

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

IN RE:

ROCK STAR CHEF CORPORATION

DEBTOR

CASE NO. 17-03998 MCF

CHAPTER 11

**DISCLOSURE STATEMENT
FOR
ROCK STAR CHEF CORPORATION
DATED: December 15, 2017**

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I. INTRODUCTION

Pursuant to Section 1125 of the United States Bankruptcy Code, 11 U.S.C. § 101, *et seq.* (the "Bankruptcy Code"), Rock Star Chef Corporation, Debtor-in-possession ("Debtor") in the above captioned case, provides this disclosure statement (the "Disclosure Statement") to all of its known creditors. The purpose of the Disclosure Statement is to provide such information as Debtor believes may be deemed necessary for its creditors to make an informed decision in exercising their rights to vote on Debtor's Plan of Reorganization (the "Plan") dated as of the date of the Disclosure Statement. The Plan is being filed with the Bankruptcy Court simultaneously herewith and a copy has been attached to this Disclosure Statement identified as **Exhibit A**.

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

The information contained in the Disclosure Statement has been provided by the principals and officials of the Debtor based upon their knowledge, business records and opinions of value. Except as otherwise expressly indicated, the

information provided in the Disclosure Statement, has not been subject to audit or independent review.

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

The Disclosure Statement has not yet been approved by the Bankruptcy Court as providing information deemed adequate to permit Debtor's creditors to make an informed judgment in exercising their right to vote for or against the Plan.

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

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

II. SUMMARY OF THE PLAN

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

treatment of the various Classes of Claims against Debtor. To the extent that the terms of the Disclosure Statement vary from those of the Plan, the terms of the Plan will control.

Description of Claim	Class Number(s)	Estimated Amount of Allowed Claims	Treatment and Estimated Recovery Under Plan
Holders of Allowed Administrative Expense Claims		\$20,000	Unimpaired. Estimated Recovery:100% Except as otherwise agreed to by Debtor and the Holder of an Allowed Administrative Expense Claim, each such Holder shall be paid in full in the regular course of Debtor's business or as authorized by the Court, on or before the Effective Date.
Holders of Allowed Priority Claims		\$115,645.92	Unimpaired. Estimated Recovery: 100% Holders of Allowed Priority Tax Claims shall be paid prorata in deferred equal consecutive monthly installments of \$2,348.00 commencing on the 7 th month after the Effective Date of the Plan and continuing on the last day of each month thereafter over a 60-month period after the Effective Date, equal to the full amount of such Allowed claim plus 3.5% per annum interest. Payment in favor of priority creditor "Centro de Recaudación de Ingresos Municipales" ("CRIM") for \$385.36 shall be made on the Effective Date of the Plan.
Holders of Allowed General Unsecured Claims	Class 1	\$48,777.69	Impaired. Estimated Recovery: 2.05% Will receive payment 2.05% of their Allowed Claims within the 30 days after the Effective Date of the Plan, without interest.

For a more detailed description of the treatment of the foregoing Classes of Claims and Interests see Section VI of this Disclosure Statement.

III. INFORMATION ABOUT THE REORGANIZATION PROCESS

3.1 Purpose of a Disclosure Statement

This Disclosure Statement includes background information about Debtor and the significant events during the bankruptcy case. Why the Debtor, Rock Star Chef Corporation, 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 a Chapter 7 liquidation.

The Disclosure Statement identifies the classes into which creditors have been placed by the Plan and the proposed treatment of each of those classes if the Plan is confirmed. It also includes who can vote on or object to the Plan. Upon its approval by the Bankruptcy Court, the Disclosure Statement and the Exhibits thereto will have been found to contain, in accordance with the provisions of the Bankruptcy Code, adequate information of a kind and in sufficient detail to enable an informed judgment about the Plan. What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan and 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.

3.2 Voting Procedures and Objections

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

A) Pursuant to Section 1128 of the Bankruptcy Code, the 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 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.

B) All creditors entitled to vote on the Plan may cast their votes for or against the Plan by completing, dating, signing and causing the Ballot Form accompanying this Disclosure Statement as **Exhibit B** to be returned in the enclosed envelope to the following address:

**Rock Star Chef Corporation
c/o Landrau Rivera & Assoc.
PO Box 270219
San Juan, PR 00927-0219**

The Ballots must be received by the date fixed by the Court; otherwise it will not be counted. Debtor recommends a vote for "ACCEPTANCE" of the Plan. 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.

The identity of the person to contact for more information is the Debtor's attorney whose name, telephone number and contact information is hereby

disclosed and whose mailing address has been previously provided as follows:

Noemí Landrau Rivera
Landrau Rivera & Assoc.
PO Box 270219
San Juan, PR 00927-0219
Tel. (787) 774-0224
Email: nlandrau@landraulaw.com

3.3 Ballots

Pursuant to the provisions of the Bankruptcy Code, only classes of claims or equity interests which are "impaired" under the terms and provisions of a plan are entitled to vote to accept or reject such plan.

Members of Class 1 are impaired under the Plan and entitled to vote. Members of impaired Classes will be asked to vote for acceptance or rejection of the Plan. A party who holds claims in more than one impaired Class should complete a Ballot (see **Exhibit B**) for each Class with respect to the applicable portion of the claim included in each Class.

3.4 Confirmation Requirements and Procedures

The Confirmation Hearing will be held before the Honorable Mildred Cabán Flores, United States Bankruptcy Judge, at the U.S. Bankruptcy Court, José V. Toledo Building & US Courthouse 300 Recinto Sur St., San Juan, PR 00901.

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 and is feasible; 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. The Bankruptcy Court will also receive and consider a Report of Plan Voting prepared by Debtor, summarizing the votes for acceptance or rejection of the Plan by parties entitled to vote.

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

At the Confirmation Hearing, with respect to the Plan, the Bankruptcy Court will (i) determine whether the requisite votes have been obtained for each Class, (ii) hear and determine objections, if any, to the Plan and to the confirmation of the Plan, that have not been previously disposed of, (iii) determine whether the Plan meets the confirmation requirements of the Bankruptcy Code, and (iv) whether to confirm the Plan.

Any objection to confirmation of the Plan must be in writing, filed and served as required by the Bankruptcy Court.

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 that are impaired are therefore entitled to vote to accept or reject the Plan.

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

- Holders of claims and equity interest 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.

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

each claim.

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 to file proofs of claim elapsed on October 05, 2017 and deadline for governmental proofs of claim elapsed on December 4, 2017. All governmental proofs of claims have been filed.

3.5 Acceptances Necessary to Confirm the Plan

The vote of each holder of an impaired claim is important, since at the Confirmation Hearing and as condition to the confirmation of the Plan on a consensual basis, the Bankruptcy Court must determine, among other things, whether each impaired Class has accepted the Plan. Under Section 1126 of the Bankruptcy Code, an impaired Class is deemed to have accepted the Plan if at least 2/3 in amount and more than 1/2 in number of the Allowed Claims of the Class

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

3.6 Confirmation of the Plan without the Necessary Acceptances

If a Class or Classes of impaired Claims do not accept the Plan, Debtor will request confirmation of the Plan under the "cram down" provisions of Section 1129 (b) of the Bankruptcy Code, which permits confirmation, notwithstanding non-acceptance by one or more impaired classes if the Bankruptcy Court finds that the Plan does not discriminate unfairly against and is fair and equitable as to each non-accepting Class, as long as at least one class of impaired creditors votes to accept the Plan. Section 1129 (b) of the Bankruptcy Code requires among other things, that claimants must either receive the full value of their claims and if they receive less, that no Class with junior liquidation priority may receive anything.

THESE CALCULATIONS ARE BASED ONLY ON THE CLAIMS AMOUNTS AND NUMBER OF CREDITORS WHO ACTUALLY VOTE. ANY BALLOT THAT IS VALIDLY EXECUTED THAT DOES NOT CLEARLY INDICATE REJECTION OF THE PLAN SHALL BE DEEMED TO CONSTITUTE A VOTE FOR ACCEPTANCE OF THE PLAN. THE VOTE OF EACH CREDITOR IS IMPORTANT.

IV. DESCRIPTION OF THE DEBTOR AND EVENTS PRECEDING THE FILING OF DEBTOR'S CHAPTER 11 PETITION

4.1 General Information

Debtor, Rock Star Chef Corporation, is a corporation authorized to do business within the Commonwealth of Puerto Rico, incorporated in 2012. The main business of the Debtor is to operate a restaurant under the same SODA where lunch and dinner is served. Prior to the filing for relief the Debtor operated five (5) days a week at its premises located on Calle Cuevillas, No. 562 Miramar, San Juan, Puerto Rico. As of the time of the filing of relief, the Debtor's sole stockholders and officers are Hector A. Rosa Rivera and Amanda Rosa Rivera, who are both chefs and have more than 10 years' experience in the field of work associated to Debtor's business.

From 2014 to 2016 due to administrative changes which had an adverse effect on the operation, Debtor accumulated a sales tax debt with the PR Department of Treasury which as of October of 2016 totaled approximately \$60,000.00. During the months of October and November 2016 officers of Debtor made good faith extrajudicial efforts to obtain a settlement and payment plan for the debt. However, efforts were fruitless as creditor PR Department of Treasury demanded full one-time payment of the debt. Cashflow of the Debtor did not allow for an immediate \$60,000.00 disbursement to said creditor and thus the PR Department of Treasury threatened to close the business of the Debtor.

Due to the aforementioned events the Debtor was forced to file a petition for relief under the instant case, in order reorganize its finances and operation, and propose a Plan of Reorganization to pay its creditors pursuant to the provisions of

the Bankruptcy Code.

4.2 Events Leading to Debtor's Chapter 11 Filing:

Threat of closing from the PR Department of Treasury and failure to obtain an extrajudicial payment plan from said creditor.

4.3 Debtor's Post-Petition Endeavors:

Since the filing of the Chapter 11 petition, on June 2, 2017, Debtor has undertaken the following efforts geared to completing its reorganization for the benefit of the estate and his creditors. Debtor is a small business debtor.

Case was commenced on June 2, 2017. On June 14, 2017 Debtor filed an Application for Employment of Counsel for Debtor, Landrau Rivera & Assoc. and counsel Noemí Landrau Rivera, Esq. at docket no. 7. Application for employment of counsel was approved on July 18, 2016 at docket no. 9.

The meeting of creditors under Section 341 of the Bankruptcy Code was held and closed on August 23, 2017.

Principals of Debtor reviewed the operation to reduce its payroll expense. They have also negotiated a new postpetition commercial lease agreement, on the same prepetition premises, which fixes the monthly lease payment to \$2,500.00 without yearly increases. Moreover, the Debtor also opened the restaurant for business on Sundays and Mondays which has brought additional income to its operation.

Debtor has not made any sale outside the ordinary course of business. The debtor has not applied for any post-petition financing nor does it have any

encumbrances that will affect payments to creditors or property of the estate. There are no adversary proceedings as of this time and none are projected to be filed. There are no projected recoveries of avoidable transfers, fraudulent conveyance, or other avoidance related actions.

At the time of the filing of the petition for relief Debtor's main source of income is derived from the operation of its business. Today it continues to be its main source of income to pay creditors under the proposed plan.

The monthly operating reports filed in the case show that the Debtor has made the financial adjustments so that it can start to successfully reorganize its finances and comply with plan payments. Debtor further expects its cash flow to improve with cost reduction measures and the reduction of its payroll and the consolidation of tasks upon its sole owners, Hector Rosa and Amanda Rosa. See monthly operating reports filed at docket numbers 28, 32, 35 and 36. Based on the monthly operating reports, "Income and Expense Projections" have been made which show that after implementing the administrative and operation changes, the Debtor has sufficient income and cash flow to comply with plan payments. See Income and Expense Projections at **Exhibit C**.

The Debtor has submitted all the required schedules. The information provided in the schedules, as amended, and the statement of financial affairs shows Debtor's financial position as of the date of the filing of the petition. The monthly operating reports available in the Bankruptcy Court's docket show Debtor's finances and results of operations for the period reported therein.

V. CLAIMS AGAINST DEBTOR AND ITS ASSETS

5.1 Claims Against Debtor

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

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

5.2 Objections to Claims

The amounts set forth as due to Holders of unclassified and classified claims are estimates only, based upon Debtor's Schedules and/or its belief as to amounts due to Holders of the various Claims. Debtor is including as **Exhibit D** hereto a Summary of Claims and Plan Payments as of December 15, 2017.

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

All objections to Claims must be filed and served on the Holders of such Claims by the Claims Objection Bar Date. If an objection has not been filed to a

proof of Claim or a scheduled Claim by the Claims Objection Bar Date, the Claim to which the proof of Claim or scheduled Claim relates will be treated as an Allowed Claim.

The Debtor, at his 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. Up to this date the Debtor does not predict that it will file any other objection to a claim other than the ones that have been previously made to this date.

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 you claim is later up upheld.

VI. DESCRIPTION OF THE PLAN AND TREATMENT OF CLAIMS

The following is a summary of the significant provisions of the Plan and is qualified in its entirety by said provisions. The Plan is being filed with the Bankruptcy Court simultaneously herewith. In the event and to the extent that the description of the Plan contained in the Disclosure Statement is inconsistent with any provisions of the Plan, the provisions of the Plan shall control and take precedence. All creditors are urged to carefully read the Plan. If the plan is confirmed, your recovery will be limited to the amount provided by the Plan.

6.1 Unclassified Claims

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

The Plan classifies the various claims against Debtor. A description of all classes of Claims and the Equity Interests, the estimated principal amount of each Class as of the Effective Date and its treatment are set forth below.

6.2 Administrative Expense Claims - Unclassified

Except as otherwise agreed to by Debtor and the Holder of an Allowed Administrative Expense Claim, each such Holder shall be paid in full in the regular course of business or as authorized by the Court, on or before the Effective Date.

A) Professional Fee Claims

The professionals retained in Debtor's Chapter 11 case have and will incur in fees and expenses from the date of their retention through the Effective Date of the Plan. It is impossible to predict the exact amount of the professional administrative expense fees that will be incurred through the Effective Date of the Plan. As of the filing of this Disclosure Statement, appointed counsel for Debtor has received \$5,000.00 in retainer fees. At present, Debtor estimates that additional Allowed

Professionals Fee Claims will amount to around to \$10,000.00 for unpaid services rendered and expenses incurred up to the Confirmation of the Plan to Debtor's Court appointed professionals. All amounts paid to professionals through the Confirmation Date, including interim fees and expenses already paid are subject to final Bankruptcy Court approval. Debtor reserves the right to contest the allowance of any professional fees.

6.3 Priority Tax Claims - Unclassified

Priority Tax Claims are Claims entitled to priority pursuant to Section 507 (a) (8) of the Bankruptcy Code. Such Priority Tax Claims consist of unpaid estimated employee withholding taxes, sales tax, municipal tax and workmen compensation premiums for priority years, as accrued prior to the Petition Date and pursuant to proofs of claims numbers 1, 2, 3, 4, 5 and 6 filed by the Internal Revenue Services, the PR Department of Treasury, the State Insurance Fund Corporation, the Municipality of San Juan and the PR Department of Labor. Priority Claims as per proofs of claims filed total \$115,645.92.

Treatment: Holders of Allowed Priority Tax Claims shall be paid in full, plus 3.5% interest thru prorata consecutive monthly installments totaling \$2,348.00 commencing on the 7th month after the Effective Date of the Plan and continuing on the last day of each month thereafter over a 60-month period, equal to the amount of such Allowed Priority Tax Claims plus 3.5% annual interest, provided that the payments to the holders of Allowed Priority Tax Claims is effected in a manner not less favorable than the most favored non-priority unsecured claims provided for in

the Plan, other than those payments made to a Class of creditors consisting only of every unsecured claims that are less than or reduced to an amount as reasonably necessary for administrative convenience.

6.4 Class 1: General Unsecured Claims - This class is Impaired

This class consists of general unsecured creditors. General Unsecured Creditors includes those listed by the Debtor and those who file proof of claims up to bar date on October 5, 2017 for non-governmental claims and general unsecured claims by governmental entities whose bar date expired on December 4, 2017. Unsecured creditors are as follows:

<u>CREDITOR:</u>	<u>CLAIM NO.</u>	<u>AMOUNT OWED</u>
Internal Revenue Service	1-3	\$4,665.47
CRIM	3-1	\$651.59
PR Department of Treasury	4-1	\$40,494.74
Municipality of San Juan	5-1	\$2,660.21
PR Department of Labor	6-1	\$305.68

Treatment: Within thirty (30) days after the Effective Date of the Plan Class 1 claimants shall receive a total repayment of 2.05% of their claimed or listed debt which equals a total of \$1,000.00 with no interest to be paid prorata to all allowed claimants under this class. See prorata distribution to each creditor in **Exhibit D**.

6.5 Means for Execution of the Plan and Future Management of Debtor

Except as otherwise provided in the Plan, Administrative Expense Claims will be paid on the Effective Date of the Plan. Holders of General Unsecured Claims and Allowed Priority Tax Claims will commence receiving payment on the 7th month after the Effective Date of the Plan.

The source of payments under the proposed Plan shall come from the operation of Debtor's business.

On the effective date of the Plan, the distribution, administration, management of Debtor's affairs, collection of money, sale of property and distribution to creditors, unless otherwise provided herein, will be under the control of the Debtor, Rock Star Chef Corporation, and its officials, Hector A. Rosa Rivera and Amanda Rosa Rivera. The funding of the Plan is contingent to the continued Debtor's operation of his business.

6.6 Executory Contracts and Unexpired Leases

As of the date of the filing for relief the Debtor held two commercial lease agreements as disclosed in Amended Schedule G filed at docket no. 12. The first which expired postpetition and new postpetition commercial lease was negotiated with more favorable terms than the prepetition agreement, fixing monthly lease payment to \$2,500.00. The second lease agreement is a month by month agreement for the lease of a lot used as parking for the restaurant. Total amount paid for the use of the lot is \$750.00. Executory contracts and leases which (i) have not expired by their own terms on or prior to the Confirmation Date, (ii) have not been assumed or rejected with the approval of the Bankruptcy Court on or prior to the Confirmation Date, (iii) are not the subject of a motion to reject which is pending on the Confirmation Date, shall be deemed assumed on the Effective Date, and the

entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumption pursuant to Sections 365 (a) and 1123 (b) (2) of the Bankruptcy Code.

If the rejection of such an executory contract or unexpired lease results in a claim for damages by the other party or parties to such contract or lease, any claim for such damages, if not evidenced already by a filed proof of claim, shall be forever barred and shall not be enforceable against Debtor' Estate, or its properties or agents, successors, or assigns, unless a proof of claim is filed with the Bankruptcy Court and served upon counsel for Debtor on or before forty-five (45) days following the Confirmation Date. Debtor retains the right to object to any rejection damages claims filed in accordance with this Section.

VII. LIQUIDATION AND FINANCIAL ANALYSIS

7.1 Best Interest of Creditors and Comparison with Chapter 7 Liquidation

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**.

In the event Debtor's Chapter 11 case is converted to Chapter 7 of the Bankruptcy Code, a Chapter 7 Trustee will be appointed, and the Trustee would liquidate Debtor's non-exempt assets pursuant to the provisions of the Bankruptcy Code. Debtor's Liquidation Analysis as of the filing date, is attached as **Exhibit E** hereto. The Liquidation Analysis reveals that in the event of a liquidation of Debtor's assets there would be a substantial loss to the Bankruptcy Estate, considering

Chapter 7 costs of administration and the expected value of the Estate's assets in a liquidation scenario. The Liquidation Analysis reflects that in the event of liquidation, there would be no funds for payments to creditors after payment of administrative fees, leaving no funds for any other priority or unsecured creditor.

7.2 Feasibility & Ability to Make Future Plan Payments

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, unless such liquidation or reorganization is proposed in the Plan.

The plan proponent believes that the Debtor will have enough cash on hand on the Effective Date of the Plan to pay for the claims and expenses that are entitled to be paid on that date.

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 included herein as **Exhibit C**, show that the Debtor will have an aggregate annual average cash flow, after paying operating expenses and post-confirmation taxes that will allow the monthly payments proposed. The final Plan payment is expected to be paid in 60 months from confirmation date.

The Plan provides for the full payment of Chapter 11 Administrative Expense Claims, including professional fees and US Trustee's quarterly fees, on the Effective Date. Under the Plan, the Holders of Priority Tax Claims will receive **100%** of their claims, plus 3.5% interest, as set forth in Debtor's Plan. Moreover, under the Plan, the Holders of General Unsecured Claims will receive **2.05%** of their claims.

Confirmation of the Plan will not only assure that Holders of Allowed Administrative Claims, Allowed Priority Tax Claims and Allowed General Unsecured Claims, will receive a prompt and more significant dividends on their claims, but also that they will avoid the risks, costs and uncertainties related to a liquidation process, the lack of familiarity by a Trustee with Debtor's affairs and operations, and the removal of the persons who can best maximize Debtor's assets.

VIII. EFFECTS OF CONFIRMATION OF THE PLAN

8.1 Discharge of Claims

Upon completion of plan payments discharge may be entered of all of debtor's debts proposed in the plan, unless otherwise ordered by the Court. Confirmation of this Plan does not discharge any debt provided for in the Plan until the Court grants a discharge on completion of plan payments or as otherwise provided in section 1141(d)(5) of the Code. The Debtor will not be discharged from any debt excepted from discharge under section 523 of the Code, except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure.

8.2 Modification of Plan

The Debtor may propose amendments or modification of this plan at any time prior to the confirmation of the Plan pursuant to 11 U.S.C. §1127. After the 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.

8.3 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 within ninety (90) days after the order confirming the plan becomes final, pursuant to L.B.R. 3022-1. Alternatively, the Court may enter such a final decree on its own motion.

IX. ALTERNATIVES TO THE PLAN

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

A. Liquidation Under Chapter 7

If no plan can be confirmed, the Case may be converted to Chapter 7 of the Bankruptcy Code, and as indicated above, a Trustee would be elected or appointed to liquidate Debtor's assets for distribution to creditors in accordance with the priorities established by the Bankruptcy Code. As set forth in the Liquidation Analysis attached as **Exhibit E** hereto, no distribution for general unsecured creditors is foreseen in a Chapter 7. Thus, Debtor believes that Priority and General

Unsecured Creditors would receive higher and prompt dividend under the Chapter 11 Plan.

B. Dismissal of the Case

Dismissal of the Case would likely create substantial problems for all parties involved including, a run to the courthouse, which most likely would result, in the disregard of the orderly and structured equitable payments provided by the Plan under the provisions of the Bankruptcy Code. Therefore, dismissal of the Case is not a viable alternative for creditors.

C. Alternative Plan of Reorganization

If the Plan is not confirmed, Debtor could attempt to formulate a different plan. Debtor believes, however, that the Plan described herein will provide the greatest and most expeditious return to creditors.

X. TAX CONSEQUENCES OF THE PLAN:

Notwithstanding the confirmation of the Plan, the Debtor will be liable for the payment of property taxes, income taxes, capital gain taxes, and other taxes that might become due after the confirmation of the Plan. Debtor might be entitled to off-set part of the income tax liability against the net operating loss ("NOL") accrued by Debtor. The NOL will be preserved without material reduction, otherwise taxable income.

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.

X. CONCLUSION:

Debtor believes that the Plan is fair and reasonable and in the best interest of its Estate and Creditors and offers the best possible recoveries for Creditors. Debtor therefore urges Creditors to vote in favor of the Plan.

Dated: December 15, 2017.

**Rock Star Chef Corporation
Debtor-In Possession**

**/s/ Héctor A. Rosa Rivera
Authorized representative of Debtor
President of Debtor**

CERTIFICATE OF SERVICE

I hereby certify that on this same date I electronically filed this Disclosure Statement with all of its Exhibits with the Clerk of the Court using the CM/ECF System which sends a notification of such filing to all parties in this case registered for receipt of notice by electronic mail including the US Trustee at ustregion21.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 disclosure statement by depositing a true and correct copy thereof in the United States Mail to all non-user creditors and parties in interest as per attached Master Address List.

ROCK STAR CHEF CORPORATION
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In San Juan, Puerto Rico this 15th day of December 2017.

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