

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

**IN RE:**

**INTRADE LOGISTICS, CORP.**

**Debtor**

**CASE NO. 18-03828 (MCF)**

**CHAPTER 11**

**DISCLOSURE STATEMENT  
OF  
INTRADE LOGISTICS, CORP.**

CHARLES A. CUPRILL P.S.C.  
LAW OFFICES  
356 Fortaleza Street  
Second Floor  
San Juan, PR 00901  
Tel.: 787-977-0515  
Fax: 787-977-0518  
E-mail: [ccuprill@cuprill.com](mailto:ccuprill@cuprill.com)

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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"), Intrade Logistics, Corp., debtor and debtor-in-possession in the above captioned case ("Debtor"), 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 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 United States Bankruptcy Court for the District of Puerto Rico (the "Bankruptcy Court") simultaneously herewith.

Debtor recommends 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 each 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 Debtor's management based upon Debtor's knowledge of its records, business and affairs. Except as otherwise expressly indicated, the information provided by Debtor in the Disclosure Statement has not been subject to an audit or independent review. Although great 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 THE PLAN.**

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

The Plan specifies the manner in which the Claims and Interest 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 those claims and of the various Classes of Claims against Debtor, as well as of Debtor's shareholder interest in 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 Claims	Class	Estimated Amount of Allowed Claim	Treatment and Estimated Recovery Under the Plan
Holders of Allowed Administrative Expense Claims	N/A	\$57,800.00	<p>Unimpaired</p> <p>Estimated Recovery: 100%</p> <p>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 Bankruptcy Court or on before the Effective Date of the Plan ("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 of the Plan (the "Effective Date").</p>
Holders of Allowed Priority Tax Claims (Secured and Unsecured)	N/A	\$82,529.27	<p>Unimpaired.</p> <p>Estimated Recovery: 100%</p> <p>Holders of Allowed Priority Tax Claims (Secured and Unsecured), primarily consisting of the allowed claims of the Internal Revenue Service, the Department of the Treasury of Puerto Rico, the Department of Labor of Puerto Rico, and the State Insurance Fund Corporation will be paid in full on the Effective Date, primarily from a capital contribution to be made by Debtor's Shareholder.</p>
Holders of Allowed General Unsecured	Class 1	\$1,684,655.50	<p>Impaired.</p> <p>Estimated Recovery: 15%</p>

Claims			Holders of Allowed General Unsecured Claims, including claims related to Debtor’s Executory Contracts rejected during the pendency of the Chapter 11 case, but excluding the claims of Debtor’s Affiliates, will be paid in full satisfaction of their claims 15% thereof through sixty (60) equal consecutive monthly installments of \$950.03, commencing on the thirtieth (31 <sup>st</sup> ) Effective Date and continuing on the thirtieth (30 <sup>th</sup> ) day of the subsequent fifty-nine (59) months.
Equity Holder’s Interest	Class 2	N/A	Unimpaired.  Estimated Recovery: N/A  The Equity Holder will not receive any distribution under the Plan, but will retain his shares in Debtor, unaltered.

For a more detailed description of the treatment of the foregoing classes of Claims and the Equity Interest see “Treatment of Claims and Interest Under the Plan”.

The Disclosure Statement has been prepared by Debtor 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 Debtor’s 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 Debtor 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. It also 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 Form accompanying this Disclosure Statement as **Exhibit A** to be returned to the following address:

**Intrade Logistics, Corp.**  
**c/o Charles A. Cuprill-Hernández, P.S.C., Law Offices**  
**356 Fortaleza Street – Second Floor**  
**San Juan, PR 00901**

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.

Debtor recommends a vote for "ACCEPTANCE" of the Plan.

### **3.3 Ballots**

Pursuant to the provisions of the Bankruptcy Code, only classes of claims or equity interest which are "impaired" under the terms and provisions of a plan are entitled to vote to accept or reject such plan, except as provided in Section 1126(g) of the Bankruptcy Code as to any Class which is deemed not to have accepted the Plan because the Plan provides that the claims or interests of such class do not entitle the holders of such claims or interest to receive or retain any property under the Plan on account of such claims or interest.

Members of Class 1 are impaired under the Plan and entitled to vote. They will be asked to vote for acceptance or rejection of the Plan. (See **Exhibit A**)

### **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 \_\_\_\_\_ .M., or as soon thereafter as the parties can be heard. The Confirmation Hearing will be held before the Honorable Mildred Cabán Flores, United States Bankruptcy Judge, 300 Recinto Sur Street, San Juan, Puerto Rico 00901, or at such other place as may be indicated in the future, or before any other Bankruptcy Judge that may be designated to hold the same at such 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 and interests. 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) 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 approving the Disclosure Statement, a copy of which is attached as **Exhibit B** hereto.

### **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.

**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 and Historical View of the Debtor.**

Debtor is a corporation established under the laws of Puerto Rico in 2013 by Mr. Rolando Fernández Avilés, Debtor's president and sole shareholder, who does business as Labrateria, located

in Toa Baja, Puerto Rico. Debtor is primarily engaged in the Wine and Distilled Beverages business, at a wholesale and retail level. Debtor commenced its operations at the beginning of 2016. During its years of operations, Debtor has generated \$1.3 million in annual revenues and employs approximately 10 persons.

#### **4.2 Events Preceding Debtor's Chapter 11 Filing**

The economic downturn and recession which Puerto Rico has faced, has adversely impacted numerous economic sectors and entities, including Debtor's wine and distilled beverages business. Moreover, the onerous lease agreements with Compañía de Comercio y Exportación de Puerto Rico ("Compañía de Comercio y Exportación") for the warehouses used by Debtor in its operations, further deteriorated Debtor's cash flows and its ability to comply with its obligations in the normal course of business.

As a result, Compañía de Comercio y Exportación filed an eviction action against Debtor due to the non-payment of rents, with the Court of First Instance of Puerto Rico, Superior Section of Bayamón, in Civil Case No. D PG2018-0089 (the "State Case"), which among other factors, including Debtor's cash flows, forced Debtor to file its Chapter 11 petition. Prior to the filing of its Chapter 11 Petition, on April 27, 2018, Debtor surrendered to Compañía de Comercio y Exportación the warehouse premises corresponding to Lease Contract No. 2016-000779 and 2016-000573, respectively consisting of 4,827 and 6,459 square feet at Free Trade Zone.

#### **4.3 Debtor's Post-Petition Endeavors.**

As a result of the filing by Debtor of its Chapter 11 petition, Debtor has received the benefits of 11 U.S.C. § 362(a), which stays all collection actions and judicial proceedings against Debtor, thus preventing a run to the courthouse by creditors who had filed and others that were threatening suit, providing Debtor with the opportunity to file the Plan and Disclosure Statement, without the

pressures that drove Debtor to file for bankruptcy, as envisioned by the Bankruptcy Code.

During the course of its case, Debtor has undertaken the following efforts for the benefit of its Estate and its creditors:

Debtor sought and obtained the Bankruptcy Court's approval to retain Charles A. Cuprill, P.S.C., Law Office, as its bankruptcy counsel (Docket No. 13).

Debtor also sought the Bankruptcy Court's approval to retain Luis R. Carrasquillo, CPA, CIRA, CVA ("Carrasquillo") as its financial advisor on all matters pertaining to Debtor's Chapter 11 case (Docket No. 14).

On August 7, 2018 Debtor filed a motion for the rejection of Lease Contract Nos. 2016-000779 and 2016-000573 as of April 27, 2018 and Debtor's Lease Contract Number 2015-1 and its operation agreement with Compañía de Comercio y Exportación, the first on a month to month basis and the second with a remaining term of two years and four months, as of October 31, 2018, which were causing Debtor's operations not to be feasible. Debtor's operations will be moved to a new facility, owned by its Shareholder, without any rent charges during the duration of the Plan.

## **V. CLAIMS AGAINST DEBTOR AND ITS ASSETS**

### **5.1 Claims Against Debtor**

Claims against Debtor that are Allowed Claims, as defined in the Plan, will be entitled to Distribution pursuant thereto, as indicated in pages 7 and 8 hereof.

The Plan provides that only Holders of Allowed Claims, that is, holders of Claims not in dispute, not contingent, liquidated 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 or Debtor's belief as to amounts due thereto. Debtor is including as **Exhibit C** hereto a Summary of Claims and Plan Payments.

Any objections to Claims must be filed and served on the holders of Claims by the Claims Objection Bar Date, which as set forth in the Plan is the later of (1) the date that such claims become due and payable in accordance with their terms, or thirty (30) days before the first date fixed by the Bankruptcy Court for the hearing on the confirmation of Debtor's Plan. If an objection has not been filed to a Claim by the Claims Objection Bar Date, the Claim will be treated as an Allowed Claim.

Objections to Claims filed in Debtor's Chapter 11 case are to be prosecuted by Debtor, including any application to estimate or disallow Claims for voting purposes.

As of the date of this Disclosure Statement Debtor has not filed any objections to claims.

## VI. DESCRIPTION OF THE PLAN

Debtor's Plan contemplates the collection of an account receivable from one of its affiliates, for approximately \$80,000-\$100,000, to partially fund its Plan. With such funds and the estimated cash balance at Debtor's Debtor-in-possession bank accounts, Debtor will pay on or before the Effective Date, 100% of Allowed Administrative Expense Claims, 100% of Allowed Priority Tax Claims; and will commence the payment of Allowed General Unsecured Claims.

The following is a summary of the significant provisions of the Plan and is qualified in its entirety by said provisions. A copy of the Plan is being filed contemporaneously 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.

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

### **6.1 Unclassified Claims**

In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Claims are not classified in the Plan. A description of the unclassified Claims as well as the estimated principal amounts thereof, as of the Effective Date, and their treatment, are set forth in the Plan and summarized in pages 7 and 8 hereof.

Administrative Expense Claims are generally the ordinary and necessary costs of administering and operating during a Chapter 11 case. These claims are listed in **Exhibit C** hereto.

### **6.2 Administrative Expense Claims**

Except as otherwise agreed to by Debtor and the holder of a pending Allowed Administrative Expense Claim, each such holder shall be paid in full during the ordinary course of Debtor's business or as US Trustee's authorized by the Bankruptcy Court on or before the Effective Date. Fees will be paid when due, during the pendency of the case.

If Debtor disputes any portion of an Administrative Expense Claim, Debtor 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. Debtor will reserve the necessary funds to meet these payments.

### **6.3 Professional Fee Claims**

The professionals retained by Debtor in its 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 professional administrative expense fees that will be incurred through the confirmation of



the Plan. Debtor estimates that the total Allowed Professionals Fee Claims will amount to approximately \$70,000 to \$80,000 for services rendered and expenses incurred up to the Confirmation of the Plan, for all professionals retained by Debtor, including their retainers. All amounts paid to professionals through the Confirmation Date, including interim fees and expenses (if any) are subject to final Bankruptcy Court approval. Debtor reserves the right to contest the allowance of any professional fees. Payments to Professionals will be made as approved by the Bankruptcy Court during the pendency of the Chapter 11 Case.

#### **6.4 Priority Tax Claims and Other Priority Claims**

Priority Tax Claims are composed of Claims entitled to priority pursuant to Section 507(a)(8) of the Bankruptcy Code. The estimated Priority Tax Claims are listed on **Exhibit D** hereto and amount to \$82,529.27

The Allowed Priority Tax Claims, consisting of the allowed claim of the Internal Revenue Service, the Department of the Treasury of Puerto Rico, the Department of Labor, and the State Insurance Fund Corporation, will be paid in full, on the Effective Date.

#### **6.5 Classes of Claims and Equity Interest**

As of the Petition Date, Debtor had non-priority unsecured debts, as more particularly described below and in pages 6 and 7. hereof. The Plan classifies the various claims against as follows:

Class 1 - Consists of the Holders of Allowed General Unsecured Claims

Class 2 - Consists of the Equity Holder or Mr. Rolando Fernández



## 6.6 Treatment of Claims.

### Class 1 – Holders of Allowed General Unsecured Claims

(a) Class 1 is impaired under the Plan. The members of this Class will be entitled to vote to accept or reject the Plan.

(b) Distribution – Holders of Allowed General Unsecured Claims, including the claims related to Debtor's Executory Contracts rejected during the pendency of the case, but excluding the claims of Debtor's Affiliates, will be paid in full satisfaction of their claims 15% thereof through sixty (60) equal consecutive monthly installments of \$950.03, commencing on the Effective Date and continuing on the thirtieth (30th) day of the subsequent fifty-nine (59) months.

### Class 2 – The Interest of Debtor's Shareholder

(a) Impairment and Voting - Class 2 is unimpaired under the Plan, is not entitled to vote to accept or reject the Plan, as it is deemed to have rejected the Plan pursuant to 11USC § 1126 (g).

(b) Distribution – The Equity Holder will not receive any distribution under the Plan, but will retain his shares in Debtor, unaltered.

## 6.7 Means for Implementation of the Plan

Except as otherwise provided in the Plan, Debtor will effect payment of pending Administrative Expense Claims on the Effective Date. Debtor's Plan considers the collection of certain accounts receivable from one of its affiliates, in the amount of \$80,000. Moreover, Debtor operations will commence to produce positive cash flows, as soon as the current warehouse facilities are returned to the respective landlord.

As a result, Debtor estimates that it will have the necessary funds to pay the Administrative Expense Claims and the Priority Tax Claims, on the Effective Date.

The payment plan proposed to Debtor's General Unsecured Claims will be funded from Debtor's normal operations. Exhibit F Debtor's Cash Flows Projections attached show the feasibility of the Plan.

#### **6.8 Debtor's Post Confirmation Management**

After confirmation of the Plan, Debtor will retain its current management, primarily consisting of Mr. Rolando Fernández Avilés as its president and Secretary, who doesn't and will not receive any compensation from Debtor after the confirmation of the Plan.

#### **6.9 Cancellation of Existing Agreements**

Except to the extent reinstated or otherwise provided for by the Plan, or for purposes of evidencing a right to distribution under this Plan or as otherwise provided hereunder, on the Effective Date, all agreements and other documents evidencing any Claim or rights of any holder of a Claim against Debtor, including all indentures and notes evidencing such Claims, shall be cancelled.

#### **6.10 Effectuating Documents and Further Transactions**

Upon entry of the Confirmation Order, Debtor shall be authorized and will be instructed to execute, deliver, file or record such contracts, instruments, releases, consents, certificates, resolutions, programs and other agreements and documents and take such actions as may be reasonably necessary or appropriate to effectuate, implement, consummate and further evidence the terms and conditions of the Plan, including, without limitation, implementing all settlements and compromises as set forth in or contemplated by the Plan, and performing all obligations thereunder.

### **6.11 Authority to Act**

On or after the Effective Date (as appropriate), All matters expressly provided for in the Plan that would otherwise require approval of Debtor's shareholder, officers, directors, managers, shall be deemed to have occurred and shall be in effect prior to, and on or after the Effective Date pursuant to the applicable laws of Puerto Rico, without any requirement of further vote, consent, approval, authorization or other action by the shareholder, officers, directors or notice to, order of or hearing before the Bankruptcy Court.

### **6.12 Executory Contracts and Unexpired Leases**

All executory contracts and unexpired leases (other than insurance policies and the storage and handling agreement with Imex Zone Logistics, Inc. at Free Trade Zone 66), which have not expired by their own terms or have been rejected on or prior to the Confirmation Date shall be deemed rejected on the Effective Date, and the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejections pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code.

If the rejection of such executory contracts or unexpired leases 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 by a filed proof of claim, shall be forever barred and shall not be enforceable against Debtor's Estate, or properties, its 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.

### **6.13 Exculpation**

Debtor, and its present and former, officers, directors, representatives, shareholder, employees, financial advisors, attorneys and agents acting in such capacity shall have no liability to any Holder of any Claim or any other Person for any act taken or omission made after the Petition Date in connection with, or arising out of the captioned case, the Plan, the Disclosure Statement, the solicitation of votes for confirmation of the Plan, the administration of the Plan or property of Debtor's estate distributed under the Plan, or any transaction contemplated by the Plan or the Disclosure Statement in furtherance thereof, except for willful misconduct or gross negligence, as determined by a Final Order of the Court and, in all respects, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. Nothing in the Plan shall release, discharge or exculpate any non-Debtor party from any Claim owed to the United States Government or its agencies, including any liability arising under the Internal Revenue Code or criminal laws of the United States.

## **VII. LIQUIDATION AND FINANCIAL ANALYSIS**

### **7.1 Best Interest of Creditors and Comparison with Chapter 7 Liquidation**

In the event Debtor's Chapter 11 case is converted to Chapter 7 of the Bankruptcy Code, Debtor will be required to cease all of its activities and a Chapter 7 Trustee would be appointed for Debtor's Estate to liquidate the Estate's assets pursuant to the provisions of the Bankruptcy Code, after attending to the immediate issues of securing Debtor's assets and the resolution of any issues involving Debtor's executory contracts and leases.

A Liquidation Analysis with respect to Debtor's assets as of the filing of its Chapter 22 petition, is attached as **Exhibit E** hereto (the "Liquidation Analysis").

The Liquidation Analysis reveals that in the event of a liquidation of Debtor's assets by a Chapter 7 Trustee, there would be a substantial loss to Debtor's Estate, taking into account the Chapter 7 costs of administration, the decrease in the recovery from the liquidation of Debtor's assets and the expected value of the Estate's assets in a Chapter 7 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 such analysis, under a Chapter 7 scenario, the Holders of Allowed General Unsecured Claims will only receive a 4.45% dividend on their claims. The Plan offers a 15% dividend to such holders, more than three (3) times the amount they will receive in a liquidation scenario.

Confirmation of the Plan will ensure that holders of Administrative Expense Claims, Allowed Priority Claims, and Allowed General Unsecured Claims will receive prompt dividends on their claims, as set forth above. The Liquidation Analysis contains estimates and assumptions that, although developed and considered reasonable by Debtor, are inherently subject to significant economic uncertainties and contingencies beyond Debtor's control, that may reduce even further the recovery of the holders of allowed claims.

## 7.2 Feasibility of the Plan

### A) Financial Projections

The feasibility of the Plan rests on the collection Debtor's account receivables and the continuance of its operations, as evidenced by Debtor's Cash Flows Projections, **Exhibit F** hereto.

As **Exhibit G** hereto, Debtor is attaching its Operating Report as of July 31, 2018 and as **Exhibit H**, its 2017 Puerto Rico Income Tax Returns.

As of the Petition Date, Debtor owned assets and had liabilities, as more particularly described in its Schedules and Statement of Financial Affairs, filed with the Bankruptcy Court on July 5, 2018. Debtor's 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.

**a) Real Property**

As of the Petition Date, Debtor did not own any real property.

**b) Personal Property**

As of the Petition Date, Debtor's Schedules listed Debtor's personal property consisting of cash and other financial accounts, inventory, and accounts receivable. A detail of Debtor's personal property is included in its Schedule B, available for public inspection at the office of the Clerk of the Bankruptcy Court During regular business hours.

**c) Accounts Receivable and Liquidated Debts**

As of the filing date, Debtor's accounts receivable totaled \$246,480.

**d) Liquidation Analysis**

In order to analyze realistic liquidation scenarios and considering updated balances of Debtor's assets, in the Liquidation Analysis included as **Exhibit E** hereto, Debtor has utilized the value of its assets as of July 31, 2018.

**7.3 Pending Litigation and Other Liabilities**

At the time of the filing of the Chapter 11 petition, the following case was pending and was stayed by the provisions of Section 362(a) of the Bankruptcy Code:

<b>Caption of Suit and Case Number</b>	<b>Nature of Proceeding</b>	<b>Court or Agency Location</b>	<b>Status</b>
Compañía de Comercio y Exportación de Puerto Rico v. Intrade Logistics, Corp. D PG2018-0089 (601)	Eviction Action and Collection of Money	Court of First Instance of Puerto Rico, Bayamón Section	Pending

**7.4 Leases and Contracts**

As of the Petition Date, Debtor was a party to the following unexpired leases and executory contract (as set forth in Debtor’s Schedule G), to be treated as indicated above and as follows:

<b>Name and Mailing Address, including Zip Code, of other Parties to Lease or Contract</b>	<b>Description of Contract of Lease and Nature of Debtor’s Interest.</b>
Compañía de Comercio y Exportación de Puerto Rico	Lease Agreement for 4,827 Square Feet Commercial Space (Warehouse) Building 1 (Local 1-UN03/Bay7) Free Trade Zone 61, Contract No. 2016-000779 –To be rejected
Compañía de Comercio y Exportación de Puerto Rico	Foreign Trade Zone Site Operation Agreement Contract No. 2016-000345 - To be rejected
Compañía de Comercio y Exportación de Puerto Rico	Lease Agreement for 6,959 Square Feet Commercial Space (Warehouse) Building 1 (AUN3-AUN9 1/2a) Free Trade Zone 61, Contract No. 2016-000573 - To be rejected
Compañía de Comercio y Exportación de Puerto Rico	Lease Agreement for 13,428 Square Feet Commercial Space (Warehouse) Building 1 Free Trade Zone 61, Contract No. 2015-1 - To be rejected
Imex Zone Logistics, Inc.	Storage and Handling Agreement Free Trade Zone 65- Assumed

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

**8.1 Bar Date**

On July 6, 2018, in the “Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors and Deadlines” issued in Debtor’s case, the Bankruptcy Court fixed November 13, 2018, as the bar date

for the filing of Proofs of Claim, except for Governmental Units, and January 2, 2019, for such filings by Governmental Units.

## **8.2 Determination of Claims**

The Plan specifies procedures for objecting to claims. Debtor and any other entity authorized under the Bankruptcy Code may object to Claims within thirty (30) days before the first date fixed by the Bankruptcy Court for the hearing on the confirmation of the Plan. 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 which (a) are not listed as an Allowed Claim on Debtor's 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) Debtor's liquidation under Chapter 7 of the Bankruptcy Code, (b) dismissal of Debtor's Chapter 11 Case, or (c) the proposal of an alternative plan.



**A. Liquidation Under Chapter 7**

If a plan cannot be confirmed, the Case may be converted to Chapter 7 of the Bankruptcy Code. In such an event, 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, Debtor believes that conversion of the Case to Chapter 7 of the Bankruptcy Code would result in a limited distribution to creditors, due to the decreased value of Debtor's assets, the unfamiliarity of a trustee with Debtor's business and assets and with the manner of most effectively disposing of the same, the carrying costs of certain assets such as insurance, property taxes, etc., and the delay in distribution on account of such conversion.

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

**B. Dismissal of the Case**

Dismissal of the Case would likely create substantial problems for Debtor and parties' in interest, including a run to the courthouse, which would result, in an abandonment of the orderly and structured equitable payments provided by the Plan. Therefore, dismissal of the Case is not a viable alternative for creditors.

**C. Alternative Plan of Reorganization**

If the Plan is not confirmed, at present, Debtor does not foresee a different plan. Debtor believes that the Plan described herein will provide the greatest and most expeditious return to creditors.

## X. TAX EFFECTS

Based on Debtor's net operating loss carry forwards, the provisions of the Puerto Rico Internal Revenue Code of 2011, as amended, and the tax provisions of the Bankruptcy Code, Debtor expects that the implementation of the Plan will not have any tax effects.

## XI. CONCLUSION

Debtor submits 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 under the circumstances. Debtor therefore, urges creditors to vote in favor of the Plan.

San Juan, Puerto Rico this \_\_\_\_\_ day of August 2018.

**INTRADE LOGISTICS, CORP.**

By:

  
\_\_\_\_\_  
**Rolando Fernández Aviles**  
President