

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

**IN RE:**

**JDHG, LLC**

**DEBTOR**

**CASE NO. 18-02810 (ESL)**

**CHAPTER 11**

**IN RE:**

**CARIBBEAN WINDS, INC.**

**DEBTOR**

**CASE NO. 18-02809 (ESL)**

**CHAPTER 11**

**IN RE:**

**AUGUST SAGE HOLDINGS, LLC**

**DEBTOR**

**CASE NO. 18-02808 (ESL)**

**CHAPTER 11**

**IN RE:**

**GREEN HORIZON, INC.**

**DEBTOR**

**CASE NO. 18-02811 (ESL)**

**CHAPTER 11**

**DISCLOSURE STATEMENT**

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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"), the Estates of JDHG, LLC, Caribbean Winds, Inc., August Sage Holdings, LLC, and Green Horizon, Inc. (collectively "Debtors"), debtors and debtors-in-possession in the above captioned cases, provide this Joint Disclosure Statement (the "Disclosure Statement") to all of their known creditors. The purpose of the Disclosure Statement is to provide such information as Debtors believe may be deemed necessary for Debtors' creditors to make an informed decision in exercising their rights to vote on Debtors' Joint 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.

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

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

Although great efforts have been made to be accurate, Debtors, their 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 Debtors' creditors to make an informed judgment in exercising their right to vote for or against the Plan.

No representations concerning Debtors, including the value of their assets, or the aggregate dollar amounts of their 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 Debtors' creditors that differ from those contained in the Disclosure Statement, should not be relied upon in voting on the Plan.

Debtors believe that the Plan provides the quickest recovery and will maximize the return to creditors on its Claims. **ACCORDINGLY, DEBTORS URGE ALL CREDITORS TO VOTE IN FAVOR OF THE PLAN.**

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

The Plan specifies the manner in which the Claims are to be treated. Allowed Administrative Expense Claims and Allowed Priority Tax Claims, if any, are not classified for purposes of voting under the Plan, but the Plan does provide for the treatment of such Claims. The table below provides a summary of the treatment of those claims and of the various Classes of Claims against Debtors. To the extent that the terms of the Disclosure Statement vary from those of the Plan, the terms of the Plan will control.

**JDHG, LLC AND AFFILIATES**  
**Joint Disclosure Statement**

| DESCRIPTION OF CLAIM  | CLASS          | ESTIMATED AMOUNT OF ALLOWED CLAIM | TREATMENT AND ESTIMATED RECOVERY UNDER THE PLAN  |
|---|----------------|-----------------------------------|--|
| <p><b>Holders of Allowed Administrative Expense Claims (Estimated)</b></p>              | <p>N/A</p>     | <p>\$238,000.00</p>               | <p>Unimpaired.</p> <p>Estimated Recovery: <b>100%</b></p> <p>Except as otherwise agreed to by Debtors and the Holder of an Allowed Administrative Expense Claim, each such Holder shall be paid in full in cash on the Effective Date of the Plan (the "Effective Date").</p> <p>Payments to Professionals will be made as approved by the Bankruptcy Court during the pendency of the Chapter 11 Case. US Trustee's Quarterly fees will be paid when due, with any pending balance to be paid on or before the Effective Date.</p>  |
| <p><b>Holders of Allowed Priority Tax Claims</b></p>                                    | <p>N/A</p>     | <p>\$26,158.83</p>                | <p>Unimpaired.</p> <p>Estimated Recovery: <b>100%</b></p> <p>Holders of Allowed Priority Tax Claims, secured and unsecured, will be paid in full, in cash, on the Effective Date.</p>  |
| <p><b>The Allowed Claims of the ACM CCSC VI-A (Cayman) Asset Co. ("ACM Cayman")</b></p> | <p>Class 1</p> | <p>\$ 21,094,560.00</p>           | <p>Impaired.</p> <p>Estimated Recovery: <b>26%</b></p> <p>ACM Cayman with claims for \$21,094,560.00, arising from commercial loans issued to Debtors, secured by Debtors' real properties, will be paid \$5,600,000 on the Effective Date, in full payment and release of all of ACM Cayman's claims against Debtors and Debtors Affiliated Entities. Debtors will obtain the funds for such payment from a \$4,000,000 DIP loan from Acrecent Financial, Inc., a \$550,000.00 contribution from Debtors' affiliate Auberge Haven, Inc., and the balance of \$1,050,000 from loans and contributions by Mr. John B. Dennis' friends and family members.</p> |
| <p><b>Holders of Allowed General Unsecured Claims</b></p>                               | <p>Class 2</p> | <p>\$140,335.87</p>               | <p>Impaired.</p> <p>Estimated Recovery: <b>100%</b></p> <p>Holders of Allowed General Unsecured Claims shall be paid in full satisfaction of their claims 100% thereof through sixty (60) consecutive equal monthly installments of \$2,338.93, commencing on the thirtieth (30<sup>th</sup>) day of the month following the Effective Date and continuing on the thirtieth (30<sup>th</sup>) day of the following fifty-nine (59) months.</p>   |
| <p><b>Interest in Debtor</b></p>  | <p>Class 3</p> | <p>N/A</p>                        | <p>Unimpaired.</p> <p>Estimated Recovery: <b>N/A</b></p> <p>Debtors' shareholder will not receive any distributions under the Plan but will retain unaltered his equity interest in Debtors.</p>   |

For a more detailed description of the treatment of the foregoing Classes of Claims see, “Treatment of Claims Under the Plan”.

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

### **III. INFORMATION ABOUT THE REORGANIZATION PROCESS**

#### **3.1 Purpose of a Disclosure Statement**

This Disclosure Statement includes background information about Debtors and identifies the Classes into which creditors have been placed by the Plan. The Disclosure Statement describes the proposed treatment of each of those Classes if the Plan is confirmed. In addition, it contains information concerning the prospects in the event of confirmation or, in the alternative, the prospects if confirmation is denied or the proposed Plan does not become effective.

Upon its approval by the Bankruptcy Court, the Disclosure Statement 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 a reasonable, hypothetical investor, typical of a holder of an impaired claim or an interest to make an informed judgment about the Plan. Approval of the Disclosure Statement, however, does not constitute a recommendation by the Bankruptcy Court either for or against the Plan.

#### **3.2 Voting Procedure**

All creditors entitled to vote on the Plan may cast their votes for or against the Plan by completing, dating, signing and causing the Ballot Forms accompanying the Disclosure Statement as **Exhibits A-1** and **A-2** to be returned to the following address:

**JDHG, LLC**  
**c/o Charles A. Cuprill-Hernández, P.S.C. Law Offices**  
**356 Fortaleza Street – Second Floor**  
**San Juan, PR 00901**  
**or at: ccuprill@cuprill.com**

The Ballots must be received **on or before 4:00 P.M. (Eastern Standard Time)** on \_\_\_\_\_, **2018**, to be counted in the voting. Ballots received after this time will not be counted in the voting unless the Bankruptcy Court so orders. Those not marked as accepted or rejected will be deemed as an acceptance of the Plan.

Debtors recommend a vote for "ACCEPTANCE" of the Plan.

### **3.3 Ballots**

Pursuant to the provisions of the Bankruptcy Code, only classes of claims which are “impaired” under the terms and provisions of the plan are entitled to vote to accept or reject the same.

Members of Classes 1 and 2 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. Class 3 is unimpaired under the Plan, and not entitled to vote. A party who holds claims in more than one impaired Class should complete a Ballot for each Class with respect to the applicable portion of the claim included in each Class.

### **3.4 The Confirmation Hearing**

Pursuant to Section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a Hearing on Confirmation of the Plan to commence on \_\_\_\_\_, **2018** at \_\_\_\_\_ A.M., or as



soon thereafter as the parties can be heard. The Confirmation Hearing will be held before the Honorable Enrique S. Lamoutte Inclan, United States Bankruptcy Judge, 300 Recinto Sur Street, San Juan, Puerto Rico 00901, or before such other Bankruptcy Judge and at such other place as may be indicated in the future.

At the Confirmation Hearing, the Bankruptcy Court will consider whether the Plan satisfies the various requirements of the Bankruptcy Code, including whether it is feasible and in the best interests of holders of claims. The Bankruptcy Court will also receive and consider a Report of Plan Voting prepared by Debtors, summarizing the votes for acceptance or rejection of the Plan by parties entitled to vote.

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

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

Any objection to confirmation of the Plan must be in writing, filed and served as required by the Bankruptcy Court pursuant to the order (**Exhibit B**) approving the Disclosure Statement on Debtor, the United States Trustee and all parties having appeared in the case and requested to be served with pleadings filed in the case.

### **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, the 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 Debtors were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date.

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

If a Class or Classes of impaired Claims does not or do not accept the Plan, Debtors will request confirmation of the Plan under the “cram down” provisions of Section 1129(b) of the Bankruptcy Code, which permit 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. GENERAL INFORMATION

##### 4.1 Description of the Debtors, Historical Overview, and Events Preceding the Chapter 11 Filings

*JDHG, LLC* (“JDHG”) was created during 1992 when Mr. John B. Dennis Brull (“Mr. Dennis”) established his first hospitality business in Puerto Rico by leasing a 1920 home at 53 Taft Street, Condado, San Juan, Puerto Rico, which he refurbished as a Boutique Hotel named Wind Chimes Boutique Hotel (“WCH”). The property was initially leased and later acquired during the same year with a loan from Scotiabank for approximately \$385,000. WCH started with two rooms and years later expanded to 14 rooms.

Over the years the business became successful and Mr. Dennis had the opportunity to expand his business endeavors in 1997 with the acquisition of the contiguous corner house at 1750 McLeary Street., Condado, San Juan Puerto Rico for approximately \$425,000. This property was remodeled by the addition of a swimming pool, lobby and parking areas, several gardens, decks. Today it has 21 rooms.

Until 2012, WCH was operated by Mr. Dennis in his personal capacity. In order to facilitate the permitting process with the Puerto Rico Department of Tourism, obtain incentives, facilitate income tax filings and other regulatory requirements of the hotel industry, JDHG took over the day to day operations and has been the entity that operates WCH. All revenues and expenses are recorded, recognized by and taxed through JDHG. Auberge Haven, Inc., (“Auberge Haven”), Debtors’ affiliate, through a management agreement, furnishes administrative support to JDHG by meeting all personnel needs, hiring, training and managing the same, as well as accounts payable managing (recordkeeping and payment), accounting support, tax filings and others.

On May 17, 2018, the ownership of the properties comprising WCH and that at Number 12 Cervantes Street, Condado, San Juan, Puerto Rico were transferred by Mr. Dennis to August Sage Holdings, LLC, (“August Sage”) debtor in Case No. 18-02808 (ESL).

JDHG’s revenues for the years ended December 31, 2015, 2016, and 2017 were \$815,517, \$820,702, and \$1,035,235, respectively.

*Caribbean Winds, Inc.* (“Caribbean Winds”) was incorporated on February 6, 1996, under the laws of Puerto Rico.

Caribbean Winds is the owner of a real property at Number 8 Taft Street, Condado, San Juan, Puerto Rico, consisting of a 21 room Boutique Hotel known as Acacia Boutique Hotel, with a fine restaurant under the name of Niche, purchased on September 11, 2002.

Since 2010, Auberge Haven, through a management agreement, also furnishes administrative support to Caribbean Winds by meeting all personnel needs, hiring, training, and managing employees, as well as accounts payable management (recordkeeping and payment), accounting support, tax filings and others.

Caribbean Winds revenues for the years ended December 31, 2015, 2016, and 2017 were \$1,254,554, \$1,469,185, and \$1,713,646, respectively.

*Green Horizon, Inc* (“Green Horizon”) as per recommendations of Debtors’ former secured lender, Westernbank of Puerto Rico, Inc., (“Westerbank”) Mr. Dennis, through Green Horizon, invested in a property at Vieques, Puerto Rico, named Inn on the Blue Horizon (the “Blue Horizon”), consisting of a four bedroom home on 17.74 “cuerdas” of rural land. Thereafter, accessory buildings or small cottages were added to bring the Blue Horizon to a total of 10 rooms, comprised of the following:

1. A Main House with 4 rooms, dinning and kitchen facilities as well as an open covered area for guests.

2. A small restaurant with 10 tables on the balcony.
3. A round open structure with no walls that serves as a bar.
4. A small building near the parking area that holds the check inn-reception, laundry room, and storage area.
5. Three small buildings of 2 rooms with bathrooms each for a total of 6 additional guest house rooms
6. Containers for storage and other areas.

Green Horizon is also the owner of a 32-acres unimproved parcel of land, adjacent to the Blue Horizon. It was incorporated on December 4, 2001, as the result of the corporate merger of Ixy Dixy, Inc. and Spanish Virgin Islands Development Company, Inc.

Since 2010, Auberge Haven furnishes administrative support to Green Horizon by providing all personnel needs, hiring, training and managing employees, as well as accounts payable management (recordkeeping and payment), accounting support, tax filings and others.

Green Horizon's revenues for the years ended December 31, 2015, 2016, and 2017 were \$746,981, \$955,323, and \$1,107,590, respectively. Since the passage of hurricanes Irma and María the Blue Horizon has been closed due to a non-existent infrastructure in Vieques.

*August Sage* as part of a reorganization geared to the merger of various affiliated entities and to provide a commercial structure for the three (3) properties previously owned by Mr. Dennis, on May 17, 2018 August Sage was created and became the owner of the properties at 1750 McLeary Ave. and 53 Taft Street, Condado San Juan Puerto Rico, and number 12 Cervantes Street, Condado, San Juan, Puerto Rico, where the combined central offices of WCH and Acacia Boutique Hotel have been located since 1997, as well as their central warehouse and storage facilities. Thereat, is also a residential apartment.

August Sage's day to day operations are undertaken by JDGH. Auberge Haven is in charge of managing August Sage's administrative undertakings, such as recruiting and personnel management, payment of accounts and suppliers, accounting and other administrative matters.

As a result of the financial crisis in Puerto Rico for the last 12 years, Debtors were unable to comply with their debt service and financial requirements under loans originally granted by Westernbank, acquired by BPPR on April 30, 2010<sup>1</sup>. After many years of unsuccessful negotiations with BPPR and litigation therewith, BPPR obtained a judgment against Debtors in case Number KCD2010-3355, before the Court of First Instance of Puerto Rico, Superior Section of San Juan. After the judgment, BPPR sold the loans to ACM Cayman, who continued with the case, requesting the execution of the judgment and the foreclosure of Debtors' real properties through a public sale scheduled for May 22, 2018.

In order to protect their assets and reorganize their financial affairs, on May 21, 2018, Debtors filed their Chapter 11 petitions in the captioned cases, obtaining the benefits of the automatic stay provisions of Section 362(a) of the Bankruptcy Code in order to have time to prepare and file a plan of reorganization.

#### **4.2 Debtors' Post-Petition Endeavors.**

As a result of the filing by Debtors of their Chapter 11 Petitions, they received the benefits of 11 U.S.C. § 362(a), which stayed all collection actions and judicial proceedings against them, providing Debtors the opportunity to file a Joint Plan of Reorganization and this Disclosure Statement, without the pressures that drove them into Chapter 11, as envisioned by the Bankruptcy Code.

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<sup>1</sup> As a result of the closing of Westernbank by the FDIC on April 30, 2010.

The United States Trustee convened the First Meetings of Creditors pursuant to Section 341 of the Bankruptcy Code in Debtors' case on June 29, 2018 and July 2, 2018, respectively. The Section 341 Meetings were closed.

Debtors sought and obtained the Bankruptcy Court's approval to retain Charles A. Cuprill, P.S.C. Law Office, as their bankruptcy counsel; and CPA Luis R. Carrasquillo & Co., P.S.C., as their financial advisor on all matters pertaining to Debtors' reorganization.

Other actions taken by Debtors during the Post-Petition Period include:

- Joint stipulations with ACM Cayman for the use of cash collateral were filed on June 28, 2018 and approved by the Court on July 5, 2018.
- Motions for their substantive consolidation on June 28, 2018, with JDHG as the surviving entity.
- Objections to ACM Cayman's proof of claims.

In turn ACM Cayman has filed the following pleadings:

- Motion for designation of Caribbean Winds and Green Horizon Chapter 11 Cases as Single Asset Real Estate (SARE) cases.
- Motions for Relief from Stay and for conversion of Debtors Chapter 11 cases to Chapter 7 of the Bankruptcy Code.

On July 23, 2018, Debtors and ACM Cayman filed joint motions to stay the aforesaid contested matters and vacate the hearings thereon, pending the submission of a settlement agreement by August 6, 2018, which were granted by the Court on July 24, 2018.

Within forty five (45) days from the Effective Date, Debtors will be substantively consolidated with JDHG as the surviving entity, who will receive as such all real properties and other assets from the other Debtors, including all permits and licenses, and

will be responsible for the consummation of this Plan. JDHG will then enter into a management agreement with Auberge Haven, pursuant to which Auberge Haven will manage JDHG's properties on the basis of \$15,000.00 management fee, plus the reimbursement of all expenses incurred in the management and/or operation of JDHG's properties.

## V. CLAIMS AGAINST DEBTORS

### 5.1 Claims Against Debtor

Claims against Debtors that are Allowed Claims, as defined in the Plan, will be entitled to distribution pursuant thereto, as indicated in pages 6 hereof.

The Plan provides that only the holders of Allowed Claims, that is holders of Claims which are not dispute, or 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. Debtors are including as **Exhibit C** hereto a Summary of Claims and Plan Payments.

## VI. DESCRIPTION OF THE PLAN

The following is a summary of the significant provisions of the Plan and is qualified in its entirety by said provisions. In the event and to the extent that the description of the Plan contained in the Disclosure Statement is inconsistent with any provisions of the Plan, the provisions of the Plan shall control and take precedence. All creditors are urged to carefully read the Plan.

### 6.1 Unclassified Claims



In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims are not classified in the Plan. A description of the unclassified claims and the claims 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 page 6 and 7 hereof. Administrative Expense Claims are generally the ordinary and necessary costs of administering and operating during a Chapter 11 case.

## **6.2 Administrative Expense Claims**

Except as otherwise agreed to by Debtors and Holders of any Allowed Administrative Expense Claim, each such holder shall be paid in full in cash in the regular course of business or as authorized by the Court on or before the Effective Date. If Debtors dispute any portion of an Administrative Expense Claim, it shall pay such Claim within thirty (30) days after the entry of a Final Order with respect to the allowance of such disputed Administrative Expense Claim. Debtors will reserve the necessary funds to meet these payments.

## **6.3 Professional Fee Claims**

The professionals retained by Debtors in their Chapter 11 case, have and will incur fees and expenses from the date of their retention through the Effective Date. It is impossible to predict the amount of additional professional administrative expense fees that will be incurred through the Effective Date. As of the filing of this Disclosure Statement, Debtors have paid \$70,000 in retainer fees. Debtors estimate that additional Allowed Professionals Fee Claims will aggregate from \$200,000 to \$250,000 for unpaid services rendered and expenses incurred by its professionals up to the Confirmation of the Plan. All amounts paid to professionals through the Confirmation Date, including interim fees and expenses are subject to final Bankruptcy Court's approval. Debtors reserve the right to contest the allowance of any professional fees.

## **6.4 Priority Claims**

### **A) Priority Tax Claims**

Priority Tax Claims are Claims entitled to priority pursuant to Section 507(a)(8) of the Bankruptcy Code. Such Priority Tax Claims consist primarily of taxes due to “Centro de Recaudación de Ingresos Municipales” (“CRIM”). Debtors are including as **Exhibit D** hereto a Summary of their Priority Tax Claims and Plan payments.

Holders of Allowed Priority Tax Claims, secured and unsecured, shall be paid 100% of their Claims on the Effective Date.

### **6.5 Classes of Claims**

As of the Petition Date, Debtors had ACM Cayman’s secured debts and General Unsecured Claims, as more particularly described below and in pages 6 hereof. The Plan classifies the various claims against Debtors. A description of all Classes of Claims, the estimated principal amount of each Class as of the Effective Date and its treatment are set forth below. The Classes of Claims set forth in the Plan are as follows:

Class 1 – Consists of ACM Cayman’s Claims.

Class 2 - Consists of Holders of Allowed General Unsecured Claims.

Class 3 – Consists of the Interest in Debtor.

### **6.6 Treatment of Claims.**

#### **Class 1 – ACM Cayman**

(a) Impairment and Voting- Class 1 is Impaired under the Plan and is entitled to vote to accept or reject the Plan.

(b) Distribution- ACM Cayman with Secured Claims for \$21,094,560.00, arising from various commercial loans to Debtors, secured by Debtors’ real properties, will be paid \$5,600,000 on the Effective Date, in full payment and release of all of Cayman’s claims against Debtors and Debtors Affiliated Entities. Debtors will obtain the funds for such payment from a

\$4,000,000 DIP loan from Acrecent Financial, Inc. (“Acrecent”), a \$550,000.00 contribution from Debtors affiliate, Auberge Haven, and the \$1,050,000.00 balance from loans and contributions by Mr. Dennis’ friends and family members.

Estimated Recovery: 26%

**Class 2 – Holders of Allowed General Unsecured Claims**

(a) Impairment and Voting- Class 2 is unimpaired under the Plan and is not entitled to vote to accept or reject the Plan.

(b) Distribution- Holders of Allowed General Unsecured Claims shall be paid in full satisfaction of their claims 100% thereof through sixty (60) consecutive equal monthly installments of \$2,338.93, commencing on the thirtieth (30<sup>th</sup>) day of the month following the Effective Date and continuing on the thirtieth (30<sup>th</sup>) day of the following fifty-nine (59) months.

Estimated Recovery: 100%

**Class 3 – Interest in Debtor**

(a) Impairment and Voting - Class 3 is unimpaired under the Plan and is not entitled to vote to accept or reject the Plan.

b) Distribution: Debtors’ shareholder, Mr. Dennis, will not receive any distributions under the Plan but will retain his interest in Debtors unaltered.

Estimated Recovery: N/A

**6.7 Means for Implementation of the Plan**

The Plan contemplates the funding indicated above. With its own resources Debtors will be able to make the other payments required by the Plan, as evidenced by the estimated balance of Debtors’ debtors in-possession bank accounts of \$180,000.00.

**6.8 Debtors Post Confirmation Management**

Within forty five (45) days from the Effective Date, Debtors will be substantively consolidated with JDHG as the surviving entity, who will receive as such all real properties and other assets from the other Debtors, including all permits and licenses, and will be responsible for the consummation of this Plan. JDHG will then enter into a management agreement with Auberge Haven, pursuant to which Auberge Haven will manage JDHG's properties on the basis of a \$15,000.00 management fee, plus the reimbursement of all expenses incurred in the management and/or operation of JDHG's properties.

### **6.9 Executory Contracts**

With the exception of the management agreements with Auberge Haven, to be assumed by JDHG as the surviving entity on a consolidated basis as a single contract, all other unexpired executory contracts and unexpired leases shall be deemed rejected on the Effective Date and the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejection pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code. The management agreements with Auberge Haven and JDHG will be assumed by Debtors and the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code.

If the rejection of an executory contract or unexpired lease results in a claim for damages by the other party to such contracts or leases, any claim for such damages, shall be forever barred and will not be enforceable against the Debtors or their properties, their agents, successors, or assigns, unless a Proof of Claim is filed with the Bankruptcy Court and served upon counsel for Debtors on or before thirty (30) days following the Confirmation Date. Debtors retain the right to further 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**

In the event Debtors' Chapter 11 cases are converted to Chapter 7 of the Bankruptcy Code, a Chapter 7 Trustee will be appointed for Debtors' Estates to liquidate the Estates' assets pursuant to the provisions of the Bankruptcy Code, after attending to the immediate issues of securing the same.

The Chapter 7 Trustee will then retain real estate brokers, appraisers, counsel and other professionals to liquidate Debtors' Estates. Therefore, recovery by Creditors may be affected by an extended period of time. Moreover, in a liquidation scenario, the funds from Debtors' loan from Acrecent, the contributions by Auberge Haven and the loans and contributions by Mr. Dennis' friends and family will not be available, decreasing even further the recovery for creditors in the captioned cases.

A Liquidation Analysis with respect to Debtors' assets as of June 30, 2018, is attached as **Exhibit E** hereto (the "Liquidation Analysis").

The Liquidation Analysis reveals that in the event of a liquidation of Debtors' assets, there would be a substantial loss to Debtors' Estate, considering the Chapter 7 costs of administration and the expected value of the Estate's assets in a liquidation scenario. It also reflects what in Chapter 11 the respective creditors are expected to receive under the Plan versus what is projected they would receive in Chapter 7, underscoring the benefits of the confirmation of the Plan and its effectiveness. Pursuant to the Liquidation Analysis, General Unsecured Creditors would not receive any dividends of their claims. Therefore, confirmation of the Plan will ensure that the Holders of Administrative Expense Claims, Allowed Priority Claims, ACM Cayman, and Allowed General Unsecured Claims, will receive prompt payments of their claims.

The Liquidation Analysis contains estimates and assumptions that, although developed and considered reasonable by Debtors are inherently subject to significant economic uncertainties and contingencies beyond their control.

## **7.2 Feasibility of the Plan**

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

As of the Petitions Date, Debtors owned assets and had liabilities, as more particularly described in their Amended Schedules and Statement of Financial Affairs, which Debtors filed with the Bankruptcy Court.

Debtors have also prepared and filed with the Bankruptcy Court monthly operating reports summarizing their post-petition financial performance. **Exhibit F** hereto consists of Debtors' June 30, 2018 Operating Report filed with the Bankruptcy Court. Debtors' Monthly Operating Reports, Schedules and Statement of Financial Affairs are available for public inspection at the office of the Clerk of the Bankruptcy Court during regular business hours. **Exhibit G** hereto consists of Debtors' Summary of Operating Reports filed with the Bankruptcy Court. **Exhibit H** hereto consists of Debtors' most recent audited financial statements as of December 31, 2017. **Exhibit I** hereto consists of Debtors' consolidated Cash Flows Projections reflecting the feasibility of the Plan.

#### **a) Real Property**

As of the Petition Date, Debtors were the owner of several real properties.

Debtors' Schedules A, which detail the properties owned by Debtors as of the filing date, is available for public inspection at the office of the Clerk of the Bankruptcy Court during regular business hours.

#### **b) Personal Property**

As of the Petition Date, Debtors' Schedules listed Debtor' personal property consisting of cash, bank accounts, accounts receivables, hotel and restaurant equipment, and others, with an aggregate value of \$199,202.78. A detail of Debtors' personal property can be found in Debtors' Schedule B, available for public inspection at the office of the Clerk of the Bankruptcy Court

during regular business hours. The values reflected in Debtors' Schedules represents the estimated values of their assets, based on Debtors' opinion or acquisition costs. To better evaluate the recovery of such assets, a Liquidation Analysis as of May 31, 2018 has been prepared (Exhibit E).

**7.3 Pending Litigation**

At the time of the filing of the Chapter 11 petition, Debtors had the following case:

| CAPTION OF SUIT AND CASE NUMBER  | NATURE OF PROCEEDING                                   | COURT  | STATUS OR DISPOSITION |
|--|--|--|-----------------------|
| Caribbean Winds, Inc. et. als. vs. Banco Popular of Puerto Rico et. als.<br><br>CASE NUM.: KAC2016-1152(806)   | Nullity of Judgment and Redemption of Litigious Credit | Court of First Instance of P.R., San Juan Section        | Pending               |
| ACM CCSV VI-A (Cayman) Asset Co. vs. Caribbean Winds, Inc., Green Horizon, Inc., AWCI Corp., Atlantic Winds, Inc., Spanish Virgin Island Development, Co., Ixy Dixy, Inc., John B. Dennis Brull.<br><br>CASE NUM.: KCD2010-3335(807) | Collection of Money and Mortgage Foreclosure           | Court of First Instance of P.R. San Juan Section         | Concluded             |
| Jorge Peterson Osorio vs. Green Horizon, Inc.<br><br>CASE NUM.: A6-D2-SL-0050-14   | Labor Claim  | Department of Labor and Human Resources, Humacao Section | Pending               |
| Isabelo Peterson Castro vs. Green Horizon, Inc.<br><br>CASE NUM.: A6-D2-BN-0008-15   | Labor Claim  | Department of Labor and Human Resources, Humacao Section | Pending               |
| Caribbean Winds, Inc. vs. JEMSC, LLC and Marc Nuccitelli<br><br>Case No. KAC13-0540 (508)  | Breach of Contract, and Collection of Money            | Court of First Instance of P.R. San Juan Section         | Pending               |

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

**8.1 Bar Date**

On May 22, 2018, in the “Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors and Deadlines” in Debtors’ case, the Bankruptcy Court fixed September 27, 2018, as the bar date for the filing of Proofs of Claim, except for Governmental Units and November 20, 2018, for such filings by Governmental Units.

## **8.2 Determination of Claims**

The Plan specifies procedures for objecting to claims. Debtors may object to Claims on or before the Claims Objection Deadline and the Government Bar Date. No payments will be made under the Plan on account of Disputed Claims until their allowance by the Bankruptcy Court. The Plan provides that Distributions on Disputed Claims will be held in reserve until the Disputed Claims are allowed (at which time the reserves will be distributed, and the Claims will be treated according to the terms of the Plan), or disallowed (at which time the reserves will be distributed on account of Allowed Claims pursuant to the terms of the Plan).

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

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

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

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

If a plan cannot be confirmed, the Debtors Chapter 11 Cases may be converted to Chapter 7 of the Bankruptcy Code, and a Trustee would be elected or appointed to liquidate Debtors’



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, Debtors believe that conversion of their Chapter 11 Cases to Chapter 7 of the Bankruptcy Code would not result in a timely distribution to creditors and will delay the distribution process to all classes of creditors, to receive dividends under the Plan, as set forth above.

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

**B. Dismissal of the Chapter 11 Cases**

Dismissal of the Chapter 11 Cases would likely create substantial problems for all parties involved, including a run to the courthouse and the foreclosure by ACM Cayman of its loans on Debtors' realty and other assets, which would result in an abandonment of the orderly and structured equitable payments provided for by the Plan under the provisions of the Bankruptcy Code. Therefore, dismissal of the Chapter 11 Cases is not a viable alternative for creditors.

**C. Alternative Plan of Reorganization**

If the Plan is not confirmed, Debtors could attempt to formulate a different Plan. Debtors believe that the Plan will provide the greatest and most expeditious return to creditors.

**X. TAX EFFECTS**

Based on the provisions of the Puerto Rico Internal Revenue Code and the Bankruptcy Code, Debtors expect that the implementation of the Plan will not have any tax effects thereon.

**XI. CONCLUSION**

Debtors submit that the Plan is fair and reasonable and in the best interest of their Estates and Creditors and offers the best possible recovery for Creditors under the circumstances. Debtors therefore, urge creditors to vote in favor of the Plan.

**JDHG, LLC AND AFFILIATES**  
***Joint Disclosure Statement***

**Case No. 18-02810 (ESL)**  
**Page 26**

Signed this 6<sup>th</sup> day of July 2018.


**JDHG, LLC**

By:   
\_\_\_\_\_  
**John B. Dennis-Brull, President**


**Caribbean Winds, Inc.**

By:   
\_\_\_\_\_  
**John B. Dennis-Brull, President**

**August Sage Holdings, LLC**

By:   
\_\_\_\_\_  
**John B. Dennis-Brull, President**

**Green Horizon, Inc.**

By:   
\_\_\_\_\_  
**John B. Dennis-Brull, President**

**I HEREBY CERTIFY** that on this date, I electronically filed the foregoing with the clerk of the Court using the CM/ECF system, which will send notification of such filing to all CM/ ECF participants including the US Trustee.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 6<sup>th</sup> day of August 2018

s/CHARLES A. CUPRILL-HERNANDEZ  
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