The transfer of any property (real or personal) to be make under the Plan of Reorganization may not be taxed under any law imposing a stamp tax or similar tax, under the provisions of 11 U.S.C. § 1146.

### NOTICE

Within fourteen (14) days after service as evidence by the certification, and an additional three (3) days pursuant to Fed. R. Bank. P. 9006(f) if you were served by mail, any party against whom this paper has been served, or any other party to the action who objects to the relief sought herein, shall serve and file an objection or other appropriate response to this paper with the Clerk's office of the U.S Bankruptcy Court for the District of Puerto Rico. If no objection or other response is filed within the time allowed herein, the objection will be deemed unopposed and may be granted unless: (1) the requested relief is forbidden by law. (2) The requested relief is against public policy; or (3) in the opinion of the Court, the interest of justice requires

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otherwise. If you file a timely response, the court may-in its discretion-schedule a hearing.

#### CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this same date I electronically filed the foregoing with the Clerk of the Court using the CM/ECF System, which will send notification of such filing to the parties appearing in said system including the US Trustee and by the United States Postal Service to all those parties who requested a copy and are not within the electronic notification service.

RESPECTFULLY SUBMITTED,

In San Juan, Puerto Rico, this 3<sup>rd</sup> day of October, 2016

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