

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF PUERTO RICO

IN RE: CASE NO. 16-07655(MCF)  
TRAILER VAN CORP. CHAPTER 11  
Debtor

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AMENDED DISCLOSURE STATEMENT

OF

TRAILER VAN CORP.

June 1<sup>ST</sup>, 2018

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I. INTRODUCTION

Pursuant to Section 1125 of the United States Bankruptcy Code, 11 U.S.C. §101, *et seq.* (the "Bankruptcy Code"), Trailer Van Corp., Debtor and Debtor-in possession in the above captioned case ("Debtor"), submits this Disclosure Statement (the "Disclosure Statement") to all of its known creditors. The purpose of the Disclosure Statement is to provide such information as Debtor believes may be deemed necessary for its creditors to make an informed decision in exercising their rights to vote on Debtor's Plan of Reorganization (the "Plan"), dated as of the date of the Disclosure Statement. The Plan is being filed with the United States

Bankruptcy Court for the District of Puerto Rico ("Bankruptcy Court") simultaneously herewith.

Debtor recommends that you vote to accept the Plan. Each creditor must, however, review the Plan and the Disclosure Statement carefully, including all exhibits in their entirety, and determine whether or not to accept or reject the Plan based upon that creditor's independent judgment and evaluation. The description of the Plan in the Disclosure Statement is in summary form and is qualified by reference to the actual terms and conditions of the Plan, which should be reviewed carefully before making a decision to accept or reject the Plan. Capitalized terms not otherwise defined herein have the same meaning as set forth in the Plan, other terms shall have the meaning ascribed to them in the Bankruptcy Code.

The information contained in the Disclosure Statement has been provided by Debtor based upon Debtor's knowledge of its records, business and affairs. Except as otherwise expressly indicated, the information provided by Debtor in the Disclosure Statement has not been subject to an audit or independent review.

Although great efforts have been made to be accurate, Debtor, its counsel and other professional advisors do not warrant the accuracy of the information contained herein.

The original Disclosure Statement was approved by the Bankruptcy Court as providing information deemed adequate to permit Debtor's creditors to make an informed judgment in exercising their right to vote for or against the Plan. This Disclosure amends the former one and is the one to be relied upon by all creditors.

No representations concerning Debtor, including the value of its assets, or the aggregate dollar amount of claims which may be allowed are authorized other than as set forth in the Disclosure Statement. Any representations, warranties or agreements made to secure acceptance or rejection of the Plan by Debtor's creditors that differ from those contained in the Disclosure Statement should not be relied upon in voting on the Plan.

Debtor believes that the Plan provides the quickest recovery and will maximize the return to creditors on their Claims. **ACCORDINGLY, DEBTOR URGES ALL CREDITORS TO VOTE IN FAVOR OF ITS PLAN.**

## **II. SUMMARY OF THE PLAN**

The Plan specifies the manner in which the Claims and Interest in the Debtor are to be treated. Allowed Administrative Expense Claims and Allowed Priority Tax Claims are not classified for purposes of voting under the Plan, but the Plan does provide for the treatment of such Claims. The table below provides a summary of the treatment of those

claims and of the various Classes of Claims against Debtor, as well as of Debtor's shareholder's interest in Debtor. To the extent that the terms of the Disclosure Statement vary from those of the Plan, the terms of the Plan will control.

<i><b>Description Of Claim</b></i>	<i><b>Class</b></i>	<i><b>Estimated Amount of Allowed Claim</b></i>	<i><b>Treatment Under the Plan/ Estimated Recovery Under the Plan</b></i>
Holders of Allowed Administrative Expense Claims	<b>UNCLASSIFIED</b>	<b>\$7,500.00</b>	<p>Unimpaired.</p> <p>Proposed Distribution: 100% of the allowed amount of the Claim</p> <p>Except as otherwise agreed to by Debtor and the holder of an Allowed Administrative Expense Claim, each such holder shall be paid in full in the regular course of business or as authorized by the Court, on or before the Effective Date. These claims include professionals, post-petition creditors and other administrative expenses of the estate. For details of claimants, their proofs of claims, and amounts expected to be allowed.</p>

The Allowed Secured Claim	CLASS 1	\$5,860.00	Unimpaired. This Class consists of the Crim's Claim. The claim is for the amount of \$5,860.00. The claim will be paid 100% on the effective date of the plan or as agreed upon with the creditor.
The allowed Priority Claims	CLASS 2	\$18,359.68	Unimpaired. This Class consists of creditors holding accrued taxes claims. The claim will be paid 100% on the effective date of the plan or as agreed upon with the creditor.
Other Allowed secured Claims	CLASS 3	\$349,966.33	Impaired. This is the claim of Ms. Jacqueline Pietri Torres, which claim was settled in accordance with a Settlement Agreement filed on May 31 <sup>st</sup> , 2018.

Equity Security Interest	Class 4	\$15,000.00	
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The Disclosure Statement has been prepared by Debtor to provide creditors with adequate information so that they can make an informed judgment about the Plan. Each creditor should read the Disclosure Statement and the Plan in their entirety before voting on the Plan. No solicitation of votes on the Plan may be made except pursuant to the Disclosure Statement and no person has been authorized to utilize any information concerning Debtor's assets other than the information contained herein for purposes of solicitation.

**III. INFORMATION ABOUT THE REORGANIZATION PROCESS**

**3.1 Purpose of a Disclosure Statement**

This Disclosure Statement includes background information about Debtor and identifies the classes into which creditors have been placed by the Plan. It describes the proposed treatment of each of those classes if the Plan is confirmed and contains information concerning the prospects in the event of confirmation or, in the alternative, the prospects

if confirmation is denied or the proposed Plan does not become effective.

Upon its approval by the Bankruptcy Court, the Disclosure Statement will have been found to contain, in accordance with the provisions of the Bankruptcy Code, adequate information of a kind and in sufficient detail to enable a reasonable, hypothetical investor, typical of a holder of an impaired claim or an interest to make an informed judgment about the Plan. Approval of the Disclosure Statement, however, does not constitute a recommendation by the Bankruptcy Court either for or against the Plan.

### 3.2 **Voting Procedure**

All creditors entitled to vote on the Plan may cast their votes for or against the Plan by completing, dating, signing and causing the Ballot Forms accompanying this Disclosure Statement as **Exhibits B1, B2, B3** and **B4**, to be returned to the following address:

**Trailer Van Corp.**  
**c/o F. David Godreau, Esq.**  
USDC- PR NO 123207  
GODREAU & GONZALEZ, LLC.  
P. O. BOX 902417  
SAN JUAN, PR 00902-4176  
TEL:(787) 726-0077  
Email:dg@g-glawpr.com

The Ballots must be received **on or before 4:00 P.M. (Eastern Standard Time) on \_\_\_\_\_, 2018**, to be counted in the voting. Ballots received after this time will not be counted in the voting unless the Bankruptcy Court so orders.

Debtor recommends a vote for "ACCEPTANCE" of the Plan.

### 3.3 **Ballots**

Pursuant to the provisions of the Bankruptcy Code, only classes of claims or interests which are "impaired" under the terms and provisions of a plan are entitled to vote to accept or reject such plan. A Class is deemed not to have accepted a plan, if such plan provides that the claims or interests of such Class don't entitle the holders of such claims or interests to receive or retain any property under the plan on account of such claims or interests.

Holder of Debtor's shares is unimpaired under the Plan, is deemed to have accepted the Plan and is not entitled to vote. Members of Classes and are impaired under the Plan and entitled to vote for acceptance or rejection of the Plan.

A party who holds claims in more than one impaired Class should complete a Ballot for each Class with respect to the applicable portion of the claim included in each Class.

### 3.4 The Confirmation Hearing

Pursuant to Section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a hearing on confirmation of the Plan to commence on \_\_\_\_\_, 2018 at \_\_\_\_\_ .M., or as soon thereafter as the parties can be heard. The Confirmation Hearing will be held before the Honorable Mildred Cabán, United States Bankruptcy Judge, 300 Recinto Sur Street, San Juan, Puerto Rico 00901, or before such other Bankruptcy Judge and at such other place as may be indicated in the future. At the Confirmation Hearing, the Bankruptcy Court will consider whether the Plan satisfies the various requirements of the Bankruptcy Code, including whether it is feasible and in the best interests of holders of claims and interests. The Bankruptcy Court will also receive and consider a Report of Plan Voting prepared by Debtor, summarizing the votes for acceptance or rejection of the Plan by parties entitled to vote.

The Confirmation Hearing may be adjourned from time to time without further notice except for the announcement of the adjourned date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

At the Confirmation Hearing with respect to the Plan, the Bankruptcy Court will (i) determine whether the requisite votes have been obtained for each Class, (ii) hear and determine objections, if any, to the

Plan and to the confirmation of the Plan, that have not been previously disposed of, (iii) determine whether the Plan meets the confirmation requirements of the Bankruptcy Code, and (iv) determine whether to confirm the Plan.

Any objection to confirmation of the Plan must be in writing, filed and served as required by the Bankruptcy Court pursuant to the order approving the Disclosure Statement, a copy of which is attached as **Exhibit B** hereto.

### 3.5 **Acceptances Necessary to Confirm the Plan**

The vote of each holder of an impaired claim entitled to vote is important since at the Confirmation Hearing and as condition to the confirmation of the Plan on a consensual basis, the Bankruptcy Court must determine, among other things, whether each impaired Class of creditors and interests holders entitled to vote has accepted a plan. Under Section 1126 of the Bankruptcy Code, an impaired Class of creditors is deemed to have accepted a plan if at least 2/3 in amount and more than 1/2 in number of the Allowed Claims of the Class members who actually cast ballots to accept or reject the plan, accept the plan. A class of interest holders is deemed to have accepted a plan if at least 2/3 in amount of the allowed interests of such Class held by holders of such interests who actually cast ballots to accept or reject the

plan. Further, unless there is acceptance of the plan by all members of an impaired Class, the Bankruptcy Court must also determine that under the plan, Class members will receive property of a value, as of the Effective Date, that is not less than the amount that such Class members would receive or retain if the Debtor were to be liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date of the plan.

3.6 **Confirmation of the Plan Without the Necessary Acceptances**

If a Class or Classes of impaired Claims do not accept the Plan, Debtor will request confirmation of the Plan under the “cram down” provisions of Section 1129(b) of the Bankruptcy Code, which permits confirmation, notwithstanding non-acceptance by one or more impaired Classes, if the Bankruptcy Court finds that the Plan does not discriminate unfairly against and is fair and equitable as to each non-accepting Class entitled to vote on the Plan, as long as at least one class of impaired creditors votes to accept the Plan. Section 1129(b) of the Bankruptcy Code requires among other things, that claimants must either receive the full value of their claims and if they receive less, that no Class with junior liquidation priority may receive anything. **THESE CALCULATIONS ARE BASED ONLY ON THE CLAIMS AMOUNTS AND NUMBER OF CREDITORS WHO ACTUALLY VOTE. ANY BALLOT THAT IS VALIDLY EXECUTED THAT DOES NOT CLEARLY INDICATE REJECTION OF THE PLAN SHALL BE DEEMED TO**

CONSTITUTE A VOTE FOR ACCEPTANCE OF THE PLAN. THE VOTE OF EACH CREDITOR IS IMPORTANT.

**IV. GENERAL INFORMATION**

**4.1 Debtor's Description and Historical View**

As of June 1979, Mr. Frank Sanfilippo Sr. and his partner Peter Uscinowicz founded Trailer Van Corp., under the concept of bringing into the Island of Puerto Rico a much-needed mean of storage and mobile office trailer for what was at that time a booming construction era.

A lot of effort was put into the project which started at the beginning by importing trailers from the USA mainland and assembling them here to make them suitable for different uses. After a while, the founders decided that it was more feasible to directly start manufacturing them locally while contributing to support local suppliers by buying the majority of the raw materials to be used in the manufacture and preparation of the trailers.

The reputation that the Company got through the years of building "strong" trailers immediately spread through the Island which allowed our business to obtain the exclusive contract from the federal government to be their trailer supplier when they had the need on their operation in Puerto Rico.

Going into the 21<sup>st</sup> Century, unfortunately the Island economy started to slow down. Section 936 of the federal tax code benefits began

to diminished due to the fact that the 10 years tax exemption period elapsed, and little by little industries started to leave the Island since they could no longer revert their profits back to the US.

In 2009 and 2010, the founders Mr. Peter Uscinowicz and Mr. Frank Sanfilippo unfortunately passed away and Mr. Frank Sanfilippo Jr. with a severe pancreatitis which made it impossible for him to travel.

In 2010 the Company then was managed by me and Mr. Peter Uscinowicz, Jr.

In May 2011 unfortunately, Peter Uscinowicz passed away and the control of the company remained in the hands of Frank Sanfilippo Jr. and Karen Uscinowicz, Frank's widow.

The Company started first to make changes that would make its operation more manageable and cost effective including the implementation of a computerized system and the use of forms. This brought some employees' resistance since they were used to do their work manually. As a matter of example there was one employee who refused to receive computer training even though we paid for the training and for the transportation to and from the training center. This person refused to work with the computers and after receiving three warnings for insubordination she was fired after she had an argument with the Company's manager.

This lady filed a lawsuit before the Department of Labor who ruled in favor of the Company. The lady then filed before the local court system who ruled in her favor. Debtor's lawyer failed to file an appeal and the Company was forced to deal with the judgment. This person tried to attach assets of the Corporation in order to collect her judgment and after having taken 4 trailers this bankruptcy case was filed. An Adversary Proceeding was filed against Ms. Jaqueline Pietri Torres, the former employee, and a Settlement was reached in relation to her claim which was filed in the adversary proceeding on May 31<sup>st</sup>, 2018. The effect of the Stipulation is made part of this Disclosure Statement.

#### 4.2 **Licenses, Accreditations and Approvals**

Debtor requires no license or government approvals to operate. It does have and pay its Patente Municipal or excise tax.

#### 4.3 **Governance**

Debtor is governed by a Board of Directors of three (3) members, Mr. Sanfillipo as president, Ms. Uscinowicz as vice president and secretary and Claudia Idrovo who acts as treasurer.

#### 4.4 **Events Leading To Bankruptcy**

In 2006 a judgment creditor of debtor, Ms. Jaqueline Pietri Torres, commenced making an attachment and after 4 trailers were moved out of debtor's premises the instant bankruptcy case was filed. Prior to this

bankruptcy another one had been filed which was eventually dismissed for failure to file a Plan of Reorganization. On May 31<sup>st</sup>, 2018 a Settlement Agreement was reached with the attaching creditor and the 4 trailers are to be returned to debtor's estate.

4.5 **Labor Relations**

Debtor has no collective Bargaining Agreements with any union.

4.6 **Debtor's Post-Petition Endeavors**

As a result of the filing by Debtor of its Chapter 11 petition, Debtor has received the benefits of 11 U.S.C. § 362(a), which stays all collection actions and judicial proceedings against Debtor, providing Debtor the opportunity to file the Plan and Disclosure Statement, as envisioned by the Bankruptcy Code, without the pressures that drove Debtor into Chapter 11.

Debtor has undertaken the following efforts for the benefit of its Estate and its creditors:

a) Debtor sought and obtained the Bankruptcy Court's approval to retain David Godreau from Godreau & Gonzalez, LLC., as its bankruptcy counsel. Debtor reorganized its operation having reduced its working force. The 341 meeting of creditors was held and closed on November 14, 2016. No Official Creditors Committee has been appointed.

Debtor has and continues to implement cost saving measures to increase productivity and profitability, while assuring the best hospital

care services to its patients. Debtor has also continued in its efforts to encourage the medical faculty to increase its malpractice insurance coverage and to complete the medical records on time so that the invoicing process can be accelerated.

Debtor has commenced the reorganization of its finance division, focusing on improving billing and collection systems, updating the information system and establishing additional measures for the establishment of a strict inventory control. An adversary proceeding was filed against debtor's main creditor, Ms. Jacqueline Pietri Torres. A settlement agreement was reached in said case and the agreement was filed with the Bankruptcy Court on May 31<sup>st</sup>, 2018.

## **V. CLAIMS AGAINST DEBTOR AND ITS ASSETS**

### **5.1 Claims Against Debtor**

Claims against Debtor that are Allowed Claims, as defined in the Plan, will be entitled to distribution pursuant thereto.

The Plan provides that only the holders of Allowed Claims, that is, holders of Claims not in dispute, not contingent, liquidated in amount and not subject to objection or estimation are entitled to receive distribution thereunder. Until a claim becomes an Allowed Claim, distribution will not be made to the holder of such claim. The Plan is described in Article II of this Disclosure Statement, Summary of the Plan.

5.2 **Objections to Claims**

Debtor filed one objection to claim against Ms. Jaqueline Pietri Torres, Claim number 1, through an adversary proceeding. On May 31<sup>st</sup>, 2018 a settlement agreement was reached with the aforesaid creditor, being filed with the Court on the aforesaid date.

Any objections to Claims must be filed and served on the holders thereof by the Claims Objection Bar Date, which as set forth in the Plan is the later of (1) the date that such claims become due and payable in accordance with their terms, or thirty (30) days after the first date fixed by the Bankruptcy Court for the hearing on the confirmation of Debtor's Plan. If an objection has not been filed to a Claim by the Claims Objection Bar Date, the Claim will be treated as an Allowed Claim.

Objections to Claims filed in Debtor's Chapter 11 case are to be prosecuted by Debtor, including any application to estimate or disallow Claims for voting purposes.

**VI. DESCRIPTION OF THE PLAN**

The following is a summary of the significant provisions of the Plan and is qualified in its entirety by said provisions. A copy of the Plan is being filed simultaneously herewith. In the event and to the extent that the description of the Plan contained in the Disclosure Statement is

inconsistent with any provisions of the Plan, the provisions of the Plan shall control and take precedence. All creditors are urged to carefully read the Plan.

#### 6.1 CLASSIFICATION OF CLAIMS

##### Unclassified Claims

In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims are not classified in the Plan. A description of the unclassified claims and the Claims and Interest in each class, as well as the estimated principal amount thereof as of the Effective Date and their treatment, are set forth in the Plan and summarized hereof. Administrative Expense Claims are generally the ordinary and necessary costs of administering and operating during a Chapter 11 case.

These claims include professionals, post-petition creditors and other administrative expenses of the estate. The total expected to be allowed of these unclassified claims is \$7,500.00. For details of claimants, their proofs of claims, and amounts expected to be allowed. Unclassified claims are unimpaired.

**CLASS 1-** This class is comprised of the allowable Secured Claim filed by CRIM. CRIM filed its proof of claim #5,860.12. This Class is Unimpaired.

**CLASS 2-** This class is comprised of the allowable priority creditors of the debtor due at the date of the filing of the petition. The total amount under this Class is \$18,359.68. This Class is Unimpaired.

**CLASS 3-** This class is comprised of the allowable Unsecured Credit of Ms. Jacqueline Pietri Torres. An adversary proceeding was filed against said creditor and a settlement was reached and filed with the Court on May 31<sup>st</sup>, 2018. The total amount owed under this class amounts to \$349,966.33. Under the agreement the following lots of land, which are assets of debtor's estate, are to be transferred to the creditor in full payment of its credit.

Property #4

Rustica: Parcela de terreno marcada con el #4 en el plano de inscripción del proyecto José R. Marrero, localizada en el barrio Espinosa del término municipal de Dorado, Puerto Rico, con una cabida superficial de mil trescientos sesenta y dos metros cuadrados (1,362.00 mc). Colinda por el Norte, en una distancia de 54.05 metros, con el Solar #3 del antes mencionado plano; por el Sur, en igual distancia, con el solar #5 del mencionado plano; por el Oeste, en 25.00 metros, con propiedad de José R. Marrero y por el Este, en igual distancia con propiedad de Progressive Realty. -----

--Ownership title is recorded in the name of DEBTOR Trailer Van Corporation pursuant to Deed 228 dated the 9<sup>th</sup> of November, of the year one thousand nine hundred and ninety four before notary Orlando R. González Hernández, at folio two hundred fourteen (folio 214) volume two hundred sixty (tomo 260) of Dorado, property number thirteen

thousand four hundred eighty six (finca 13,486), first inscription, Bayamon IV section of the Registry. -----

--From its origin the Property is affected by restrictive covenants and the Property directly and by itself, is free and clear of liens and encumbrances, with the exception of the judicial lien recorded in the name of Jackeline Pietri to be cancelled pursuant to the stipulation agreed between the appearing parties. -----

The above property has no structure nor edification.

#### Property #5

Rustica: Parcela de terreno marcada con el #5 en el plano de inscripción del proyecto José R. Marrero, localizada en el barrio Espinosa del término municipal de Dorado, Puerto Rico, con una cabida superficial de mil trescientos sesenta y dos metros cuadrados (1,362.00 mc). Colinda por el Norte, en una distancia de 54.05 metros con el Solar #4 del antes mencionado plano; por el Sur, en igual distancia, con el solar #6 del mencionado plano; por el Oeste, en 25.00 metros, con propiedad de José R. Marrero y por el Este, en igual distancia con propiedad de Progressive Realty. -----

--Ownership title is recorded in the name of DEBTOR Trailer Van Corporation pursuant to Deed 228 dated the 9<sup>th</sup> of November, of the year one thousand nine hundred and ninety four before notary Orlando R. González Hernández, at folio two hundred fifteen (folio 215) volume two hundred sixty (tomo 260) of Dorado, property number thirteen thousand four hundred eighty seven (finca 13,487), first inscription, Bayamon IV section of the Registry. -----

--The Property from its origin is affected by restrictive covenants; and the Property directly and by itself, is free and clear of liens and encumbrances, with the exception of the judicial lien recorded in the name of Jackeline Pietri and to

be cancelled pursuant to the stipulation agreed between the appearing parties. -----

The above property has no structure nor edification.-----

The value of these two lots in today's market is lower than the amount owed by debtor to the herein creditor. -----

This Class is Impaired.

**CLASS 4-** This class is composed of the equity security holders of the Debtor as of the date of filing the petition. This Class is Impaired.

**6.2 TREATMENT OF ALLOWED CLAIMS**

**Classes will be treated in accordance with Article II of this Disclosure Statement, Summary of the Plan.**

**6.3 Means for Implementation of the Plan**

Except as otherwise provided in the Plan, Debtor will realize payment of all Allowed Claims, with the available funds originating from Debtor's operations and the collection of Debtor's accounts receivable. The claim of Ms. Jacqueline Pietri Torres will be paid with the transfer of two (2) lots of land belonging to debtor's estate, in accordance with a settlement agreement filed with the Bankruptcy Court on May 31<sup>st</sup>, 2018. In addition, and if necessary, debtor will sell, or encumber, during the life

of the Plan, real property in order to comply with the payments required under the Plan.

6.4 **Debtor's Post Confirmation Management**

After confirmation of the Plan, Debtor will continue with its current Management, already disclosed.

6.5 **Executory Contracts and Unexpired Leases**

All executory contracts and unexpired leases which have not expired by their own terms or have been assumed or rejected on or prior to the Confirmation Date shall be deemed rejected on the Effective Date, and the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejections pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code.

**VII. LIQUIDATION AND FINANCIAL ANALYSIS**

7.1 **Best Interest of Creditors and Comparison with Chapter 7**

**Liquidation**

In order for the Court to approve the Reorganization Plan proposed by Debtor, it must be demonstrated that the creditors will be treated better than or receive distributions superior to those they would receive under a Chapter 7 Liquidation. In the event Debtor's Chapter 11 case is converted to Chapter 7 of the Bankruptcy Code, Debtor would be

required to cease all activities, and a Chapter 7 trustee appointed for Debtor's Estate to liquidate the Estate's assets pursuant to the provisions of the Bankruptcy Code, after attending to the immediate issues of securing Debtor's assets, and the resolution of any issues involving Debtor's employees. The Chapter 7 Trustee could abandon Debtor's assets due to their lack of equity for unsecured creditors. In this case, other creditors will not receive any dividends in or out of the bankruptcy proceedings.

A Liquidation Analysis with respect to Debtor's assets as of April, 30, 2011 is attached as **EXHIBIT A** hereto (the "Liquidation Analysis"). The Liquidation Analysis contains estimates and assumptions that, although developed and considered reasonable by Debtor, are inherently subject to significant economic uncertainties and contingencies beyond Debtor's control.

The Liquidation Analysis, after considering the possible recovery from the sale of assets by the Trustee in public auctions, shows clearly that unsecured creditors would receive nothing from a Chapter 7 Liquidation. It should also be considered that due to the nature of the institution, the liquidation process could take as long as five years prior to actually distributing funds even to secured creditors. In the event of the abandonment of real estate due to lack of equity, the secured creditor

would be able to foreclose on the property, however it would not be receiving title on the licenses or permits to operate the institution, and this would further complicate the possibilities of recovering its claim from the sale of the foreclosed property. Based on the above, the Analysis shows that the Plan of Reorganization provides substantially more recovery to all creditors than a liquidation, and the plan permits avoids the loss of jobs and permits the institution the opportunity to continue servicing the community.

Confirmation of the Plan will ensure that holders of Administrative Expense Claims, Allowed Priority Tax Claims, Oriental Bank and Allowed Convenience and General Unsecured Claims to receive prompt dividends on their claims.

## 7.2 **Feasibility of the Plan**

### **A) Funds and Assets Sufficient for Payments Required under the Plan**

As of the Petition Date, Debtor owned assets and had liabilities, as more particularly described in its Schedules and Statement of Financial Affairs, which Debtor filed with the Bankruptcy Court. As aforesaid, Debtor has prepared and filed with the Bankruptcy Court monthly operating reports summarizing its post-petition financial performance. These monthly operating reports and Debtor's Schedules, Statement of Financial Affairs are available for public inspection at the office of the Clerk of the Bankruptcy Court during regular business hours and the PACER System at any time, seven days a week.

### **7.3 Pending Litigation and Other Liabilities**

There is no pending litigation with the exception of the adversary proceeding filed against Ms. Jacqueline Petri Torres, which adversary proceeding was settled in accordance with a settlement agreement, filed before the Bankruptcy Court, in the aforesaid adversary proceeding.

## **VIII. BAR DATE AND DETERMINATION OF CLAIMS**

### **8.1 Bar Date**

On September 29, 2016, in the "Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors and Deadlines" issued in Debtor's case, the Bankruptcy Court fixed February 2, 2016, as the bar date for the filing of proofs of claims and interests (except for Governmental Units), and March 28, 2016, for such filings by Governmental Units.

### **8.2 Determination of Claims**

The Plan specifies procedures for objecting to claims. Debtor and any other entity authorized under the Bankruptcy Code may object to Claims within thirty (30) days before the first date fixed by the Bankruptcy Court for the hearing on the confirmation of the Plan. No payments will be

made under the Plan on account of Disputed Claims until their allowance by the Bankruptcy Court. The Plan provides that Distributions on Disputed Claims will be held in reserve until the Disputed Claims are allowed (at which time the reserves will be distributed and the Claims will be treated according to the terms of the Plan), or disallowed (at which time the reserves will be distributed on account of Allowed Claims pursuant to the terms of the Plan).

Any Claims which (a) are not listed as Allowed Claims on Debtor's Schedules, as amended; (b) are not evidenced by a valid, timely filed Proof of Claim; or (c) are not listed in the Plan or exhibits to the Plan as Allowed Claims, shall not receive any distribution of cash or property under the Plan until the same become Allowed Claims, and shall be disallowed and discharged if they are not Allowed by Order of the Bankruptcy Court.

## **IX. ALTERNATIVES TO THE PLAN**

If the Plan is not confirmed and consummated, the alternatives include (a) Debtor's liquidation under Chapter 7 of the Bankruptcy Code, (b) dismissal of Debtor's Chapter 11 Case, or (c) the proposal of an alternative plan.

### **A. Liquidation Under Chapter 7**

If a plan cannot be confirmed, the Case may be converted to Chapter 7 of the Bankruptcy Code, and a trustee would be elected or

appointed to liquidate Debtor's assets for distribution to creditors in accordance with the priorities established by the Bankruptcy Code.

As set forth in the Liquidation Analysis attached as **Exhibit A** hereto, Debtor believes that conversion of the Case to Chapter 7 of the Bankruptcy Code would result in a lesser distribution to General Unsecured Claims.

Thus, Debtor believes that the interest of creditors and the goals of Chapter 11 are better served by the confirmation of the Plan.

**B. Alternative Plan of Reorganization**

If the Plan is not confirmed, at present, Debtor does not foresee a different Plan. Debtor believes that the Plan described herein will provide the greatest and most expeditious return to creditors.

**X. TAX EFFECTS**

Debtor is a domestic corporation registered under the Laws of the Commonwealth of Puerto Rico. The reduction of debt contemplated in this Plan is not taxable, however it is required that such income from debt reduction be used to reduce tax losses carried forward.

**XI. CONCLUSION**

Debtor submits that the Plan is fair and reasonable and in the best interest of the Estate and Creditors and offers the best possibly recovery for creditors under the circumstances. Debtor therefore, urges its creditors to vote in favor of the Plan.

San Juan, Puerto Rico this 1<sup>st</sup> day of June, 2018.

TRAILER VAN CORP.

By: \_\_\_\_\_  
    \s\ KAREN USCINOWICZ

