

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF FLORIDA  
FORT LAUDERDALE DIVISION**

In re:

CASE NO. 11-15410-BKC-RBR

RIVER ISLAND FARMS, INC.,  
a California corporation,

CHAPTER 11

Debtor.

\_\_\_\_\_ /

**DEBTOR'S PLAN OF REORGANIZATION**

The Debtor, River Island (River Island or Debtor) files herewith this Plan of Reorganization in accordance with the provisions of 11 U.S.C. § 1121(a).

**I. INTRODUCTION**

The Plan is the Debtor's proposal to creditors to resolve the debts owed on the dates of the filing of the Petitions. The Debtor believes it will produce more for the unsecured creditors and holders of interest than they would receive if the case were to be converted to a straight bankruptcy with the assets of the Debtor being sold at liquidating values and the proceeds distributed in the priorities and manner described by the Bankruptcy Code.

**II. DEFINITIONS AND RULES OF CONSTRUCTION**

1. Terms. The capitalized terms set forth below when used in this Plan shall have the following meanings:

a. "Administration Claim" shall mean a Claim against the estate of the Debtor allowed by order of the Bankruptcy Court pursuant to § 503(b) of the Bankruptcy Code, incurred by the Debtor in the ordinary course of business from the filing date to Confirmation Date; shall mean a Post-Confirmation Administration Claim; and shall include all fees payable pursuant to § 1930 of Title 28, United States Code.

b. "Allow", "Allowed", "Allowance" or words of similar meaning shall mean with respect to a Claim against the estate of the Debtor that no objection has been interposed within the applicable period of limitation fixed by this Plan or by the Bankruptcy Court and that such period of limitation has expired; or that the Claim has been allowed by an order of the Bankruptcy Court that is no longer subject to appeal or certiorari and as to which no appeal or certiorari is pending.

c. "Bankruptcy Code" shall mean the Bankruptcy Reform Act of 1978, as amended, Title 11, United States Code, which governs the Chapter 11 Cases of the Debtor.

d. “Bankruptcy Court” shall mean the United States Bankruptcy Court for the Southern District of Florida having jurisdiction over the Chapter 11 Case of the Debtor or the United States District Court for the Southern District of Florida having jurisdiction over any part or all of the Chapter 11 Case of the Debtor in respect of which the reference has been withdrawn pursuant to § 157(d) of Title 28, United States Code.

e. “Bankruptcy Rules” shall mean the Federal Rules of Bankruptcy Procedure and the local rules of the Bankruptcy Court (including any applicable local rules of the United States District Court for the Southern District of Florida), as now in effect or hereafter amended.

f. “Business Day” shall mean a day on which banks are open for business under the laws of the State of Florida.

g. “Chapter 11 Cases” shall mean the proceedings under Chapter 11 of the Bankruptcy Code for the reorganization of the Debtor under River Island Farms, Inc. Case No. 11-15410-BKC-RBR.

h. “Claim” shall have the meaning provided for such term in § 101(5) of the Bankruptcy Code.

i. “Confirmation Date” shall mean the date on which the Bankruptcy Court enters the Confirmation Order on its docket.

j. “Confirmation Order” shall mean a final order of the Bankruptcy Court confirming provisions of this Plan, pursuant to § 1129 of the Bankruptcy Code.

k. “Debtor” shall mean the Debtor in this Chapter 11 Case.

l. “Disbursing Agent” shall mean the person appointed under the Plan to administer and disburse the cash payments to be made pursuant to the Plan.

m. “Disclosure Statement” shall mean the Disclosure Statement for Debtor’s Plan of Reorganization, dated of even date herewith, that relates to this Plan and as approved by the Bankruptcy Court pursuant to § 1125 of the Bankruptcy Code, as such Disclosure Statement may be amended, modified or supplemented from time to time (and all exhibits and schedules attached thereto or referred to therein).

n. “Disputed Claim” shall mean (i) a Claim against which an objection is pending and which has not been allowed prior to the deadline for the filing of objections to Claims provided under this Plan; (ii) a contingent Claim; (iii) an unliquidated Claim; or (iv) a Claim which is a right to payment arising from a right to an equitable remedy for breach of performance.

o. “Effective Date” shall mean the first Business Day following ten days after the date on which the Confirmation Order becomes Final.

p. “Final” shall mean with respect to an order of the Bankruptcy Court for the Southern District of Florida pursuant to § 158(a) of Title 28, United States Code, whether or not an appeal can be timely taken, is taken, or is pending, unless the order is stayed pending appeal, and whether or not a timely motion is filed under Bankruptcy Rules 7052(b) or 9023, unless the order is stayed pending disposition of such motion; and shall mean with respect to an order of the United States District Court for the Southern District of Florida in respect of a matter as to which the reference has been withdrawn pursuant to § 157(d) of title 28, United States Code, that the order is appealable of right to the United States Court of Appeals for the Eleventh Circuit pursuant to §§ 158(d) or 1291 of Title 28, United States Code, whether or not an appeal can be timely taken, is taken, or is pending, unless the order is stayed pending appeal, and whether or not a timely motion is filed under Bankruptcy Rules 7052(b) or 9023 or Rules 50, 52, 59 or 60 of the Federal Rules of Civil Procedure, unless the order is stayed pending disposition of such motion.

q. “Final Report” shall mean the Final Report on Distributions and Request for Entry of Final Decree Closing Case to be filed by the Reorganized Debtor on behalf of the Debtor’s estate after all distributions under the Plan are made.

r. “General Unsecured Claim” shall mean any Claim against the Debtor’ estate other than allowed Secured Claims, Administration Claims or Priority Tax Claims.

s. “Official Creditors Committee” shall mean the Official Committee of Unsecured Creditors of the Debtor.

t. “Pending Claim” shall mean a Claim for which an application for Allowance under § 503 of the Bankruptcy Code is pending before the Bankruptcy Court on the Confirmation Date, or for which an application for Allowance of professional fees and reimbursement of expenses is or may be filed or Allowed for services rendered in connection with the Chapter 11 Cases either before or after the Confirmation Date.

u. “Petition Date” shall mean the date on which this Chapter 11 Cases was commenced.

v. “Plan” shall mean this plan of reorganization in its entirety, together with all addenda, exhibits, schedules and other attachments hereto, in its present form or as it may be modified, amended or supplemented from time to time.

w. “Post-Confirmation Administration Claim” shall mean a Claim for services rendered or expenses incurred after the Confirmation Date in connection with the Chapter 11 Cases by any Trustee, if one is appointed in this case, or a Disbursing Agent, if designated in this Plan, his attorneys and accountants in connection with distributing funds or transferring property under this Plan or to the extent applicable, investigating and objecting to the Allowance or priority of Claims.

x. "Priority Tax Claim" shall mean a Claim entitled to priority under § 507(a)(7) of the Bankruptcy Code.

y. "Rejection Claim" shall mean a Claim arising under § 502(g) of the Bankruptcy Code from the rejection under § 365 of the Bankruptcy Code, or under this Plan, of an executory contract or unexpired lease of the Debtor that has not been assumed.

z. "Reorganized Debtor" shall mean the Debtor, and any successor thereto, from and after the Effective Date of the Plan.

aa. "United States Trustee" shall mean the Assistant United States Trustee for the Southern District of Florida.

bb. "Insider" shall mean a party with a claim against the Debtor as defined in §101 (31) of the Bankruptcy Code

cc. "Contingent Creditor" shall mean a party holding a claim against the Debtor which is not fixed as to liability or amount.

dd. "Objection Bar Date" shall mean that date fixed and determined in the Plan by which the Debtor shall file and serve objections to creditor claims.

ee. "Reorganized Debtor" shall mean River Island Farms, Inc.

### **III. CLASSIFICATION OF CLAIMS AND INTERESTS**

For purposes of this Plan, the claims of the Debtor are classified as follows:

**Class I** - consists of General Unsecured Claims

**Class II** - consists of the secured claim of Gibraltar Private Bank and Trust Company (Gibraltar)

**Class III** – consists of the secured claim of Eurotrade Loans, Ltd. (Eurotrade)

**Class IV** - consists of the unsecured claim of Corrie Development Corporation (CDC)

**Class V** – consists of the unsecured claim of Sid Corrie, Jr. (Corrie)

**Class VI** - consists of the equity security holder of the common stock of the Debtor owned by Sid Corrie, Jr.

### **IV. TREATMENT OF CLASSIFIED CLAIMS OF THE REORGANIZED DEBTOR**

**A. Class I** – Class I claims shall be paid an amount equal to one-hundred percent (100%) of the allowed amount of each claim as follows:

- a. Fifty percent (50%) on the Effective Date;
- b. Twenty-five percent (25%) thirty (30) days thereafter;
- c. A final payment of Twenty-five percent (25%) sixty (60) days thereafter

representing the balance of the 100% payment.

**B. Class II** – Class II claim of Gibraltar shall be paid as follows:

a. The secured claim of Gibraltar shall be paid in full the allowed amount of its claim against the Debtor, including such interest, fees, costs and expenses as may be allowed by the court, on or before one year from the Effective Date of this Plan of Reorganization. Partial payment on account of Gibraltar's allowed claim shall be made upon the sale or refinance of any property of the debtor or any other property securing the indebtedness owed Gibraltar occurring prior to that date.

b. Upon confirmation, within 10 days after the effective, Gibraltar shall be paid such amount as has been retained in Debtor's operating account as a reserve regarding Gibraltar's claim for default interest resulting from the sale of 2521 Mercedes Drive, Ft. Lauderdale, Florida (Mercedes) pursuant to the terms of the order dated June 14, 2011 authorizing the Mercedes sale. This payment shall be applied to the allowed amount of Gibraltar's claim, first to unpaid and accrued interest at the highest rate applicable to the allowed amount of the claim (the applicable Default Interest). If there is an excess after payment of the highest interest rate (Default Interest), the excess shall then be applied to unpaid interest and then to principal.

c. Commencing ten (10) days after the Effective Date, and on the first day of each subsequent month, Gibraltar shall be paid a sum equal to interest at six (6) percent per annum on the principal balance of Gibraltar's allowed claim until the allowed amount of the claim has been paid in full. The remaining balance of the allowed amount of the claim, including accrued and unpaid interest shall be due and payable twelve (12) months after the Effective Date (the Due Date).

d. All payments resulting from the sale of any property securing Gibraltar's allowed claim occurring prior to the Due Date, shall first be applied to unpaid default interest, then to statutory interest and then to principal.

e. In the event that the total amount of the allowed claim due Gibraltar has not been satisfied on or before 365 days after the Effective Date, then, and in that event, River Island shall deed its interest in any remaining property on which Gibraltar holds a lien.

**C. Class III** – The Class III claim shall be paid a sum equal to twelve percent (12%) per annum, payable in equal monthly installments commencing (10) days after the Effective Date. The amount of the allowed claim shall be paid upon the sale of the collateral securing the claim or twelve (12) months after the Effective Date, whichever occurs first.

**D. Class IV** - The Class IV claim shall be subordinated to the claims in Class I, Class II and Class III and no payment shall be made thereon until such claims have been paid in full.

**E. Class V**- The Class V claim shall be subordinated to the claims in Class I, Class II and Class III and no payment shall be made thereon until such claims have been paid in full.

**F. Class VI**- The Class VI equity security holder shall retain all equity interest in the Debtor.

**V. PAYMENT OF POST-PETITION ADMINISTRATIVE CLAIMS** - All administrative claims, as allowed, ordered and authorized for payment by the Bankruptcy Court, including fees payable pursuant to § 1930 of Title 28, U.S.C., shall be satisfied by payment in cash in full to the holders of such claims on the Effective Date, except to the extent the holders of such claims have agreed to different treatment or have been earlier paid, and except for unpaid post-petition claims which were incurred by the Debtor in the ordinary course of business. Unpaid post-petition claims which were incurred by the Debtor in the ordinary course of business shall be paid the allowed amount of such claims by the Reorganized Debtor in the ordinary course of business as such claims become due. The claims of professionals acting on behalf of the Debtor, including Debtor's counsel, for reimbursement of fees and expenses, will be paid on an administrative priority basis as provided herein.

**VI. PROVISIONS FOR PAYMENT OF ADMINISTRATIVE EXPENSE CLAIMS**  
**PRIORITY WAGE CLAIMS AND PRIORITY TAX CLAIMS**

**A. Administrative Expense Claims**

**a. Allowed Administration Claims.** The holders of Allowed Administration Claims shall be paid the Allowed amount of their Claims on the Effective Date, except to the extent that the holder of such a Claim agrees to a different treatment of such Claim. Unpaid post-petition Claims which were incurred by the Debtor in the ordinary course of its business shall be paid the Allowed amount of such Claims by the Reorganized Debtor in the ordinary course of its business as such Claims mature.

**b. payment of professional fees and expenses.** All fees and expenses as awarded by the court will be paid on the Effective Date unless a holder of such Claim agrees to a different treatment.

**c. Payment of Post Petition fees due United States Trustee.** The Debtor is required

by law to pay all Post-petition quarterly fees due to the United States Trustee.

**B. Priority Wage Claims.** There are no priority wage claims and therefore this Plan makes no provision for such claims

**C. Priority Tax Claims.** Priority tax claims consist of unpaid real estate taxes. Priority tax claims shall be paid and amount equal to two percent (2%) of the amount of the allowed tax claim commencing ten (10) days after the Effective Date inclusive of accrued statutory interest each month thereafter for twelve consecutive months with the balance paid in full non later than twelve months after the Effective Date. Upon sale of any property on which such tax is a lien the unpaid balance of the claim shall be paid in full. .

**VII. MEANS FOR EXECUTION AND IMPLEMENTATION OF THE PLAN**

**A. Vesting of Property of the Estate.** On the Effective Date all property of the Estate shall vest in the Reorganized Debtor.

**B. Automatic Operation of Certain Provisions of the Plan.** On the Effective Date, the Confirmation Order shall accomplish and effectuate, without any action by any affected entity and without further action by the Bankruptcy Court, the appointment of the Disbursing Agent and the vesting of the property of the estate in the Reorganized Debtor.

**C. The cash payments to be made pursuant to the Plan.**

**a. Disbursements.** On the Effective Date the Disbursing Agent shall disburse payments, except to holders of disputed claims and pending claims, and except to the extent the holder of a particular claim has agreed to different treatment of such claim, in the following manner and order of priority: (1) the payment due all administrative claims, as allowed and ordered paid by the Bankruptcy Court; (2) the payment due the Class I and Class II claims.

**b. Duties, bond and compensation of the Disbursing Agent and Escrow Agent.** The Disbursing Agent shall be the Debtor's Chief Financial Officer appointed as of the Confirmation Date and shall make the distributions provided for under the Plan. The Disbursing Agent shall be designated under the provisions of the order confirming the Plan of Reorganization. .

**c. Unclaimed Distributions.**

**i.** If any distribution of funds under the Plan remains unclaimed for a period of one hundred eighty (180) days after it has been disbursed to the holder entitled thereto by the Disbursing Agent (who shall certify to the Reorganized Debtor the date of such disbursement), the Allowed amount of the Claim upon which such distribution was made shall be reduced then to zero dollars and such unclaimed distribution shall be returned to the Reorganized Debtor. The Distribution

Agent shall make reasonable efforts to locate the holders of all unclaimed distributions.

ii. A distribution of funds is unclaimed, if without limitation, the holder of a Claim entitled thereto does not cash a check or returns a check or if the check mailed to the holder at the address set forth in the Debtor's Schedules of Liabilities or set forth in a proof of claim filed by such holder is returned by the United States Postal Service as undeliverable.

iii. Any funds unclaimed shall be forfeited by the holder otherwise entitled thereto, and all rights, title and interest therein shall thereupon vest in the Debtor.

**D. Funding Contribution.**

a. The shareholder of the Debtor shall contribute such amount as is necessary to fund the amount required to fund the amounts due professionals and the initial payment to creditors on confirmation of the case to the extent that the Debtor does not have sufficient cash available for such payments. The shareholder shall further deposit with the Disbursing Agent such funds as may be required from time to time to make payments as required under the terms of the Plan of Reorganization to the extent the Reorganized Debtor has insufficient funds to make any payment.

b. In order to secure payment of future payments to be made, such payments shall be guaranteed by the shareholder. (Corrie).

**VIII. EXECUTORY CONTRACTS.** There are no Executory Contracts and therefore this Plan of Reorganization makes no provision for such contracts.

**IX. COVENANTS.**

**A. Operating Covenants.** Until its obligations to Class I and II claimants under this Plan have been fully performed, except as expressly permitted by the terms of this Plan, the Reorganized Debtor shall not:

a. Declare or pay any dividend; purchase, redeem, or retire or otherwise acquire for value any share of its capital stock now or hereafter outstanding; return any capital to its shareholders, or make any distribution to shareholders.

b. Purchase any interest in real property. Make a loan or financial advance out of the ordinary course of business to any person or entity.

c. Assume or guarantee any indebtedness of an Insider of the Reorganized Debtor.

d. Invest cash or other property of the Reorganized Debtor in any asset other than readily marketable and reasonably secure debt securities, except in the ordinary course of business.

e. Create, incur or assume, or suffer to exist, directly or indirectly, any mortgage, deed of trust, pledge, lien, security interest, or other charge or encumbrance with respect to any property or



asset now owned or hereafter acquired, or be bound by or subject to any agreement or option to do so, or assign or otherwise convey any right to receive income, except that the foregoing restriction shall not apply to liens arising therefrom, unless all obligations due to Class I creditors have been paid in full or Class II claimant has been paid in full from the proceeds of such encumbrance.

f. As applied to the encumbered property, payment of: taxes, assessments or governmental charges, the payment of which is not, at the time required;

**B. Breach of Covenants.** Material breach by the Reorganized Debtor by failure to pay any installment of payments due to creditors under the provisions of this Plan shall constitute a default under this Plan. However, the Reorganized Debtor shall have ten (10) days after written notice to the Debtor and the Disbursing Agent to cure such breach. The failure to cure within such 10-day grace period shall result in a default under the terms of this Plan and the balance of all deferred payments required under Article IV of this Plan shall immediately become due and payable.

**X. MODIFICATION OF THE PLAN** - The Debtor may propose amendments or modifications of this Plan at any time prior to Confirmation, in accordance with 11 U.S.C. § 1127(a). Post confirmation, the Debtor may, pursuant to 11 U.S.C. § 1107(b), with leave of Court and so long as the modification does not materially or adversely affect the interest of creditors, remedy any defect or omission, or reconcile any inconsistencies in the Plan, or in the Confirmation Order, in such manner as may be necessary to execute the purpose and effect of this Plan.

**XI. JURISDICTION OF THE COURT** - Upon confirmation of the Plan, the Court will retain jurisdiction for the following purposes:

i. To judicially resolve any properly filed objections to the classification or allowance of any claim.

ii. To determine and resolve all questions and disputes regarding title to the assets of the Estate and to determine all causes of action, controversies, disputes or conflicts pending as of the Confirmation Date between the Debtor and any other party.

iii. To correct any defect, to cure any omission, or to reconcile any inconsistency in this Plan or the Confirmation Order, as may be necessary to carry out the purposes and intent of this Plan.

iv. To modify this Plan after confirmation, pursuant to the Bankruptcy Rules and Title 11 of the United States Code.

v. To interpret the terms and conditions of this Plan.

vi. For the entry of any Orders, including injunctions necessary to enforce the title,

rights and powers of the Debtor and to impose such limitations, restrictions, terms and conditions of such title, rights and powers as this Court may deem necessary.

vii. To hear and determine all applications for professional and similar fees and reimbursement of expenses arising out of the case.

viii. To enter Orders concluding and terminating this case.

## **XII. GENERAL PROVISIONS**

**A. Regulatory approval and retirement benefits.** This Plan is not subject to regulatory approval. There are no retirement benefits provided under the Plan as the Debtor is not obligated for any such benefits.

**B. Section Headings.** The section headings contained in the Plan are for reference purposes only and shall not affect in any way the meaning or interpretation of the Plan.

**C. Post Confirmation fees and costs.** Post confirmation fees and costs as may be incurred by the Debtor shall be paid in the ordinary course upon submission of invoices to the Debtor and the Disbursing Agent. Counsel shall invoice the Debtor for such charges and the Debtor shall pay reasonable fees and costs subject to objection by the Debtor as to the fees and costs. If the Debtor objects, counsel may seek court approval for unpaid fees and costs plus costs incurred in making such application. Upon failure to pay such fees or costs application may be made to the court.

**D. Releases.** Entry of an order confirming the Plan shall without the further execution of a formal document constitute a full and complete release of the Debtor and Gibraltar and their respective professionals for actions taken in connection with the Plan and Disclosure Statement and such release shall be reflected in the Confirmation Order.

**E. Disputed Claims Reserve.** On and after the Effective Date the Disbursing Agent shall retain an amount sufficient to pay the required distribution to a claimant whose claim is disputed by the Debtor until the disputed claim is determined by the court and upon entry of a Final Order the Disbursing Agent shall disburse the amount due the claimant, if any, based on the terms of the Final Order. If the Final Order provides for payment to the claimant in an amount less than deposited with the Disbursing Agent for distribution to that claimant, the Disbursing Agent shall remit such difference to the Reorganized Debtor.

**F. Objection Bar Date.** No later than fifteen (15) days following the Effective Date the Debtor shall file its objections to disputed claims and shall file the objections together with a notice of hearing on the affected claimants.

**G. Notices.** Any notice to the Debtor, Reorganized Debtor, the Disbursing Agent and

Counsel to Gibraltar shall be in writing, by electronic mail, facsimile or certified mail and shall be addressed to the respective parties as follows:

**If to the Debtor or Reorganized Debtor:**

Sid Corrie, Jr., President  
River Island Farms, Inc.  
7950 Dublin Blvd.  
Suite 111  
Dublin, CA 94568

**With a copy to:**

Pete Klein, CFO  
River Island Farms, Inc  
7950 Dublin Blvd.  
Suite 111  
Dublin, CA 94568

**And a copy to:**

Martin L. Sandler, Esq.  
SANDLER & SANDLER  
*Attorneys for River Island Farms*  
P O Box 402727  
Miami Beach, FL 33140  
T: 305-379-6655 / F: 786-472-7077  
E: [martin@sandler-sandler.com](mailto:martin@sandler-sandler.com)

**If to Gibraltar:**

Gibraltar Private Bank & Trust  
c/o Thomas Lehman  
201 S Biscayne Blvd 34th Fl  
Miami, FL 33131-4332  
T: 305-403-8788 / F: 305-403-8789  
E: [trl@lkllaw.com](mailto:trl@lkllaw.com)

**XIII. REQUEST FOR CONFIRMATION** - Pursuant to 11 U.S.C. § 1129(b), the Debtor hereby requests Confirmation of this Plan notwithstanding the requirements of 11 U.S.C. § 1129(a)(8) of the United States Bankruptcy Code.

Dated the 5<sup>th</sup> day of October, 2011.

**SIGNATURE PAGE TO FOLLOW**

**River Island Farms, Inc**

By   
Sid Corrie, Jr., President

SANDLER & SANDLER

By M. L. Sandler, P. A.

*Attorneys for River Island Farms*

P O Box 402727

Miami Beach, FL 33140

T: 305-379-6655 / F: 786-472-7077

E: martin@sandler-sandler.com

*/s/ Martin L. Sandler*

---

Martin L. Sandler

Florida Bar No. 0070370