

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF PUERTO RICO

IN THE MATTER OF  
VEGA ALTA COMMUNITY HEALTH, INC.  
Debtor

CASE NO: 16-08128 (MCF)

CHAPTER 11

AMENDED DISCLOSURE STATEMENT  
AND SUMMARY OF PROPOSED PLAN OF REORGANIZATION  
DATED APRIL 7, 2018

Now comes VEGA ALTA COMMUNITY HEALTH, INC. (DEBTOR) through the undersigned attorney and VERY RESPECTFULLY states and prays:

On March 25, 2018 debtor filed the last Disclosure Statement (Docket # 146). Now debtor submits to this Honorable Court and creditors this amended Disclosure Statement. The purpose of the amended Disclosure Statement is:

- a. To clarify Internal Revenue Service administrative, secured and priority values in accordance with the most current balance;
- b. To include a "wording" as requested by claimholder Internal Revenue Service as follows:

*" If the reorganized debtor substantially defaults on the plan payments due to the IRS or if debtor fails to make the required post-petition FTDs or accrues post-petition balance, the outstanding balance is immediately due and payable. If the debtor fails to make any deposits of any currently accruing employment tax liability or fails to make any payment of any tax to the IRS within 10 days of the due date of such deposit or payment, if the debtor fails to file any required federal tax return by the due date of such return, or if the debtor fails to make any payments due to the IRS under this plan (agreement), the IRS may declare the debtor is in default. Any post-petition balance after March 2018 would be enough to dismiss the case as long as notice of default be given in writing by certified mail to the debtor even though plan payments may be up to date. Payment shall be for the entire amount owed to the IRS. The IRS may collect these unpaid tax liabilities through the administrative collection provisions of the Internal Revenue Code."*

Now debtor respectfully submits to this Honorable Court and to creditors the amended Disclosure Statement as follows:

## AMENDED DISCLOSURE STATEMENT

### ARTICLE I INTRODUCTION

- 1.1 DEFINITIONS
- 1.2 BANKRUPTCY CODE PROVISIONES FOR POST-PETITION DISCLOSURE
- 1.3 DISCLAIMER
- 1.4 VOTING REQUIREMENTS
- 1.5 DEBTOR'S HISTORY
- 1.6 DATE OF THE PETITION WAS FILED
- 1.7 BANKRUPTCY PROCEEDINGS
- 1.8 FINANCIAL INFORMATION

### INTRODUCTION

Vega Alta Community Health, Inc. (debtor) is a profit organized corporation created under the laws of the Government of Puerto Rico. The main purpose of business is to provide primary medical services to the residents of Vega Alta and nearby areas.

The corporation is regulated under the provisions of 11 USC § 101 (27) (A) (i) and 11 USC § 101 (27) (B) (i) (II). Debtor is a Health Care Business. The corporation is a private entity (without regard to whether that entity is organized for profit or not for profit) that is, primarily engaged in offering service to general public, for the diagnosis or treatment of injury, deformity, or disease; and small surgical procedures and drug treatment and care. Also, the corporation is an ancillary ambulatory, emergency, or surgical treatment facility.

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 sixty (60) days after confirmation of the plan.

#### 1.5 DEBTOR'S HISTORY

Vega Alta Community Health, Inc. (debtor) is a corporation created under the laws of the Government of Puerto Rico. The main purpose of business is to provide primary medical services to the residents of Vega Alta and nearby areas.

This corporation was created on November 15<sup>th</sup>, 2001. The corporation operates from a property that belongs to Puerto Rico Department of Health with no cost until June 30<sup>th</sup>, 2019.

The main reason for filing of voluntary petition is to make a business reorganization and avoid to file a chapter 7 case. Debtor must address the following major situations: First, debtor needs to reorganize general unsecured claims and second, with this bankruptcy

petition, debtor will address collection efforts including garnishment actions made by Puerto Rico's Treasury Department (hereinafter named Hacienda). During the month of October 2016 Hacienda issued a garnishment action against debtor's assets including the Hospital's bank account. Hacienda refused to provide a plan payment to debtor and debtor had no other option than file a bankruptcy Petition to reorganize the business.

During the last three years, debtor had to address income reduction caused by medical insurance provider's payment reduction, client's reduction, increase in utilities expenses and medical materials cost increment. Also, debtor had to address, Labor law actions against debtor for failure to distribute Christmas Bonus and creditor's money collection actions<sup>1</sup>. Therefore, debtor accumulated government debts and service supplier's debt.

Debtor is trying to reorganize the business and avoid to file a chapter 7 case. Debtor proposes to pay through the plan Government debts including Hacienda, Vega Alta Municipality, Puerto Rico Department of Labor and Internal Revenue Service. Debtor will also propose to pay more than the liquidation value plus interest to unsecured non priority creditors through the plan and reorganize business finances.

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 Stockholder is Mr. Luis M. González-Bermudez, MD. He has 100% Stocks possession. Debtor unsuccessfully tried to maintain employees and maintain normal operations. Debtor incurred in arrears with creditors including the Internal Revenue Service

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<sup>1</sup> Debtor informs that all pending "damages" actions had been addressed by insurance provider.

and PR Treasury Department. Debtor is trying to reorganize and avoid filing a chapter 7 case.

Corporate Stockholder Mr. Luís M. González-Bermudez, MD. Has an annual gross salary of \$120,000.00. Last year debtor's salary was \$120,000.00. Debtor expects to maintain this gross salary income during the life of the plan.

Corporate Stockholder's daughter Mrs. Soryann González is an employee in the corporation Vega Alta Community Health, Inc. She works as a nurse in the corporation. Last year Mrs. González salary was \$10,142.70. The corporation expects to maintain this salary to Mrs. González.

#### 1.6 DATE THE PETITION WAS FILED

The Debtor filed its petition for bankruptcy under Chapter 11 of the Bankruptcy Code on October 11<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 Puerto Rico Treasury Department and the Internal Revenue Service (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 October 11<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 November 18<sup>th</sup>, 2016 at 9:00 AM, the 341 meeting of creditors was held and closed.



The minutes of the meeting were entered on November 22<sup>nd</sup>, 2016 (Docket No. 22).

During the period from November 17<sup>th</sup>, 2016 to December 21<sup>st</sup>, 2016, Debtor submitted its Amended to Schedules. Debtor filed amended schedules A/B (Dockets Nos. 15, 28, 31 and 38), amended to schedules E/F (docket No. 38) and to the amended Statement of Financial Affairs (docket No. 29).

## II. Employment of Professionals

There are four (4) professionals who will have the task to collaborate in debtor's business reorganization.

1. Counsel Jaime Rodríguez-Pérez, Esq. for Jaime Rodríguez Law Office, PSC. On October 18<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 October 21<sup>st</sup>, 2016 (Docket No. 16). The undersigned attorney Jaime Rodríguez Pérez will represent debtor in all bankruptcy procedures.
2. Mr. Julio E. Borges-Alvarado, CPA. In order to organize debtors' accounting books, on October 18<sup>th</sup>, 2016 debtor filed an application to employ Debtor's current accountant, CPA Julio Borges. 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 October 21<sup>st</sup>, 2016 this Honorable Court approved accountant's employment (docket no. 17).
3. Counsel Alberto R. Fuertes-Masarovic, Esq. At the filing of the Voluntary Petition debtor had to address a labor law complaints for failure to pay Christmas bonus to employees. Also

debtor needs to initiate legal actions to collect accounts receivables. Debtor proposes to initiate aggressive efforts to collect accounts receivable for distribution through the plan. To achieve this task, on December 21<sup>st</sup>, 2016 debtor appointed and filed an application to employ brother counsel Alberto R. Fuertes-Masarovic, Esq (docket No. 40). On January 25<sup>th</sup>, 2017 this Honorable Court granted debtor's motion (docket #50).

4. Patient Care Ombudsman Mrs. Edna Díaz De Jesús. On November 16<sup>th</sup>, 2016 this Honorable Court issued an Order instructing the United States Trustee to appoint an ombudsman, pursuant to 11 USC §333(a) (2) and Fed. R. Bankr. P. 2007.2(c). On January 19<sup>th</sup>, 2017 the United States Trustee through the assistant U.S. Trustee, sister Counsel Mrs. Monsita Lecaroz-Arribas filed a motion to appoint Patient Care Ombudsman Mrs. Edna Díaz De Jesús (Docket No. 47). Since debtor is a corporation that provides health care services to a community and has a contract with Puerto Rico Health Department, the appointment of Ombudsman will be at no cost to debtor.

### 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 counting from October to November 2017. Debtor will provide within five years monthly operating reports from December 2017 to February 2018. Also see attached Summary of Monthly Operating Reports and Operating Projected Inflows and Outflows identified as Exhibits I and K respectively.

## ARTICLE II ASSETS AND LIABILITIES

### 2.1 REAL PROPERTY

The debtor does not have real property. The corporation operates from a property that belongs to Puerto Rico Department of Health with no cost until June 30<sup>th</sup>, 2019. The building is located at road number two (2) at Vega Alta, Puerto Rico.

### 2.2 PERSONAL PROPERTY

These assets are detailed in debtor's schedules as disclosed in the last amended schedule A/B filed on December 1<sup>st</sup>, 2016 (docket no 31), 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 accounts receivables, fully depreciated equipment, and cash receipts and disbursements from patients and insurance providers which are deposited and corporation's bank accounts. Debtor wishes to inform that most of the high cost machines including x-rays machine and laboratory equipment belongs to Puerto Rico's Department of Health and it were provided by this Government agency as part of nominal building's lease agreement.

Debtor understands that the corporation has a \$0.00 liquidation value under a chapter 7 hypothetical liquidation analysis as disclosed in the attached Exhibit A.

### 2.3 SECURED CREDITORS

Debtor's creditor holding secured claim is the Internal Revenue Service (IRS).

Internal Revenue Service: This debt belongs consists of a secured portion of claim number three (3) filed by the Internal Revenue Service (IRS). Internal Revenue Service filed a secured interest claim portion for the amount of \$20,582.00. Debtor attaches Claims Analysis, identified as Exhibit B.

### 2.4 PRIORITIES

The priority claims includes the Internal Revenue Service (IRS) who filed claim number three (3) with a balance of \$33,884.36; Puerto Rico Treasury Department (Hacienda) with \$152,323.32, Puerto Rico Labor Department (Labor) who filed claim number Six (6) with a balance of \$36,821.60 and claim Seven (7) with a balance of \$11,607.77; and Vega Alta Municipality with an unsecured priority scheduled claim of \$16,530.00. The total unsecured priority amount is \$349,629.15. Debtor attaches Claims Analysis, identified as Exhibit B.

### 2.5 GENERAL UNSECURED CREDITORS

General unsecured creditors were listed in Debtor's amended schedules E/F (docket no. 38) in the total amount of \$632,528.52. Debtor attaches Claims Analysis, identified as Exhibit B.

## ARTICLE III

### PENDING LITIGATION

As of April 7, 2018 debtor does not anticipates litigation.

## 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 (equipment) of estate assets, considering accounts receivable balance that debtor would be allowable to collect, and after the payment of expenses, unsecured creditors would receive a dividend of \$0.00 of their respective claims under a Chapter 7 proceeding. A detailed liquidation Analysis is enclosed herein as Exhibit A.

As disclosed in the attached Exhibit A, the corporation has approximately \$924,150.84 in accounts receivables. After evaluating the accounts receivable aging debtor expects to receive the following accounts receivables amounts:

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| Debt Recipient              | Account Receivable Amount | Percentage expected to be liquidated under an hypothetical chapter 7 liquidation Procedure | Amount expected to be collected |
|-----------------------------|---------------------------|--------------------------------------------------------------------------------------------|---------------------------------|
| PR Department of Health     | \$274,990.76              | 30%                                                                                        | \$82,497.23                     |
| Medical Insurance Providers | \$104,987.37              | 100%                                                                                       | \$104,987.37                    |
| 2014 Income Tax Returns     | \$ 16,871.00              | 75%                                                                                        | \$ 12,653.25                    |
| 2015 Income Tax Returns     | \$ 50,000.00              | 75%                                                                                        | \$ 37,500.00                    |
| 2014 Patient's Agreement    | \$149,620.90              | 10%                                                                                        | \$ 14,962.09                    |
| 2015 Patient's Agreement    | \$108,915.05              | 10%                                                                                        | \$ 10,891.51                    |
| 2016 Patient's Agreement    | \$218,765.76              | 10%                                                                                        | \$ 21,876.58                    |
| <b>Total</b>                | <b>\$924,150.84</b>       |                                                                                            | <b>\$285,368.03</b>             |

Debtor recognizes that the corporation only expects to collect approximately 30% (\$285,368.03) of the entire accounts receivable debt. This opinion is based on debtor's previous experience collecting each type of debt. As explained by Debtor's accountant CPA Julio Borges, there are some debts that they do not expect to receive the entire amount owed to the corporation. Puerto Rico Department of Health owed debtor more than \$250,000.00 since 2006. Debtor has made efforts to collect this debt from Department of Health. However, Department of Health refuses to make adequate disbursements and each year this debt is cumulative.

Regarding patient's agreement debt. Debtor will make efforts to collect this debt. However, this debt is not very easy to collect. Every day many patients visits the hospital for medical treatment. Most of the patients gain access to the hospital through emergency room and the hospital must stabilize and provide medical services to each patient no matter if the patient has the deductible money or not. Most of the patients that visit the hospital are government assisted patient by government medical insurance "Reforma de Salud". "Reforma" medical insurance proposes the hospital to pay them \$75.00 from each patient that enter to emergency room. However, "Reforma" insurance provides the hospital \$35.00. The other part, \$40.00 must be provided by the patient.

Debtor, accumulated this kind of debt and it is difficult to collect \$40.00 from each patient that refuses to pay this deductible amount. Debtor's challenge is to find a way to collect this money and comply with its duty to provide medical assistance to all patient that visits the emergency room.

Debtor understand that in a conservative scenario, they would be entitled to collect 30% of accounts receivables. However, as disclosed in the treatment of class three 3 (Unsecured Priority Claims) and class 4 (General Unsecured Claims), debtor proposes that they will make additional efforts collecting accounts receivable. Debtor proposes that fifty (50%) of accounts receivables net proceeds will be disbursed to unsecured creditors; first to class 3 (unsecured priority creditors) and once debtor complied with class 3 obligation, all the accounts receivable efforts will be centered to distribute to class 4 (general unsecured creditors).

Furthermore, debtor proposes that once debtor complied with class 3 (general unsecured creditors); then, after class 3 been paid, 50% of the accounts receivables net proceeds will be

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distributed to class 4 (general unsecured creditors) and the other 50% will be retained by debtor for Hospital repairs and hospital equipment purchase.

## ARTICLE V

### SUMMARY OF THE PLAN

#### CLASSIFICATION AND TREATMENT OF CLAIMS

The Plan dated April 7<sup>th</sup>, 2018 was drafted designating six (6) classes in accordance with 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 Debtor 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 (A) (2), including but not limited to, Court costs accrued since the petition date, 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.

Before and after hurricane Maria's strike to Puerto Rico, the hospital suffered income reduction and accumulated expenses caused by an extraordinary



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reduction in medical insurance provider’s distribution. This distribution shortage got worse after the Hurricane Maria.

In order to have the opportunity to reorganize hospital’s finances, debtor communicated with The Internal Revenue Service and Puerto Rico Treasury Department case representatives to request them allow the corporation to pay pre-petition and post-petition accumulated priority debt within five (5) years counting from the Reorganization Plan Effective Date. Both creditors agree to our request as long the corporation would be current with 2018 income tax and social security taxes. At this moment debtor has approximately \$26,000.00 credit with Internal Revenue Service and approximately \$20,000.00 with Puerto Rico Treasury Department.

Debt under this class is estimated to be approximately \$200,781.82 in addition to the retainer received by Debtor’s attorney. Payments to this class are summarized as follows:

|       | Administrative Creditor                                 | Claim                  | Amount       |
|-------|---------------------------------------------------------|------------------------|--------------|
| 1     | US Trustee Office Fees                                  | Estimated,<br>no claim | \$10,000.00  |
| 2     | Attorney Fees – Jaime Rodríguez-Pérez                   | Estimated,<br>no claim | \$25,000.00  |
| 3     | Attorney Fees – Alberto Fuertes, Esq.                   | Estimated,<br>no claim | \$28,400.00  |
| 4     | Accountant Fees                                         | Estimated,<br>no claim | \$4,000.00   |
| 5     | Internal Revenue Service – Post-Petition Arrears        | Claim 12               | \$55,116.53  |
| 6     | Puerto Rico Treasury Department - Post-Petition Arrears | No claim               | \$78,264.99  |
| TOTAL |                                                         |                        | \$200,781.52 |

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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.

Regarding Internal Revenue Service post-petition debt, debtor communicated with Internal Revenue Service representative and agree to pay post-petition debt plus 4.00% interest within five (5) years counting from the effective date.

Regarding Puerto Rico Treasury Department post-petition debt, debtor communicated with Internal Revenue Service representative and agree to pay post-petition debt within five (5) years counting from the effective date.

As proposed to creditors, debtor will pay post-petition priority arrears to Internal Revenue Service and Puerto Rico Treasury Department within five years counting from the effective date as follows:

|   | Creditor                                         | Claim No. | Claim Amount | Interest | Total payment | Term                                            |
|---|--------------------------------------------------|-----------|--------------|----------|---------------|-------------------------------------------------|
| 1 | Internal Revenue Service (Post-petition arrears) | 12        | \$55,116.53  | 4.00 %   | \$ 60,903.39  | 60 months counting from the Plan effective date |
| 2 | PR Treasury Department (Post-petition arrears)   | none      | \$78,264.99  | none     | \$78,264.99   | 60 months counting from the Plan effective date |

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|       |              |              |
|-------|--------------|--------------|
| TOTAL | \$133,381.52 | \$139,168.38 |
|-------|--------------|--------------|

Please refer to the following exhibit for supporting information and/or documents:

- (i) Exhibit G - Payments under the Reorganization Plan;
- (ii) Exhibit H - Plan Payment Monthly Distribution;
- (iii) Exhibit L – Class 1 IRS Amortization Table.

CLASS 2     SECURED INTEREST CLAIMHOLDER: This class shall consist of the secured portion of claim number three (3) filed by the Internal Revenue Service (IRS). Internal Revenue Service filed a secured interest claim portion for \$20,582.00. Debtor attaches Claims Analysis, identified as Exhibit B.

Treatment: This Class shall receive payment in full of its allowed secured claim plus 4.00% annual interest (which is more than the prime interest rate) on or before the 60<sup>th</sup> month after the Effective Date.

Debtor attaches the following supporting information and/or documents:

- (iv) Exhibit B – Claims Analysis;
- (v) Exhibit C - Class 2 Amortization Table;
- (vi) Exhibit G - Payments under the Reorganization Plan;
- (vii) Exhibit H - Plan Payment Monthly Distribution;
- (viii) Exhibit J - Prime Interest Rates Evidence;

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CLASS 3      UNSECURED-PRIORITY CLAIMS: 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 April 11<sup>th</sup>, 2017.

Debtor listed in the schedules five (5) unsecured priority claimholders: Internal Revenue Service (IRS), Puerto Rico Treasury Department (Hacienda), Puerto Rico Department of Labor (Labor), State Insurance Fund and Vega Alta Municipality.

The Internal Revenue Service filed claim number three (3-5) with an unsecured priority portion of \$33,884.36. Puerto Rico Treasury Department (Hacienda) filed claim number ten (10-1) with a unsecured-priority portion for \$152,323.32. Puerto Rico Department of Labor filed two claims: (i) claim number six (6-1) with an unsecured priority portion of \$36,821.60 (unemployment insurance); and (ii) claim number seven (7-1) with an unsecured priority portion of \$11,604.77 (disability insurance).

Vega Alta Municipality as of February 5<sup>th</sup>, 2017 does not filed a claim. Debtor scheduled this debt in the amount of \$16,530.00. State insurance Fund filed Proof of Claim number eight (8-1) with an unsecured priority portion of \$69,907.20.

The total unsecured priority amount is \$327,929.13. Debtor attaches Claims Analysis, identified as Exhibit B.

Treatment: This Class shall receive the following payments distributions:

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|       | Creditor                 | Claim No. | Claim Amount | Interest | Total payment | Term                              |
|-------|--------------------------|-----------|--------------|----------|---------------|-----------------------------------|
| 1     | Internal Revenue Service | 3-5       | \$ 33,884.36 | 4.00 %   | \$ 37,441.92  | 60 months from the effective date |
| 2     | PR Treasury Department   | 10        | \$152,323.32 | none     | \$152,323.32  | 60 months from the effective date |
| 3     | Department of Labor      | 6         | \$ 36,821.60 | 3.25%    | \$ 39,944.08  | 60 months from the effective date |
| 4     | Department of Labor      | 7         | \$ 11,604.77 | .60%     | \$ 11,782.61  | 60 months from the effective date |
| 5     | State Insurance Fund     | 8         | \$ 69,907.20 | none     | \$ 69,907.20  | 60 months from the effective date |
| 6     | Vega Alta Municipality   | none      | \$ 16,530.00 | none     | \$ 16,530.00  | 60 months from the effective date |
| TOTAL |                          |           | \$321,071.25 |          | \$327,929.13  |                                   |

This distribution will be made counting from the filing of the effective date. Debtor will pay priority claims in sixty (60) days counting from the plan effective date. Debtor anticipates that the effective date will be sixty (60) days counting from the Plan Confirmation Order Date. Debtor expects that this date

will be August, 2018.

*Note: "If the reorganized debtor substantially defaults on the plan payments due to the IRS or if debtor fails to make the required post-petition FTDs or accrues post-petition balance, the outstanding balance is immediately due and payable. If the debtor fails to make any deposits of any currently accruing employment tax liability or fails to make any payment of any tax to the IRS within 10 days of the due date of such deposit or payment, if the debtor fails to file any required federal tax return by the due date of such return, or if the debtor fails to make any payments due to the IRS under this plan (agreement), the IRS may declare the debtor is in default. Any post-petition balance after March 2018 would be enough to dismiss the case as long as notice of default be given in writing by certified mail to the debtor even though plan payments may be up to date. Payment shall be for the entire amount owed to the IRS. The IRS may collect these unpaid tax liabilities through the administrative collection provisions of the Internal Revenue Code."*

Additional Payments: The Debtor will initiate accounts receivable collection efforts. Debtor understand that they can collect approximately from \$24,000.00 to \$25,000.00 as annual accounts receivables net proceeds. Debtor proposes that fifty (50%) of accounts receivables net proceeds will be disbursed to unsecured creditors in the following manner and order: First all accounts receivables net proceeds will be distributed to class 3 (unsecured priority creditors) until debtor could complete the payment of class 3 obligation. Any amount received as account receivable net proceeds will be distributed to class 3 at pro-rata of each claim as a lump sum payment to class 3 claimholders.

Second, once debtor complied with class 3 (general unsecured creditors) payments; then, after class 3 been paid in full, debtor will continue making accounts receivables net proceeds distribution in the following manner and order: 50% of the accounts receivables net proceeds will be distributed to class 4

(general unsecured creditors) and the other 50% will be retained by debtor for Hospital repairs and hospital equipment purchase.

Please refer to the following supporting information:

Exhibit A – Liquidation Value Analysis;

Exhibit B – Claims Analysis;

Exhibit D - Class 3 Amortization Table – IRS;

Exhibit E - Class 3 Amortization Table – Labor, claim 6;

Exhibit F - Class 3 Amortization Table – Labor, claim 7;

Exhibit G – Payments under the Reorganization Plan;

Exhibit H - Plan Payment Monthly Distribution;

CLASS 4      GENERAL UNSECURED CREDITORS – CONVENIENCE CLASS:

This class shall consist of all general unsecured creditors whose claim is for \$5,000.00 or less and those general unsecured creditors whose claim is greater than \$5,000.00 but who elect to reduce their claims and elect to be treated as part of the Convenience Class.

As of March 25, 2018, there are fifty six (56) general unsecured creditors included in this Class. Please refer to attached Claims Analysis, identified as Exhibit B and Payments under Reorganization Plan identified as Exhibit G for a list of all creditors and claims included in this classification as listed in the amended schedule E/F, docket no. 48. The total claims related to the Convenience Class is \$61,346.43.

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Treatment: This class shall receive a dividend of five percent (5%) of the allowed amount of each claim to be paid after all priorities are paid, but in no event after thirty six (36) months from the effective date.

Please refer to the following supporting information:

Exhibit A – Liquidation Value Analysis;

Exhibit B – Claims Analysis;

Exhibit G - Payments under the Reorganization Plan;

Exhibit H - Plan Payment Monthly Distribution;

Exhibit K – Operating Projected Inflows and Outflows.

This class is impaired

CLASS 5 GENERAL UNSECURED CREDITORS: This class shall consist of all other general unsecured creditors not classified above and listed in the Schedules and those who filed proof of claims, who hold a claim over \$5,000.00 and who have not elected to be part of the convenience class. Those who were not listed by the Debtor but that have filed proof of claims asserting an unsecured obligation over \$5,000.00 are also included in this class. After review of the proof of claims filed to date, those listed by the Debtor, the total of claims relating to this class is \$557,448.35. The Bar Date for general unsecured creditors is February 16<sup>th</sup>, 2017.

As of March 25, 2018 there are thirteen (13) general unsecured creditors included in this Class. Please refer to attached Claims Analysis, identified as Exhibit B for a list of all creditors and claims included in this classification as



listed in the amended schedule E/F, docket no. 48. The total claims related to this classification are \$557,448.35.

Treatment: The entire allowed claims for this class shall receive more than the amount calculated as liquidation value under a Hypothetical Chapter 7 liquidation analysis. Please refer to Liquidation Value Analysis Table identified as Exhibit A. The entire class five (5) shall receive the total amount of \$5,000.00 during sixty (60) months counting from the Effective Date. Debtor will distribute this monthly payment at pro rata of each claimholders claims.

Additional Payments:

The Debtor will initiate accounts receivable collection efforts. Debtor understand that they can collect from \$24,000.00 to \$25,000.00 as annual accounts receivables net proceeds. Debtor proposes that fifty (50%) of accounts receivables net proceeds will be disbursed to unsecured creditors in the following manner and order: First all accounts receivables net proceeds will be distributed to class 3 (unsecured priority creditors) until debtor could complete the payment of class 3 obligation. Any amount received as account receivable net proceeds will be distributed to class 3 at pro-rata of each claim as a lump sum payment to class 3 claimholders.

Second, once debtor complied with class 3 (general unsecured creditors) payments; then, after class 3 been paid in full, debtor will continue making accounts receivables net proceeds distribution in the following manner and order: 50% of the accounts receivables net proceeds will be distributed to class 5

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(general unsecured creditors) and the other 50% will be retained by debtor for Hospital repairs and hospital equipment purchase.

Please refer to the following supporting information:

Exhibit A – Liquidation Value Analysis;

Exhibit B – Claims Analysis;

Exhibit G - Payments under the Reorganization Plan;

Exhibit H - Plan Payment Monthly Distribution;

Exhibit K – Operating Projected Inflows and Outflows.

This class is impaired

CLASS 6 EQUITY SECURITY AND/OR OTHER INTEREST HOLDERS: This class shall consist and includes all equity security and interest holders which are the owners of the Stocks of the Debtor. In this corporation, Mr. Luís González, M.D. possesses 100% interest of the Stocks of the Debtor. This Classification or class is not eligible to vote or does not have voting rights.

This classification or class shall not receive any distribution under the Plan. This class is ineligible to vote on the Plan.

Please refer to the following supporting information:

(i) Exhibit A – Liquidation Value Analysis;

(ii) Exhibit B – Claims Analysis;

This class is not 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

All unsecured priority governmental claims, 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 interest rate as requested by each creditor, over a period ending no later than five (5) years after the reorganization plan effective date. Debtor anticipates that the effective date will be established to begin sixty (60) days after the Plan Confirmation Order Date. As of the filing of present motion, the unsecured priority claims are four (4) claimholders as follows: (i) “IRS”, (ii) “Hacienda”, (iii) “Labor” and (iv) Vega Alta Municipality.

*Note: “If the reorganized debtor substantially defaults on the plan payments due to the IRS or if debtor fails to make the required post-petition FTDs or accrues post-petition balance, the outstanding balance is immediately due and payable. If the debtor fails to make any deposits of any currently accruing employment tax liability or fails to make any payment of any tax to the IRS within 10 days of the due date of such deposit or payment, if the debtor fails to file any required federal tax return by the due date of such return, or if the debtor fails to make any payments due to the IRS under this plan (agreement), the IRS may declare the debtor is in default. Any post-petition balance after March 2018 would be enough to dismiss the case as long as notice of default be given in writing by certified mail to the debtor even though plan payments may be up to date. Payment shall be for the entire amount owed to the IRS. The IRS may collect these unpaid tax liabilities through the administrative collection provisions of the Internal Revenue Code.”*

Please refer to the following supporting information:

Exhibit A – Liquidation Value Analysis;

Exhibit B – Claims Analysis;

Exhibit D - Class 3 Amortization Table – IRS;

Exhibit E - Class 3 Amortization Table – Labor, claim 6;

Exhibit F - Class 3 Amortization Table – Labor, claim 7;

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Exhibit G – Payments under the Reorganization Plan;

Exhibit H - Plan Payment Monthly Distribution;

## ARTICLE VIII LEASES AND EXECUTORY CONTRACTS

Contracts to which Debtor is a party are listed in the Schedule G. It was filed on October 11<sup>th</sup>, 2016 (Docket #1).

Debtor has a rent agreement with Puerto Rico Department of Health. In this rent agreement debtor does not have to pay. It is with no cost. The rent agreement maturity date is June 30<sup>th</sup>, 2019. The rent agreement contract is automatically renewable as long debtor does not have government debts or is engaged in a plan payments (such as a Bankruptcy Reorganization Plan).

On November 23<sup>rd</sup>, 2016 debtor filed a motion to assume this lease agreement with Puerto Rico Department of Health (docket #21). On December 18<sup>th</sup>, 2016 this Honorable Court granted debtor its motion (docket #43).

### 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

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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

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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 income collection from health insurance providers, Government agencies including Puerto Rico Department of Health, income from money collected to patients including health insurance deductibles, accounts receivables collection efforts made by debtor, and any other business that Debtor will be engaged during the life of the Plan.

Please refer to Debtor's Monthly Operating Reports. Also see attached Summary of Monthly Operating Reports identified as Exhibit L and Operating Projected Inflows and Outflows identified as Exhibit M.

One of the major tasks at preparing this disclosure statement, including summary of Monthly Operating Reports (Exhibit L) and Business Projections (Exhibit M) is that according with the debtor's last three (3) Monthly Operating Reports, it seemed like this business would not be able to comply with the plan payment and continue with a healthy business Operation.

After the last Bankruptcy Committee reunion executed on January 25<sup>th</sup>, 2017 Hospital Directors has a logic explanation for the losses for October and November, 2016. Debtor's

directive explained that the months of October, November 2016 and December 2016 coincided with Puerto Rico election's process and Government transition. During the months of October and November 2016 hospital's Finance Department lost contact with the people engaged to distribute hospital's monthly revenues. The directive explained that this extraordinary situation usually happens in every election process date, each four years.

This year, this situation had a new complexity "La Junta de Control Fiscal" and Hurricane María's aftermath. Debtor's representative explained that during current year, there was a reduction in Puerto Rico Health Department distribution to all the hospitals including Vega Alta Community Health Clinic. After meetings between corporate stockholder Mr. Luís González M.D. and Department of Health representative, they explained that the Health Department has instructions to reduce distributions to all hospitals until Puerto Rico's financial budget has been approved. Even though debtor suffered income reduction during the last three months, debtor accumulated the money to for class 3 disbursement on the effective date. Also, debtor will pay the pending balance with US Trustee Office on or before May 2<sup>nd</sup>, 2018.

Debtor's directive major tasks, in order to comply with plan provisions and reorganize business finances are:

1. Improve accounts receivables collection efforts: During the last year the Governmental Health Insurance Providers reduced the emergency room patient's distribution from \$75.00 per patient to \$35.00 per patient. Now debtor will only receive \$35.00 from each emergency room patient. The other \$40.00 debtor has to collect directly from patient. It caused that several patients visits emergency room without sufficient money. Debtor has to provide those health care services even if

they do not have money. Now debtor has a bigger amount of uncollectible account receivables.

Debtor needs to improve the debt collection methods. To achieve this task, debtor appointed brother counsel Alberto Fuertes-Masarovic, Esq. Counsel Alberto Fuertes and Finance Department will design a collection unit to reduce the uncollectible accounts receivable and increase debtor's business income. Debtor understands that the corporation needs to collect at least \$24,000.00 per year from those type of accounts receivables.

2. Debtor's Officers will meet with Governmental Health Insurance Providers. The Officers understands that they need to renegotiate the government insurance provider's distribution to a monthly flat rate. With this action debtor would design a more precise business budget and reorganize its finances.
3. Business Expense reduction. During all this bankruptcy reorganization process debtor realizes that there are some expenses that needs to be taken care. Debtor needs to reduce its medical supplies and office supplies expenses in a 10% reduction. Debtor will improve medical supplies and office supplies inventory controls.
4. Hospital's areas consolidation, and professional Services contracts reduction. Debtors initiated a budget and finance departments weekly reunions. The purpose is to review professional services and expenses on each hospital area. Debtor's officer found that they would reduce 10% or more professional services expenses within three years without affect Hospital's main operations.

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Please refer to Summary of Monthly Operating Reports identified as Exhibit L and Operating Projected Inflows and Outflows identified as Exhibit M in the Disclosure Statement.

#### 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

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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.

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#### 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 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 7<sup>th</sup> day of April, 2018

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