

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

IN RE:

SECURITY GLOBAL SOLUTIONS, INC.

Debtor In Possession

CASE NO. 16-06970 (BKT)

CHAPTER 11

**SECURITY GLOBAL SOLUTIONS, INC.
SMALL BUSINESS DISCLOSURE STATEMENT DATED MARCH 29, 2017**

TO THE HONORABLE COURT
TO ALL CREDITORS AND PARTIES IN INTEREST
TO THE UNITED STATES TRUSTEE'S OFFICE

Herein enclosed is Security Global Solutions, Inc. Disclosure Statement for your examination and analysis.

Respectfully submitted, this March 29, 2017.

s/ Nilda M. González-Cordero

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I. INTRODUCTION

This is the disclosure statement (the “Disclosure Statement”) in the chapter 11 case of Security Global Solutions, Inc., (the “Debtor”). This Disclosure Statement contains information about the Debtor and describes the Plan of Reorganization (the “Plan”) filed by Security Global Solutions, Inc. on March 29, 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.***

The proposed distributions under the Plan are discussed at pages 8 to 10 of this Disclosure Statement. General unsecured creditors are classified in Class 1, and will receive a distribution of 25% of their allowed claims.

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 the Debtor 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. Deadlines

1. *Time and Place of the Hearing to Approve This Disclosure Statement*

The hearing at which the Court will determine whether to approve this Disclosure Statement and confirm the Plan will be scheduled and notified by the Court and will take place at the United States District Court for the District of Puerto Rico, José V. Toledo Federal Building, 300 Recinto Sur Street, Courtroom No. 1, Floor 2, Old San Juan, Puerto Rico.

2. *Deadline For Objecting to the Adequacy of Disclosure*

Objections to this Disclosure Statement must be filed with the Court and served upon counsel for the debtor and such parties as have requested manual notices by the date that the Court fixes for this purpose.

3. *Deadline For Voting to Accept or Reject the Plan*

If you are entitled to vote to accept or reject the plan, vote on the ballot you will receive and you must return it to: **Nilda M. González-Cordero, Gonzalez Cordero Law Offices, P.O. Box 3389, Guaynabo, Puerto Rico 00970**. See **Section IV** below for a discussion of voting eligibility requirements. You will be notified of the date the ballot must be received. If your ballot is not received on the specified date it will not be counted.

4. *Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact the undersigned attorney, Nilda M. González Cordero, Counsel for the Debtor in Possession, to the phone and addresses below.

C. 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 represent that the information contained herein is without inaccuracy notwithstanding its efforts to disclose all matters with careful attention to accuracy and completeness.

Any representation concerning the Debtor, and/or any other statement relative to it, different from, or not included in this Disclosure Statement, is not authorized by the Debtor. Any representation or inducement not contained in this Disclosure Statement, which might be made to secure acceptance of the Plan, should not be relied upon by a creditor in deciding how to vote on the Plan.

The Court's approval of this Disclosure Statement is subject to the hearing on the confirmation of the Plan. You will be notified of the date for objections to the adequacy of this Disclosure Statement.

II. BACKGROUND

A. *Description and History of the Debtor's Business*

The Debtor is a corporation duly organized under the laws of the Commonwealth of Puerto Rico. Security Global Solutions, Inc. was organized and registered in Puerto Rico on January 7, 2015, with number 346473 at the Department of State. Debtors is dedicated to provide security services to persons and properties. Its main business is providing security services to business.

B. *Insiders of the Debtor*

Ms. Sharon Rodríguez Crespo is the President of the corporation; nevertheless, there are two (2) other offices/insiders of the Debtor. Mr. Raúl Sandoval is Debtor's Vice-President and Sub-Treasurer and Mr. Eric Sandoval is a private detective whose license has been pledged by Debtor in

order to provide security services.

Ms. Rodríguez Crespo will continue to operate the business of the corporation as reorganized so that it can cover the ordinary business expenses and make a reasonable payment plan to its creditors under the provisions of the Bankruptcy Code. Mr. Raul Sandoval Ortiz and Mr. Eric Sandoval Ortiz will continue in their respective duties working for Debtor's reorganization.

C. *Management of the Debtor Before and During the Bankruptcy*

During the two years prior to the date on which the bankruptcy petition was filed, and since the filing of the petition, the officer, director, manager and person in control of the Debtor (collectively the "Manager") has been Sharon Rodríguez Crespo. She receives compensation of \$992.12 biweekly plus vehicle expenses. Other officers were Raul Sandoval Ortiz and Eric Sandoval Ortiz.

After the effective date of the order confirming the Plan, the director and officer of the debtor (collectively the "Post Confirmation Manager"), will be Sharon Rodríguez Crespo, President, Secretary and Treasurer together with Raul Sandoval Ortiz and Eric Sandoval Ortiz.

The responsibilities and compensation of the Post Confirmation Manager are described in **Section III. D. 2** of this Disclosure Statement.

D. *Events Leading to Chapter 11 Filing*

The main reason for filing the bankruptcy petition was to manage arrears incurred with taxes over sale (IVU) with the Department of Treasury. The application of fees and penalties, almost doubling the amount due, made it impossible to deal with outside the protection of the Bankruptcy Code.

In addition, Debtor had a situation with a client that certainly was a major cause of its financial distress. At the beginning of year 2016 Debtor obtained a contract to provide security services to a corporation which needed the services for seven (7) offices across the island, including the Municipality of Vieques. The hiring corporation was to provide services to citizens with the benefit of the governmental health insurance plan (commonly known as "La Reforma"). In order to obtain the contract, Debtor indeed hired approximately 15 additional security officials, provided them with uniforms and gave them training. After incurring in the expenses mentioned above, the services were canceled within thirty (30) days due to a cut on "La Reforma" budget which led the hiring corporation to decide to eliminate the security in those locations. The expected income by Debtor was never obtained therefore the expenses incurred were never recovered. A portion of the IVU debt accumulated is related to this situation.

E. *Significant Events During the Bankruptcy Case*

Since the filing of the petition debtor has continued operating its business as security agency. Debtor has opened debtor-in possession bank accounts as required by the U.S. Trustee Guidelines, has paid U.S. Trustee fees and has filed Monthly Operating Reports.

On October 5, 2016 an order was entered by the Court approving the employment of Atty. Nilda M. González Cordero as Attorney for the Debtor. (Docket #15) On November 19, 2016 an order was entered by the Court approving the employment of Luis Cruz López as Accountant for the estate. (Docket #30) The 341 Meeting of Creditors was held and closed and the Status Conference before this Honorable Court was also held.

At the time of the filing of this Disclosure Statement Debtor has no controversies pending with any creditor and does not foresee any legal controversy.

F. *Projected Recovery of Avoidable Transfers*

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

G. *Claims Objections*

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

The deadline for filing objections to claims is 45 days before the Confirmation Hearing, or 30 days after the filing of the proof of claim, whichever is later.

H. *Current and Historical Financial Conditions*

The Schedules, as amended, the Statement of Financial Affairs and the operating reports reflect Debtor's financial information as of the date of the filing of the Bankruptcy Petition and thereafter. The identity and fair market value of the estate's assets are listed in Schedule B, filed with the Voluntary Petition. The liquidation value analysis reflects that creditors would receive no more than 0.00% of their claims in a Chapter 7 distribution.

Debtor's post-petition Monthly Operating Reports have been filed. The most recent operating report filed since the commencement of the Debtor's bankruptcy case was for the period ending on February 28, 2017. Monthly Operating Reports are available in the Bankruptcy Court's legal docket. Creditors and parties in interest may review the Court's docket in order to make a fully informed decision when voting for the proposed plan herein provided by Debtor.

A **Summary of Post-Petition Operating Reports** filed up to February 28 2017 is attached to this Disclosure Statement as **Exhibit B**.

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. **Exhibit C** summarizes the proposed plan distributions.

B. Unclassified Claims

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

1. Administrative Expenses

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

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

Creditor	Estimated amount	Treatment
Professional Fees	\$9,000.00	Paid in full on the effective date of the Plan, or according to separate written agreement, after application of initial deposit or according to court order if such fees have not been approved by the Court on the effective date of the Plan.
Office of the U.S. Trustee Fees	\$1,625.00	Paid in full on the effective date of the plan.

2. Priority Tax Claims

Priority tax claims are unsecured income, employment, and other taxes described by §507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief. The amounts of the monthly installments that are provided for by the plan are specifically stated for each claim in Exhibit D- Schedule of Payments to Creditors attached herein.

The following chart lists the Debtor's estimated § 507(a)(8) priority tax claims and their

proposed treatment under the Plan.

Description (name and type of tax)	Claim No.	Estimated Amount Owed	Treatment
Internal Revenue Service	1.5	\$32,671.76	48 monthly payments of \$723.17 each until year 2021. Interest Rate 3% Total Payout Amount: \$34,712.00.
Puerto Rico Department of the Treasury- Employee Withholdings	3.1	\$3,084.26	48 monthly payments of \$68.27 each until year 2021. Interest Rate 3% Total Payout Amount: \$3,277.00.
Puerto Rico Department of the Treasury- IVU Taxes	4.1	\$83,579.98	48 monthly payments of \$1,849.99 each until year 2021. Interest Rate 3% Total Payout Amount: \$88,799.00.
Puerto Rico Department of Labor - Unemployment	5.1	\$5,745.17	48 monthly payments of \$127.17 each until year 2021. Interest Rate 3% Total Payout Amount: \$6,104.00.
Puerto Rico Department of Labor – Disability	6.1	\$884.37	48 monthly payments of \$19.57 each until year 2021. Interest Rate 3% Total Payout Amount: \$940.00.
State Insurance Fund	7.1	\$10,800.09	48 monthly payments of \$239.05 each until year 2021. Interest Rate 3% Total Payout Amount: \$11,475.00.
Autonomous Municipality of Bayamón – Municipal License	Sch E/F	\$10,274.00	48 monthly payments of \$227.41 each until year 2021. Interest Rate 3% Total Payout Amount: \$10,916.00.

A Schedule of Payments to Creditors is attached as **Exhibit C**.

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. Class of Secured Claims

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate, or that are subject to setoff, to the extent allowed as secured claims under §506 of the Code. If the value

of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim.

There are no secured creditors in this case; each will be classified separately.

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 different treatment. There are no claims that falls into this class.

3. *Class of General Unsecured Claims - Class 1*

General unsecured claims are not secured by property of the estate and are not entitled to priority under §507(a) of the Code. These creditors have been placed by the debtor in Class 1.

The following chart identifies the Plan's proposed treatment of Class which contains general unsecured claims against the Debtor:

Class	Description	Impairment	Treatment
1	General Unsecured Class	This class is impaired	48 monthly payments of \$279.97 each until year 2021. Total Payout Amount: \$13,439.00.

A Schedule of Payments to Creditors is attached as **Exhibit C**.

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. There are no claims that falls into this class.

D. Means of Implementing the Plan

1. Source of Payments

Payments and distributions under the Plan will be funded by the continued operation of the business of the debtor, projections are provided as **Exhibit D** herein in support of the feasibility of the proposed plan.

2. Post-confirmation Management

The Post-Confirmation Manager of the Debtor, and his compensation, shall be as follows:

Name	Position	Insider (yes or no)?	Responsibilities	Compensation
Sharon Rodriguez Crespo	President, Secretary and Treasurer	Yes	Manage administrative duties of the corporation such as human resources and payroll, payments to creditors and other financial related duties. Represent the corporation in negotiations with clients and other lease or executory contracts, as needed.	\$992.00 bi-weekly plus auto expenses in the amount of \$404.13.
Raúl Sandoval Ortiz	Vice-President and Sub-Treasurer	Yes	Provides armed security services at Wedco's central offices. Supervises the northern area and coordinates security contracts for private events.	\$992.00 bi-weekly plus car allowance in the amount of \$600.00.
Raúl Sandoval Ortiz	Private Detective whose license allows the operation of the security agency	Yes	Supervises western and southern areas. Provides security services when needed. Prepares weekly schedules. Coordinates and provides special security services.	\$995.59 weekly, car allowance in the amount of \$489.00, medical insurance and reimbursement of gasoline and auto maintenance.

E. Risk Factors

As of the date of the filing of the disclosure statement, the Debtor believes that only the normal risks of natural disaster or a new, deeper recession could be the risks involved for its performance under the plan.

F. Executory Contracts and Unexpired Leases

The Plan, in Article VI, lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Debtor assumes all unexpired leases and executory contracts to which they are a party and which have not been expressly rejected pursuant to 11 U.S.C. §365(a). Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any.

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.

Debtors is party to one (1) unexpired commercial lease agreement for the operation of the business with Lillian Camareno Figueroa. Monthly rents add up to \$350.00 therefore the estimated amount for a total annual rent expense is \$4,200.00. Debtor is also party of the (10) executory contracts by means of which Debtor provides its security services. Debtor's income is obtained from those ten (10) contracts with the following entities: Colon Gerena Realty, Inc., Concrete-Tech, Infinity, Maderas 3C, Mascaro-Porter & Co., MMM Holding, New Port Investment, S.E., Quintana Hermanos, Inc., Rooms To Go and WEDCO of PR.

All executory contracts and unexpired leases that are not listed in Article VI of the Chapter 11 Plan will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

G. Tax Consequences of Plan

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

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

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 Class 1 is impaired and that holders of claims in this class are therefore entitled to vote to accept or reject the Plan. The Debtor believes that there

are no unimpaired creditors, the holders of such claims, if any, do not have the right to vote to accept or reject the Plan.

B. 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 January 5, 2017, in case of claims of governmental units, the deadline was March 6, 2017.

Article X, Subsection 10.2 of the plan provides that the debtor may object to a claim until not later than 45 days prior to the date yet to be scheduled for a confirmation hearing. Objections not filed within the period stated shall be deemed waived. If an objection is made, payment to 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 such class to which such claim belongs.

C. 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.

D. Who is Not Entitled to Vote

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

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

E. 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.

F. 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 a cram down on non-accepting classes, as discussed later in **Section VI**.

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 Non-accepting Classes

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds non-accepting classes is commonly referred to as a cram down plan. The Code allows the Plan to bind non-accepting 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.

G. Liquidation Analysis

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

H. 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. Tables showing the amount of cash on hand on the effective date of the Plan, and the sources of that cash are attached to this disclosure statement as **Exhibit D-Projected Statement of Revenues**.

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 take the required Plan payments.

The Plan Proponent has provided projected financial information. Those projections are listed in **Exhibit D**. You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

The final plan payment to unsecured creditors is expected to be paid on 2022.

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

After the plan is confirmed, the debtor is required to make plan payments and is bound by the provisions of the plan of reorganization. The confirmed plan creates new contractual rights, replacing or superseding pre-bankruptcy contracts.

You should consult your own attorney if the binding effect of the confirmed plan will affect your claim or equity interest.

A. Discharge of the Debtor

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 re-voting on the Plan. The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing.

C. Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the 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.

D. Consequences of Default

If Debtor is unable to perform the terms and conditions of this Plan, then it will be in default. Pursuant to §1141, once a plan under Chapter 11 is confirmed, a creditor can no longer enforce its pre- Chapter 11 claims, but is limited to the rights granted in the plan. The creditor may sue the Debtor for the remaining unpaid balance as provided in the plan. The creditor should consult with its attorney regarding bankruptcy and non- bankruptcy remedies available.

E. Retention of Jurisdiction

The Bankruptcy Court shall retain jurisdiction over this case to enable Debtor to consummate such proceedings that may arise in order to carry out the provisions of the proposed Plan before or after the entry of the order of confirmation and up to the date of the closing of the case. Specifically, upon the entry of the order of confirmation, this Court will retain jurisdiction to rule and dispose of any objection to the allowance of proof of claims filed within the terms detailed herein.

VI. OTHER PLAN PROVISIONS

Non Acceptance of the Plan (“Cramdown”) If all applicable requirements of 11 U.S.C. §1129(a), other than Section (a)(8), are met with respect to this plan, debtor may request that the Court confirm this Plan notwithstanding the requirements of said section, if it does not discriminate unfairly and is fair and equitable with respect to each class of claims or interests that is impaired and has not accepted this Plan.

Security Global Solutions, Inc.
Chapter 11 Disclosure Statement

Case No. 16-06970 BKT
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This is the Disclosure Statement hereby proposed to creditors and parties in interest, filed with the Honorable Bankruptcy Court on this same date. Parties are encouraged to review this document in order to formulate an informed decision on Debtor's whereabouts and conditions.

RESPECTFULLY SUBMITTED

In Guaynabo, Puerto Rico, this 29th day of March, 2017.

s/ Sharon Marie Rodríguez Crespo

Sharon Marie Rodríguez Crespo, President
SECURITY GLOBAL SOLUTIONS, INC.
Debtor In Possession

s/ Nilda M. González-Cordero

NILDA M. GONZALEZ-CORDERO

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