

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

IN RE:

ONCOLOGY INSTITUTE OF PUERTO
RICO, P.S.C.

Debtor In Possession

CASE NO. 17-00212 ESL

Small Business CHAPTER 11

ONCOLOGY INSTITUTE OF PUERTO RICO, P.S.C.
FIRST AMENDED DISCLOSURE STATEMENT
DATED ~~JULY 17, 2017~~ AUGUST 16, 2017

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

Herein enclosed is Oncology Institute of Puerto Rico, P.S.C. Disclosure Statement for your examination and analysis.

Respectfully submitted, this **August 16, 2017**.

s/ Nilda M. González-Cordero

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I. INTRODUCTION

This is the **First Amended** Disclosure Statement (the “Disclosure Statement”) in the chapter 11 case of Oncology Institute of Puerto Rico, P.S.C., (the “Debtor”). This Disclosure Statement contains information about the Debtor and describes the Plan of Reorganization (the “Plan”) filed by Oncology Institute of Puerto Rico, P.S.C. on ~~July 17, 2017~~ August 16, 2017. A full copy of the Plan is attached to this Disclosure Statement as **Exhibit A**. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

The proposed distributions under the Plan are discussed at pages 8 to 11 of this Disclosure Statement. General unsecured creditors are classified in Class 1, and will receive a distribution of 10% of their allowed claims.

A. Purpose of This Document

This Disclosure Statement describes:

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

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

B. Deadlines

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

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

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

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

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

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

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

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

C. Disclaimer

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

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

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

II. BACKGROUND

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

The Debtor is a corporation duly organized under the laws of the Commonwealth of Puerto Rico. Oncology Institute of Puerto Rico, P.S.C. was organized and registered in Puerto Rico on January 7, 2015, with number 346473 at the Department of State. Debtors is dedicated to provide health services, specialized on hematology and oncology, through Dr. Sylvia García Ortiz, MD who is Debtor's president and sole shareholder. The health services are provided in Metro Medical Center in Bayamon, Puerto Rico.

B. *Insiders of the Debtor*

Debtor's insider is:

1. Sylvia M. García Ortiz – Shareholder and President of the corporation. She works as a hematologist and oncologist; she also manages the operation of the office.
2. Via Niza, Inc. – related corporation who owns and manages the real estate property in which Oncology Institute operates which is located at Metro Medical Center, 1995 Carr#2, Torre A Suite 1306, Bayamon, Puerto Rico. This corporation filed a Chapter 11 Bankruptcy Petition on January 18, 2017, case number 17-00215 ESL.

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

Since the beginning of the operations of Oncology Institute and since the filing of the petition, the officer, director, manager and person in control of the Debtor (collectively the “Manager”) has been Sylvia M. García Ortiz. She receives the payments from the insurance companies as the National Provider Identifier Number (NPI) is registered on her name. Once the payments are received she transfers the amounts needed by Oncology Institute for its operation. Related Debtors have been working with the change of NPIs from Dr. García-Ortiz to Oncology Institute, nevertheless it is a somewhat complicated process which is not completed yet.

After the effective date of the order confirming the Plan, the director and officer of the debtor (collectively the “Post Confirmation Manager”), will continue to be Sylvia M. García Ortiz, President. One of the goals of the reorganization is to provide Dr. García-Ortiz with a compensation while Oncology Institute receives all the income from the insurance companies.

By that time, of the effective date of the Plan, it is expected that the NPIs have been successfully changed to Oncology Institute and that Debtor's President's compensation have been modified accordingly. The responsibilities and compensation of the Post Confirmation Manager are described in **Section III. D. 2** of this Disclosure Statement.

D. *Events Leading to Chapter 11 Filing*

The main reason for filing the bankruptcy petition was to manage the foreclosure of the real estate property in which the corporation operates. Metro Medical Center, Suite 306 located in Bayamón, Puerto Rico, is an office space owned by related corporation, Via Niza, Inc. and the place in which Debtor operates its business. Triangle REO PR Corp. (hereinafter Triangle) holds a mortgage lien over said property which was signed by Via Niza, Inc. and guaranteed by Dr. Sylvia García.

Due to arrears incurred in the payments of the above mentioned mortgage, Triangle obtained a Judgment for the foreclosure of the property. Based on the interrelation between Via Niza, Inc., Dr. Sylvia García and Debtor, it was decided to file a Chapter 11 Bankruptcy Petition by all three persons in order to be able to reorganize all the operations and pay the amounts owed to Triangle. See: related bankruptcy petitions number 17-00215 ESL and 17-00208 ESL

Another important fact which triggered the filing of the bankruptcy was the unstable and inconsistent method of payment by the medical insurance companies. It is also one of the reasons for the accumulation of arrears with the mortgage payment. Debtor expects that the approval of a Chapter 11 Plan, it will have the opportunity to comply with its responsibilities and continue operating.

E. *Significant Events During the Bankruptcy Case*

Since the filing of the petition debtor has continued operating its business as an oncology institute. Debtor has opened debtor-in possession bank accounts as required by the U.S. Trustee Guidelines, has paid U.S. Trustee fees and has filed Monthly Operating Reports. Administrative adjustments have been made including important decisions with employees and its responsibilities. Oncology Institute has begun to delegate important duties such as payroll management and billing in order to be more efficient in the administration and to reduce expenses. Furthermore, as explained above, Dr. García-Ortíz is in the process of changing the NPIs from her name to Oncology Institute's.

On February 23, 2017 an Order was entered by the Court approving the employment of Atty. Nilda M. González Cordero as Attorney for the Debtor. (Docket #22) On March 14, 2017 an Order was entered by the Court approving the employment of Luis Cruz López as Accountant for the estate. (Docket #37) The 341 Meeting of Creditors was held and closed and the Status Conference before this Honorable Court was also held.

At the time of the filing of this Disclosure Statement, the only controversy pending is the Objection to Proof of Claim #6 filed by the Department of Treasury, which is a rather simple matter. Debtor has no other controversies pending with any other creditor and does not foresee any legal controversy.

F. *Projected Recovery of Avoidable Transfers*

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

G. *Claims Objections*

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

Debtor has filed an Objection to Proof of Claim #6 filed by the Department of Treasury. (Docket #63) It is Debtor's position that it is not subject to pay income taxes pursuant the Puerto Rico Internal Revenue Code as it is an Individual Corporation and, as such, it qualifies as a pass-through entity.

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

H. *Current and Historical Financial Conditions*

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

Debtor's post-petition Monthly Operating Reports have been filed. The most recent operating report filed since the commencement of the Debtor's bankruptcy case was for the period ending on ~~May 31, 2017~~ June 30, 2017. Monthly Operating Reports are available in the Bankruptcy Court's legal docket. Creditors and parties in interest may review the Court's docket in order to make a fully informed decision when voting for the proposed plan herein provided by Debtor.

A **Summary of Post-Petition Operating Reports** filed up to ~~May 31, 2017~~ June 30, 2017 is attached to this Disclosure Statement as **Exhibit B**.

III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. What is the Purpose of the Plan of Reorganization?

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also state whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan. **Exhibit C** -Schedule of Payments to Creditors- summarizes the proposed plan distributions.

B. Unclassified Claims

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

1. *Administrative Expenses*

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

Asociación de Condómines Metro Medical Center filed proof of claim #7 including prepetition arrears in management fees as a general unsecured debt. Debtor and related parties, Dr. Sylvia García Ortíz and Via Niza, Inc., determined that such management fees are an administrative expense that will be paid as such in Oncology Institute's Plan.

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

Type	Estimated Amount Owed	Proposed Treatment
Expenses Arising in the Ordinary Course of Business After the Petition Date	\$0.00	Paid in full on the effective date of the Plan, or according to terms of obligation if later.
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	\$0.00	Paid in full on the effective date of the Plan, or according to terms of obligation if later.
Executory Contracts and Unexpired Leases	\$0.00	Paid in full on the effective date of the Plan, or according to terms of obligation if later.
Professional fees, as approved by the Court	\$25,000.00	Paid in full on the effective date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan
Clerks Office Fees	\$0.00	Paid in full on the effective date of the Plan
Other administrative expenses: <u>Pre-petition management fees with Metro Medical Homeowners Association.</u>	\$0.00 \$6,247.69	Paid in full on the effective date of the Plan or according to separate written agreement
Office of the U.S. Trustee Fees	\$650.00	Paid in full on the effective date of the Plan
TOTAL	\$25,650.00 \$31,897.69	

2. *Priority Tax Claims*

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

The following chart lists the Debtor’s estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan.

Description (name and type of tax)	Claim No.	Estimated Amount Owed	Treatment
Internal Revenue Service- Employee Withholdings	2	\$29,244.43	48 monthly payments of \$656.86 each until year 2021. Interest Rate 3% Total Payout Amount: \$31,529.00.
Puerto Rico Department of Labor – Unemployment	3	\$3,765.93	48 monthly payments of \$84.59 each until year 2021. Interest Rate 3% Total Payout Amount: \$4,060.00.
Puerto Rico Department of Labor - Disability	4	\$649.84	48 monthly payments of \$14.60 each until year 2021. Interest Rate 3% Total Payout Amount: \$701.00.
Centro de Recaudación de Ingresos Municipales (CRIM)	5	740.50	48 monthly payments of \$16.63 each until year 2021. Interest Rate 3% Total Payout Amount: \$798.00.
Puerto Rico Department of the Treasury- Corporate Income Taxes and Employee Withholdings	6 1	\$450,653.38 Debtor recognizes \$18,872.00	48 monthly payments of \$423.89 each until year 2021. Interest Rate 3% Total Payout Amount: \$20,347.00.
State Insurance Fund Corporation	8	\$2,467.85	48 monthly payments of \$55.43 each until year 2021. Interest Rate 3% Total Payout Amount: \$2,661.00.

C. Classes of Claims and Equity Interests

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

1. Class of Secured Claims

Allowed Secured Claims are claims secured by property of the Debtor’s bankruptcy estate, or that are subject to setoff, to the extent allowed as secured claims under §506 of the Code. If the value of the collateral or setoffs securing the creditor’s claim is less than the amount of the creditor’s allowed claim, the deficiency will be classified as a general unsecured claim. **There are no secured creditors in this case.**

1 Debtor filed an “Objection to Proof of Claim #6 filed by the PR Department of Treasury”, specifically objecting the corporate income taxes portion (#200). (Docket #63) Debtor is an individual corporation, which is recognized as a pass-through entity by the PR Internal Revenue Code; therefore is not subject to income taxes. Debtor recognizes a priority amount of \$18,872.00.

2. *Classes of Priority Unsecured Claims*

Certain priority claims that are referred to in §§507(a)(1),(4),(5),(6) and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment. **There are no claims that fall into this class.**

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

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

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

Class	Description	Insider? (yes or no)	Impairment	Treatment
1	General Unsecured Class 2	No	This class is impaired	48 monthly payments of \$286.44 \$273.42 each until year 2021. Total Payout Amount: \$13,749.00 \$13.124.00.

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

4. *Class of Insiders – Class 2*

Via Niza, Inc. is Debtor’s related corporation. It is the owner of the real estate property located at Bayamón Medical Center, Bayamón, Puerto Rico, in which Debtor provides oncological medical services. Via Niza is also a Debtor in Bankruptcy under Chapter 11 Case#17-00215 ESL. These cases are administratively consolidated by virtue of an Order dated March 29, 2017. (Docket #37) In Schedules E/F, as amended, Debtor listed a debt with Via Niza in the amount of \$265,405.09. Via Niza, Inc. has been classified under the plan as follows:

Class #	Description	Insider? (yes or no)	Impairment	Treatment
2	Via Niza, Inc.	Yes	This class is impaired	No payment is being proposed to this claimant. Only after

2 Debtor filed an “Objection to Proof of Claim #6 filed by the PR Department of Treasury”, specifically objecting the corporate income taxes portion (#200). (Docket #63) Debtor is an individual corporation, which is recognized as a pass-through entity by the PR Internal Revenue Code; therefore is not subject to income taxes. Debtor recognizes a general unsecured amount of \$11,153.00 owed to the PR Department of Treasury.

	Rent arrears Allowed Schedule amount: \$265,405.09		payment in full of all other creditors, this insider will be able to recover its debt. The terms of the Chapter 11 Plan do not contemplate payment of 100% to all creditors.
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A Schedule of Payments to Creditors is attached as **Exhibit C**.

5. *Class of Equity Interest Holders*

Equity interest holders are parties who hold an ownership interest (i.e., equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company (“LLC”), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder. **There are no claims that fall into this class.**

D. Means of Implementing the Plan

1. Source of Payments

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

2. Post-confirmation Management

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

Name	Position	Insider (yes or no)?	Responsibilities	Compensation
Sylvia M. García Ortiz	President and Sole Stockholder	Yes	Provide medical treatment to patients in the hematological and oncological specialties. Supervise administrative duties of the corporation such as human resources and payroll, payments to creditors and other financial related duties. Represent the corporation in negotiations with insurance companies and other lease or executory contracts, as needed.	\$9,000.00 per month plus auto insurance expenses.

E. Risk Factors

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

F. Executory Contracts and Unexpired Leases

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

At this time Debtor has no executory contracts or unexpired leases that need to be assumed or rejected. Consult your adviser or attorney for more specific information about particular contracts or leases.

G. Tax Consequences of Plan

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

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object

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

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

In this case, the Plan Proponent believes that Class 1 and 2 are impaired and that holders of claims in those classes are, therefore, entitled to vote to accept or reject the Plan. The Debtor believes

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

B. What Is an Allowed Claim or an Allowed Equity Interest?

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

The deadline for filing a proof of claim in this case was May 25, 2017, in case of claims of governmental units, the deadline is July 19, 2017.

Article X, Subsection 10.2 of the plan provides that the debtor may object to a claim until not later than 45 days prior to the date yet to be scheduled for a confirmation hearing. Objections not filed within the period stated shall be deemed waived. If an objection is made, payment to such claimants will be made only after the entry of a final order by the Court allowing such claim and in accordance with the provisions of the Plan governing such class to which such claim belongs.

C. What Is an Impaired Claim or Impaired Equity Interest?

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

D. Who is Not Entitled to Vote

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

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

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.

E. Who Can Vote in More Than One Class

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

F. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by a cram down on non-accepting classes, as discussed later in **Section VI**.

1. Votes Necessary for a Class to Accept the Plan

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

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

2. Treatment of Non-accepting Classes

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

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

G. Liquidation Analysis

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

H. Feasibility

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

1. *Ability to Initially Fund Plan*

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date. Tables showing the amount of cash on hand on the effective date of the Plan, and the sources of that cash are attached to this disclosure statement as **Exhibit D-Projected Statement of Revenues**.

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

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

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

The final plan payment to unsecured creditors is expected to be paid on 2021.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

V. EFFECT OF CONFIRMATION OF PLAN

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

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

A. Discharge of the Debtor

On the effective date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the effective date, to the extent specified in §1141(d)(1)(A) of the Code, except that the Debtor shall not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in §1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii) of a kind specified in §1141(d)(6)(B). After the effective date of the Plan your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

B. Modification of Plan

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or re-voting on the Plan. The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing.

C. Final Decree

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

D. Consequences of Default

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

E. Retention of Jurisdiction

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

VI. OTHER PLAN PROVISIONS

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

This is the Disclosure Statement hereby proposed to creditors and parties in interest, filed with the Honorable Bankruptcy Court on this same date. Parties are encouraged to review this document in order to formulate an informed decision on Debtor’s whereabouts and conditions.

RESPECTFULLY SUBMITTED

In Guaynabo, Puerto Rico, this 16th day of August, 2017.

s/ Sylvia M. García Ortiz

Sylvia M. García Ortiz, President
ONCOLOGY INSTITUTE OF PUERTO RICO, P.S.C.
Debtor In Possession

s/ Nilda M. González-Cordero

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