

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

**IN RE:**

**CASE NO. 16-08296 EAG**

**ROJESIE, INC.**

**CHAPTER 11**

**DEBTOR**

**DISCLOSURE STATEMENT OF THE DEBTOR DATED JUNE 21, 2017**

Filed by: Debtor-in-Possession ROJESIE, INC.

Date: June 21, 2017

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## I. INTRODUCTION

This is the Disclosure Statement dated June 21, 2017 (the “Disclosure Statement”) in the Chapter 11 Bankruptcy Case of Debtor-in-Possession **Rojesie, Inc.** (“the Debtor”). This Disclosure Statement contains information about the Debtor and describes the Plan of Reorganization dated June 21, 2017 (the “Plan”) filed by Debtor on even date. A full copy of the Plan is attached to this Disclosure Statement as **Exhibit A.**

*Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.*

### A. Purpose of this Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case
- How the Plan proposes to treat claims or equity interests of the type you hold (*i.e.*, what you will receive on your claim or equity interest if the Plan is confirmed).
- Who can vote on or object to the Plan
- What factors the Bankruptcy Court (the “Court”) will consider when deciding whether to confirm the Plan.
- Why Debtor believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation.
- The effect of confirmation of the Plan.

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

### B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. The Court **will schedule the hearings for the approval of the Disclosure Statement and the**

**confirmation of the Plan.** This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. *Time and Place of the Hearing to finally approve this Disclosure Statement and Confirm the Plan will be fixed by the Court and shall be notified to all creditors and parties in interest. Creditors and parties in interest will be allowed a term to file any objections to the approval of this Disclosure Statement and to the confirmation of the Plan. It is of paramount importance to take notice of the deadlines fixed by the Court to be included in the order granting a preliminary approval of the Disclosure Statement that will be notified to all creditors and parties in interest.*

The time and place of the Hearing to approve this Disclosure Statement and Confirm the Plan will be fixed by the Court, and will be notified to all creditors and parties in interest.

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

If you are entitled to vote to accept or reject the Plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to the following mailing address:

*Gloria M. Justiniano Irizarry, Esq.  
Ensanche Martínez  
8 Ramirez Silva  
Mayagüez, PR 00680  
Email: [justiniano@gmail.com](mailto:justiniano@gmail.com)  
787-222-9272*

See Section IV.A below for a discussion of voting eligibility requirements. Your ballot must be received by the date fixed by the Court; otherwise it will not be counted.

3. *As previously stated, the Court will fix a deadline for objecting to the adequacy of the Disclosure Statement and to the confirmation of the Plan.*

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon Debtor's attorney at the mailing address previously disclosed by the date fixed by the Court.



4. *The identity of the person to contact for more information is Debtor's attorney whose name, telephone number and contact information is hereby disclosed and whose mailing address has been previously provided:*

*Gloria M. Justiniano Irizarry  
Tel. (787) 222-9272 FAX 787-805-7350  
E-mail: [justiniano@gmail.com](mailto:justiniano@gmail.com)*

## II. BACKGROUND

### A. Description and History of Debtor's Business

Debtor is a Corporation organized pursuant to the laws of the Commonwealth of Puerto Rico which was incorporated on January 15, 1999: corporation number 104978. Debtor is the owner of Parador Villas de Sotomayor: a limited service hospitality property that contains 35 rooms distributed within the premises, located at PR 522 Km 0.2 Int., Garzas Ward, Adjuntas, Puerto Rico. It has a main building which houses the reception area, main restaurant, meeting room, and administrative offices. Other structures include gym, basketball court, horses' stables, tennis court, and trails.

The subject site consists of a parcel of land of 14.2766 cuerdas. It has all necessary permits and approvals for its current commercial use as hotel.

The debtor operates the "parador", provides rental convention facilities, destination wedding offers, and catering for companies in the area. In addition, it rents parcels of the land for camping, and offers horse riding services.

It had to file their Chapter 11 Petitions due to economic constraints and cash flow issues: decrease in occupancy caused cash flow problems

The Debtor has been working to reduce business operating expenses. It commenced to provide special rates for PR residents, and special offers for destination weddings, and commercial gatherings.

B. Insiders

Jesús Ramos Puente: President and 100% equity holder. He is the business manager.

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

1. Mr. Jesús Ramos Puente has been managing all Debtor's economic and business affairs before and during the bankruptcy, and he continues to do so as of this date.

D. Events Leading to Chapter 11 Bankruptcy Petition

1. Decrease in business income that didn't allow the Debtor to pay the expenses as they became due specially the commercial mortgage payments to Banco de Desarrollo de PR, now Condado 5 LLC., and governmental debts.

E. Significant Event During the Bankruptcy Case

1. *Employment of Professionals:*

- a. On October 20, 2016 Debtor filed an Application for the Employment of Gloria M. Justiniano Irizarry, Esq. as counsel for Debtor, which was approved by the Court. (Dockets 6 and 27).
- b. The application to employ appraiser was filed and approved as per dockets 13 and 38.
- c. The application to employ accountant was filed and approved as per dockets 35 and 52.

2. *Election:*

- a. This case is *not* a Small Business Case.

3. *Sales out of the Ordinary Course of Business:*

a. The Debtor has not made any sale outside the ordinary course of business.

4. *Post – Petition Financing:*

a. The Debtor has not applied for any post-petition financing at this time.

5. *Adversary Proceedings:*

a. None

6. *Administrative Reorganization:*

a. Debtor has significantly reduced the monthly expenses, and increase costumer entertaining options and catering services. In addition, parador occupancy has improved due to additional advertising strategies.

7. *Other Significant Events:*

a. NONE

F. Projected Recovery of Avoidable Transfers

There are no projected recoveries of avoidable transfers, thus, Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance related actions.

G. Claims Objections

1. The Debtor, at its option or upon Order of The Court, if requested, may file an objection to any claim as to its validity or amount within thirty (30) days before the confirmation date. If an objection is made, payment to such claimant will be made only after the entry of a final Order by the Court allowing such claim and in accordance with the provisions of the Plan governing such class to which such claim belongs.

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



#### H. Current and Historical Financial Conditions

1. For purposes of filing this petition the Debtor submitted the required schedules. The information provided in the schedules, as amended, and the statement of financial affairs showed Debtor's financial position as of the date of the filing of the petition. The monthly operating reports available in the bankruptcy court file show Debtor's finances and results of operations for the periods after the date of the filing of the petition.

### III. SUMMARY OF THE PLAN OF REORGANIZATION

#### I. What is the Purpose of the Plan of Reorganization

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

#### J. Unclassified Claims

Certain types of claims are automatically entitled to a specific treatment under the Code. They are not considered impaired, and holders of such claim do not vote on the Plan. They may, however, object if, in their view, the provided treatment under the Plan does not comply with the correct requirements by the Code.

#### K. Classes of Claims and Equity Interest under the Plan of Reorganization:

#### **CLASS 1: ALLOWED ADMINISTRATIVE EXPENSES**

This class shall consist of Allowed Administrative Expense Priority Claims, as provided under section 503 of the Code, including, but not limited to, fees to the United States Trustee, fees and expenses of the Debtor's counsel, accountant and any other professional retained by the Debtor, as may be allowed by the Bankruptcy Court upon application therefore and after notice and hearing in accordance with the Bankruptcy Code and Rules, any unpaid

taxes or fees accrued since petition date, and court cost accrued since the petition date. Debt under this class is estimated at:

Attorney's Fees - \$10,000.00, for work realized on the instant case

Accountant's Fees-\$1,000.00

**TREATMENT:**

This class will be paid on the effective date or upon an agreement by the parties, and upon Courts approval. This class is not impaired. (Effective date shall mean thirty (30) days after the order of confirmation becomes a final and firm order, and shall be the date on which the Debtor will commence the cash payments under the reorganization of the Plan.)

**THIS CLASS IS NOT IMPAIRED**

**CLASS 2: CONDADO 5, LLC ("CONDADO")**

Condado 5, LLC ("Condado") filed Claim Numbered 4 secured for the amount of \$4,515,476.65. It executed a Transfer Agreement with Banco de Desarrollo de Puerto Rico pertaining this loan.

Security for Condado 's claim number 4 consists of first and second rank mortgage notes for the amounts of \$3,000,000.00 and \$200,000.00, plus interest and other charges, respectively encumbering Debtor's real property located at PR Road 123 Km. 36.6, Garzas Ward, Adjuntas, Puerto Rico. Debtor operates Parador Villas Sotomayor on these premises. It is identified as Property # 13,458 in the PR Registry of Property Utuado Section, registered at Page 75 of Volume 315.

**TREATMENT**

This claim shall be paid as per Stipulation between the parties attached to this Plan as **Exhibit A**, filed on May 25, 2017 as per Docket 69, and approved by the Court on June 19, 2017, docket 74, which includes the following terms and conditions:

- a) " As adequate protection payment, Debtor agreed to make the

following monthly payments to Condado, via certified and/or manager's check issued by a federally insured financial institution, as follows:

- (i) Beginning on January 20, 2017 and until June 20, 2017, Debtor will make six (6) consecutive monthly payments to Condado for the amount of \$5,000.00, each;
  - (ii) Beginning on July 20, 2017 and until July 20, 2018, Debtor will make twelve (12) consecutive monthly payments to Condado for the amount of \$9,000.00 each; and
- b) Subject to Debtor's compliance with all of the terms and conditions in this Stipulation and Agreement, the Parties agree that the Debtor shall make a lump sum payment to Condado in the amount of one million and two hundred and fifty thousand dollars (\$1, 250,000.00) via certified and/or manager's check issued by a federally insured financial institution, on or before August 1, 2018. If the Debtor requires an additional extension of time of six (6) months: (a) the pay-off will increase to \$1, 300,000; (b) the Debtor shall comply with an extension fee of \$25,000 on or before August 31, 2018; (c) plus monthly additional payments of \$10,000 beginning August 20, 2018 to February 20, 2019. Although the foregoing payments are fixed, for Condado's purposes, the interest rate that Condado will allocate for these payments shall be the prime rate plus 2%.
- c) In connection to the Property, Debtor agrees to keep full insurance coverage in place at all times and keep all CRIM payments and property taxes current. The Debtor shall provide evidence of such insurance and

CRIM statements and property tax at Condado's request, and to timely pay all property taxes when they become due and payable.

- d) Condado shall be entitled to regularly inspect the Property, prior to confirmation of the plan, as well as post-confirmation, subject to prior written notice to Debtor.
- e) Debtor shall permit representatives, agents and/or employees of Condado to have reasonable access to its premises and to its records during normal business hours (without unreasonable interference with the proper operation of Debtor's business), and shall cooperate, consult with, and provide to such persons all such non-privileged information as they may reasonably request, including but not limited to information related to business income.
- f) This Stipulation shall be adopted by Debtor's Chapter 11 Plan and shall constitute the treatment for secured creditor Condado as per Proof of Claim No. 4. Should there be any discrepancy between the terms and conditions of this Stipulation and Agreement and the Plan that is eventually confirmed, the provisions of this Stipulation shall prevail over the content of the Plan.
- g) This Stipulation shall be terminated by Condado if the Debtor fails to make the one (1) or more payments. Upon such default, an additional 5% shall be immediately added to the applicable interest from the date of the default. This same remedies shall apply to any other default with any of the terms and conditions established in this Agreement.



- h) The Debtor will execute a Consent Judgment in favor of Condado for foreclosure within seven (7) days from the approval by the Court of this settlement. Failure to do so will result in the nullity of the foregoing agreement.
- i) In consideration of the terms and conditions of the Stipulation, Debtor hereby releases and agrees to indemnify and hold harmless Condado, Banco de Desarrollo de PR and their respective affiliates, subsidiaries, parents, heirs, officers, shareholders, members, partners, directors, managers, employees, attorneys, contractors and agents, and their respective successors and assigns, from and against any action, cause of action, suite, damage, claim, obligation, liability, costs and expenses of any kind whatsoever, at law or in equity, past and present, known or unknown, now existing or hereafter arising, based in whole or in part on facts, whether or not now known, that Debtor or any third party may be entitled or may allege to be entitled to prosecute against Condado and/or the above mentioned entities in connection directly or indirectly with Claim #4, this Stipulation, and any other document related to the loans object of Claim #4 or the transactions contemplated thereby or any actions or omissions in connection therewith; and any aspect of the dealings or relationships between Debtor and Condado relating to any and all of the documents, transactions, actions or omissions related to Claim #4.
- j) No part of this Stipulation may be amended unilaterally or without the other party's full written consent.



- k) Failure of any parties to exercise any right provided for herein will not be considered a waiver thereof.
- l) The terms and conditions of all loan documents related to Claim number 4 shall remain in full force and effect. Debtor hereby ratifies, reaffirms, confirms, consents to, and acknowledges all of the terms and conditions of the loan documents in connection to Condado's secured proof of claim, as described above, including Condado's liens over the Property, which will remain in full force and effect after confirmation of Debtor's Plan, and will continue to encumber the Property, until payment in full of the loans. Condado may take any action necessary during the term of the Plan in order to maintain as valid its existing, perfected security interests over real and personal property of the Debtor, and the loan documents. Except as set forth herein, Condado will retain unaltered the legal and contractual rights over the property serving as collateral until full payment of the secured amount as detailed in the Plan.
- m) In case of any default under the Plan, in addition to any other remedy afforded herein, Condado may move for the dismissal of the case and the restructuring of the loan obligations as expressed herein shall be vacated and unenforceable. In that event, the original terms of the loan obligations shall prevail.
- n) The Debtor will submit to Condado yearly Financial Statements on or before January 31st of the following year. If required by Condado, the Debtor will submit copy of its financial statements for each semester of

the year (six months). Likewise, the Debtor shall submit to Condado copies of their yearly tax returns 20 days after the corresponding filing.

- o) During and after the bankruptcy, the Debtor will submit any and all financial information requested by Condado with a term of twenty (20) days from the date of the request.

The parties warrant that the terms and conditions in this Stipulation and Agreement are reasonable under the circumstances and that they have acted in good faith in their negotiations. This Stipulation shall bind the Debtor and Condado and their respective successors, privies and assignees. This agreement does not in any way release or affects the obligation for the parties who may be liable with Debtor on this claim.”

This creditor shall retain its lien on the property.

### **THIS CLASS IS IMPAIRED**

#### **CLASS 3: Internal Revenue Service (“IRS”)**

IRS filed claim number 3 in the amount of \$104,986.61: \$104,081.41 secured, \$12,088.85, and priority in the amount of \$905.20. This creditor’s claim is secured by property of the Estate.

### **TREATMENT**

IRS’ secured claim shall be paid according to the Stipulation between the parties, attached as part of the Plan as **Exhibit B**, and filed as per docket 50 on January 24, 2017. This creditor shall retain its lien.

The Stipulation between the parties provides, *inter alia*, that:

**“STIPULATION**

1. The debtor filed for Chapter 11 bankruptcy protection on October 17, 2016.

Since that time, the debtor continued to operate as a debtor-in-possession pursuant to 11 U.S.C. § 1107. The Service is a secured creditor by virtue of its having filed Notices of Federal Tax Lien prior to the filing of the Chapter 11 petition.

2. Pursuant to Federal Bankruptcy Rule 9014, a copy of this Stipulation was served upon all entities and individuals entitled to notice. This Stipulation is subject to the approval of the United States Bankruptcy Court for the District of Puerto Rico. In the event any other person, corporation, association, or other entity seeks an order pursuant to the Bankruptcy Code for adequate protection, or is otherwise given adequate protection of its interests in this proceeding, the parties to this Stipulation respectfully request that they be given an opportunity to be heard prior to the entry of such Order.

4. The federal tax liens attach to all rights to property, whether real or personal, belonging to the debtor pursuant to 26 U.S.C. §§ 6321 and 6322, and the liens arise upon the date of the assessment. The liens attach to the debtor's cash and cash equivalents, defined as cash collateral in 11 U.S.C. § 363(a). The filing of the Notices of Federal Tax Lien prior to the Chapter 11 petition perfected the lien interest of the Service against subsequent bona fide purchasers, and the liens are not avoidable under 11 U.S.C. § 545. The Service asserts a secured claim against the debtor's cash collateral in the amount of \$104,081.41, and an unsecured priority claim of \$1,444.81. Among the property securing the Service's claims are cash or cash equivalents, accounts receivable, and proceeds of the accounts receivable. Such proceeds and cash constitute "cash collateral" within the meaning of 11 U.S.C. § 363(a). Based on the

agreement of the parties, the Court approves and orders financing for the debtor and adequate protection for the United States and treatment for the unsecured priority claims in Claim 3 as follows:

A. The United States shall be granted post-petition replacement liens and security interests co-extensive with and to the extent of the liens and security interests held by the Service immediately prior to the petition date, and with same relative lien priority of the liens held by the Service immediately prior the petition date relative to all other creditor liens held immediately prior to the petition date, in the following: all present and future cash collateral; inventory; accounts receivable; contract rights; general intangibles; chattel paper; equipment (including vehicles); all other personal property of the debtor, including proceeds and products thereof, which have been or will be acquired, generated, or received by the debtor subsequent to the filing of the debtor's bankruptcy petition, with the exception as to any and all post-petition rents generated by the debtor. Such security interest and liens as granted herein shall be in addition to all security interests and liens now existing in favor of the Service, and not in substitution thereof, shall be effective as of the petition date, and shall require no further action by the debtor or the Service in order to be valid, perfected, and enforceable. Notwithstanding any termination of the debtor's authorization to use cash collateral under this Agreement, any and all liens granted under this Agreement shall continue in full force and effect until the obligations of the debtor to the Service are satisfied. This perfection shall be binding upon any subsequently appointed Trustee either in Chapter 11 or any other chapter of the Bankruptcy Code, and upon all the creditors of the debtor who have extended or may hereafter extend credit to the debtor or the debtor-in-possession.



B. The liens of the Service shall not be subordinated, altered, or otherwise adversely affected by any financing under Section 364, any priority claimed or granted pursuant to 11 U.S.C. §§ 364, 503, 507(a)(2), *et seq.*, or any other provision of the Bankruptcy Code or by any other action of the debtor or any party, or the Court unless specifically agreed to by the Service.

C. The debtor shall comply with regular monthly payments to the United States in the amount of \$2,260.00 per month on the 15th day of each month at 4% interest, beginning on February 15, 2017 until the secured and priority portions of the Service's claim is paid in full. Of the \$2,260.00 monthly payment, \$2,220.00 will be allocated to providing adequate protection for the Service's secured claim and \$40 will be allocated to payment of the unsecured priority claim. Payments shall be made payable to the United States Treasury and sent to Lisette Pagán Lisboa, Internal Revenue Service, City View Plaza II, 48 Carr 165, Suite #2000, Guaynabo, Puerto Rico 00968-8000. This payment shall constitute the Treatment under the Chapter 11 Plan for the Service's unsecured priority and secured claims, and it shall be attached to the Plan since it constitutes the agreement between the parties.

D. The debtor is authorized to use cash collateral and other real and personal property in which the Service holds a lien interest for (1) purpose of the paying the reasonable, necessary, and ordinary expenses of operating the business, which accrue from and after the filing date to the extent authorized herein, and (2) upon confirmation, as necessary to finance the provisions of the Chapter 11 Plan, subject to the terms and conditions of this Stipulation, until the debtor defaults by failing to comply with one of the terms set forth herein.

E. In the event that the debtor defaults under the terms of this Agreement and continues to use cash collateral five days after written notice of such default from the Service without curing any alleged default and in the event that such use of cash collateral erodes the



Service's secured position, then the Service shall be entitled to an administrative claim with priority pursuant to 11 U.S.C. § 507 of the Bankruptcy Code to the extent of the erosion of the Service's position. Any such administrative claim shall survive any conversion of the debtor's Chapter 11 proceeding to a Chapter 7 proceeding. The Service will further be allowed to petition the Bankruptcy Court to lift the automatic stay provided by 11 U.S.C. § 362 to proceed with administrative collection action.

F. Except as provided herein, the debtor may not take any payments of cash collateral to or for the benefit of themselves, their employees, insiders, affiliates, or any corporation, partnership, sole proprietorship, or any other individual or entity related to or affiliated with the debtor, without the express prior written consent of the Service. The debtor shall not use cash collateral during the pendency of this Stipulation for any purpose which is not authorized by an Order of the Court.

G. The debtor hereby agrees that the Chapter 11 Plan will provide for the full payment of all Service's secured and priority claims.

H. This Stipulation and Consent order, as approved by the Court, shall be sufficient and conclusive evidence of the validity, enforceability, priority, and perfection of the security interest and liens granted to the Service as adequate protection hereunder, whether or not the Service elects to file or record a financial statement or other documents, or takes such other steps as may otherwise require to obtain, evidence, or perfect such security interests or liens under applicable law.

I. The debtor and the Service agree that this Stipulation is the entire agreement between the parties and shall be binding upon approval by the Bankruptcy Court and upon such approval shall be deemed effective as of the petition date. Amendments, modifications or

extensions shall be binding upon approval by the Bankruptcy Court and such approval shall be deemed effective as of the petition date.

J. Each right, power, and remedy of the Service provided in this Stipulation or now or hereafter existing in law or at equity or by statute or otherwise, shall be cumulative and concurrent, and shall be in addition to every other right, power, or remedy provided for in this Stipulation or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or the beginning of exercise by the Service of any one or more of any such rights, powers, or remedies shall not preclude the simultaneous or later exercise by the Service of any or all other rights, powers, or remedies.

K. Nothing in this Stipulation shall constitute admission by the Service that the protection provided to them shall not at some time become inadequate to fully and properly protect their interests and at any time the Service may, individually or jointly, apply to the Court for additional adequate protection. Further, nothing in this Stipulation shall bind the Service or constitute an agreement by it to treatment of its claims under any plan of reorganization.”

**THIS CLASS IS IMPAIRED**

**CLASS 4: CENTRO DE RECAUDACION DE INGRESOS MUNICIPALES (“CRIM”)**

**CRIM** filed claim number 5 in the amount of \$48,886.03: \$45,783.15, and \$3,102.88 as general unsecured. This creditor’s claim is secured by property of the Estate. It encumbers Debtor’s real property located at PR Road 123 Km. 36.6, Garzas Ward, Adjuntas, Puerto Rico.

**TREATMENT**

**CRIM**’ secured claim shall be paid in fifty (50) monthly installments of \$915.69 each beginning October 1, 2017. The unsecured amount claimed shall receive distribution according to Class 5 of General Unsecured Creditors.

**CLASS 5: General Unsecured Creditors**

This class shall consist of general unsecured creditors. General Unsecured Creditors include those listed by the Debtor and those who have filed proof of claims. General unsecured creditors listed by Debtor and filed proof of claims total the amount of \$185,412.63. Schedule F has been amended considering the proofs of claim that have been filed in this case. Unsecured Creditors are as follow:

CREDITOR	TYPE OF DEBT (LISTED OR CLAIM NUMBER)	AMOUNT OWED
Ballester Hermanos	Claim 1	\$4,706.71
CRIM	Claim 2	\$116,774.38
CRIM	Claim 5	\$3,102.88
Department of Labor	Claim 7	\$50.03
Department of Labor	Claim 8	\$54.76
AT &T	Claim 9	\$718.65
State Insurance Fund	Claim 10	\$9,005.22
Department of Treasury	Listed	\$24,000.00
Global Capitol LLC.	Listed	\$25,000.00
José Gonzalez	Listed	\$1,000.00
Ana M. Santiago Maldonado	Listed	\$1,000.00
<b>TOTAL</b>		<b>\$185,412.63</b>

**TREATMENT**

The total unsecured claims (whether claimed or listed) subject to distribution is \$185,412.63. CLASS 5 claimants shall receive from the Debtor a non-negotiable, interest bearing at 2.75% annually, promissory note dated as of the Effective Date. Creditors in this class shall receive a total repayment of 25.88% of their claimed or listed debt which equals \$48,000.00 to be paid **Pro Rata** to all allowed claimants under this class. Unsecured Creditors will receive monthly payments of \$2,275.00 each (Principal plus interest) per 24 months, to be distributed pro rata among claimants of this class, beginning October 15, 2021.

**THIS CLASS IS IMPAIRED**

**CLASS 6: INSIDERS OR EQUITY HOLDER OF DEBTOR**

The President and only equity holder of the Debtor is Jesús Ramos Puento

**TREATMENT**

Equity holder will receive NO DISTRIBUTION and will not have any voting rights under this Plan of Reorganization.

**THIS CLASS IS IMPAIRED**

**ARTICLE III**

**PAYMENT TO PRIORITIES UNDER SECTION 507(a)(8) OF THE BANKRUPTCY CODE**

Governmental entities and other priority creditors have been listed and have filed priority claims in this case in the total amount of \$322,977.07

CREDITOR	TYPE OF DEBT (LISTED OR CLAIM NUMBER)	AMOUNT OWED TOTAL
CRIM	Claim 2	\$4,339.06
IRS	Claim 3	\$905.20
Puerto Rico Tourism Company	Claim 6	\$283,357.00
PR Dpt. Of Labor	Claim 7	\$1,057.65
	Claim 8	\$205.52
State Insurance Fund ("SIF")	Claim 10	\$1,712.64
Municipality of Adjuntas	Listed	\$19,100.00
Department of Treasury	Listed	\$12,3000.00
<b>TOTAL</b>		<b>\$322,977.07</b>



PAYMENT TO PRIORITIES:

(a). IRS- Claim 3 filed as priority in the amount of \$905.20 shall be paid shall be paid according to the Stipulation between the parties, attached as part of the Plan as **Exhibit B**, and filed as per docket 50 on January 24, 2017.

(b). CRIM- Claim number 2 in the amount of \$4,339.08 shall be paid in full plus 2.75% interest in 48 monthly installments of \$126.41 each beginning October 1, 2017.

(c).Department of Labor-The priority claims 7 and 8, \$1,057.65 and \$205.52, respectively, plus 2.75% interest, shall be paid in 12 equal monthly installments of \$119.84 each beginning October 1, 2017.00.

(d) Puerto Rico Tourism Company- The priority claim number 6 in the amount of \$283,357.00, plus 2.75% interest, shall be paid in full in the according to the following payment schedule: the Debtor will comply with 48 monthly installments in the amount of \$2,000.00 beginning October 1, 2017 plus a lump sum of \$226,320.00 on or before September 12, 2021.

(e). Municipality of Adjuntas- The amount listed as priority of \$19,100 plus 2.75% interest shall be paid in 48 monthly installments of \$453 each, beginning October 1, 2017.

(f). PR Department of Treasury- The amount listed as priority of \$12,300.00 plus 2.75% interest shall be paid in 48 monthly installments of \$292.00 beginning October 1, 2017.

(g) The State Insurance Fund ("SIF") – Claim number 10 in the amount of \$1,712.64 shall be paid in twelve (12) equal monthly installments of \$ \$144.85 each beginning October 1, 2017.



L. Means of Execution of the Plan and Future Management of Debtor

*1. Source of Payments and Management of Consolidated Debtor*

Payments and distributions under the Plan will be funded by the following:

Upon confirmation of the Plan, the Debtor shall have sufficient funds to make all payments then due under this Plan. The funds will be obtained from Debtor's business.

On the effective date of the Plan, the distribution, administration, management of Debtor's affairs, collection of money, sale of properties and distribution to creditors, unless otherwise provided herein, will be under the control of the Debtor.

M. Risk Factors

The proposed Plan has the following risks:

1. The funding of the Plan is contingent to the continuation of the Debtor's business.

N. Executory Contracts and Unexpired Leases

The Plan lists all the executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time. *Consult your advisor or attorney for more specific information about particular contracts and/or leases.*

If you object to the rejection of your unexpired lease or executory contract, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

*The Deadline for filing a Proof of Claim based on a claim arising from the Rejection of a Lease or Contract will be fixed by the U.S. Bankruptcy Court. Any claim based on the rejection*

of a contract or lease will be barred if the Proof of Claim is not timely filed, unless the Court orders it otherwise.

Debtor assume all unexpired leases and executory contracts to which they are a party and which have not been expressly rejected pursuant to 11 U.S.C. Section 365(a). Specifically the Debtor assumes contracts with PREPA (electric utility company), Acueductos y Alcantarillados, Public Liability Insurance, and any other contract which they have not rejected.

#### O. Tax Consequences of the Plan

*Creditors concerned with how the Plan may affect their Tax Liability should consult with their own Accountants, Attorneys and/or Advisors.* The following are the anticipated tax consequences of the Plan:

##### 1. *Tax consequences to the Consolidated Debtor of the Plan*

Notwithstanding the confirmation of the Plan, the Debtor will be liable for the payment of personal property taxes, income taxes, capital gain taxes, and other taxes that might become due after the confirmation of the Plan.

##### 2. *General tax consequences on Creditors of any discharge, and the general tax consequences of receipt of Plan consideration after confirmation*

The tax consequences of the confirmation of the Plan to Unsecured Creditors will depend mainly on whether the creditor's present claim constitutes a security for federal income tax purposes and the type of consideration received by the creditor in exchange for its claim. Generally, claims arising out of the extension of trade credit have been held to not be tax securities.

#### IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §1129(a) or (b) of the US Bankruptcy Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the Plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a Chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These

requirements are not the only requirements listed in §1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that **classes 2, 3, 4 and 5** are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. Classes 1 and 6 are not impaired, and are not entitled to vote.

1. *What is an Allowed Claim or an Allowed Equity Interest?*

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Consolidated Debtor has scheduled the claim on the Debtor' schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

*The deadline for filing a proof of claims for non-governmental claimants in this case was due on February 20, 2017 and for governmental claimants was due on April 17, 2017.*

2. *What is an Impaired Claim or Impaired Equity Interest?*



As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

### 3. *Who is Not Entitled to Vote?*

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

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

*Even if you are not entitled to Vote on the Plan, you have a right to object to the Confirmation of the Plan [and to the Adequacy of the Disclosure Statement].*

### 4. *Who can Vote in More than One Class?*

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

### B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is

eligible to be confirmed by a Cram Down on non-accepting classes, as discussed later in Section [B.2.].

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

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. *Treatment of Non-accepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner prescribed by §1129(b) of the Code. A Plan that binds non-accepting classes is commonly referred to as a Cram Down Plan. The Code allows the Plan to bind non-accepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of §1129(a) (8) of the Code, does not discriminate unfairly, and is fair and equitable towards each impaired class that has not voted to accept the Plan.

*You should consult your own attorney if a Cram Down confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.*

**Copy of the Ballot for voting is attached hereto as Exhibit C**

C. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors who do not accept the Plan will receive at least as much under the Plan as such claim would receive in Chapter 7 liquidation. A Liquidation Analysis is attached to this Disclosure Statement as **Exhibit B**.

D. Feasibility



The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

1. *Ability to Initially Fund Plan*

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

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

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

The Plan Proponent's financial projections show that the Debtor will have an aggregate annual average cash flow, after paying operating expenses and post-confirmation taxes that will allow the quarterly payments proposed. The final Plan payment is expected to be paid seven (7) years from confirmation date.

*You should consult with your Accountant or other Financial Advisor if you have any questions pertaining to these Projections.*

V. EFFECT OF CONFIRMATION OF THE PLAN

A. Discharge of Claims

Discharge. On the Confirmation date of this Plan, the Debtor will be discharged from any debt that arose before confirmation of this Plan, subject to the occurrence of the effective date, to the extent specified in Section 1141(d)(1)(A) of the Bankruptcy Code, except that the Debtor will not be discharged of any debt: (i) imposed by this Plan; (ii) of a kind specified in Section 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure; or (iii) of a kind specified in Section 1141(d)(6)(B) of the Code.

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B. Modification of Plan

The Debtor may propose amendments or modification of this Plan at any time prior to the confirmation pursuant to 11 USC 1127. After confirmation of the Plan, the Debtor may, with the approval of the Court as long as they do not adversely affect the interest 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.

C. Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

VI. OTHER PLAN PROVISIONS

NONE.

In Mayagüez, Puerto Rico 21<sup>st</sup> day of June, 2017.

  
/s/ JESUS RAMOS PUENTE

*President for Debtor*

CERTIFICATE OF ELECTRONIC FILING AND SERVICE

I hereby certify that on this same date I electronically filed the foregoing motion with the Clerk of the Court using the CM/ECF System, which sends notification of such filing to the United States Trustee: *Mrs. Monsita Lecaroz Arribas, Esq.*, at [ustpregion21.hr.ecf@usdoj.gov](mailto:ustpregion21.hr.ecf@usdoj.gov); and to all attorneys for all creditors and parties in interest that have filed a Notice of Appearance as listed.

I further certify that I have served this notice by depositing true and correct copy thereof in the United State Mail to all non-user creditors and parties in interest as per attached Master Address List.

In Mayagüez, Puerto Rico, this 21<sup>st</sup> day of June, 2017.

**ATTORNEY FOR CONSOLIDATED DEBTOR**

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0104-2  
Case 16-08296-EAG11  
District of Puerto Rico  
Ponce  
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End of Label Matrix	
Mailable recipients	24
Bypassed recipients	4
Total	28