

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 1<sup>st</sup> AMENDED DISCLOSURE STATEMENT**

The Debtor, River Island Farms, Inc. (debtor, Reorganized Debtor or River Island) files this 1<sup>st</sup> Amended Disclosure Statement in accordance with the provisions of 11 U.S.C. § 1125.

**No representations concerning the Debtor, its future business operations, the value of its property or the value of any benefits offered to holders of claims or interest in connection with the Plan are authorized other than as set forth in this Disclosure Statement. Any representations or inducements made to secure acceptance of the Plan which are other than as contained in this Disclosure Statement should not be relied upon by a creditor or interest holder. Any such additional representations and inducements should be reported to counsel for the Debtor, who in turn, shall deliver such information to the U.S. Trustee for such actions as may be deemed appropriate. The information contained in this Disclosure Statement has not been subject to certified audit and, except for financial projections, is based to a large extent on information maintained and collected by the Debtor. The books and records of the Debtor are not audited, but are kept in the ordinary course of the Debtor's business.**

**You are urged to read this Disclosure Statement carefully in order to obtain adequate information to enable you to decide whether to accept or reject the Plan.**

**INTRODUCTION – NATURE, HISTORY AND STRUCTURE OF THE BUSINESS**

**HISTORY OF THE BUSINESS**

River Island is a California corporation formed in 1989. It was initially formed as a single asset entity that acquired an 80% interest in 55 acres of developable property opposite Blackhawk in Danville, California. Sid Corrie, Jr. is the 100% owner of the common stock of the company.

On June 30, 2004, the company sold the 55 acre property to Shapell Industries. The sale was structured as an Internal Revenue Code Section 1031 exchange. Due to the requirements that River

Island purchase property within a specified time period in order to take advantage of the IRS Code provision, River Island purchased property in Ft. Lauderdale and Stuart, Florida consisting of 2328 Aqua Vista Blvd., Ft. Lauderdale, Florida; 2521 Mercedes Drive, Ft. Lauderdale, Florida; 2001 SE St. Lucie Blvd., Stuart, Florida; and 1735 SE St. Lucie Blvd., Stuart, Florida. The Mercedes Drive residence was sold in June 2011. The other remaining properties are being actively marketed.

### **STRUCTURE OF THE BUSINESS**

The Debtor is a California corporation, licensed and authorized to do business in the State of Florida. It is wholly owned by Sid Corrie, Jr.

### **THE BANKRUPTCY CASE**

This bankruptcy case was commenced on February 28, 2011 as a result of a pending foreclosure sale regarding one of the properties owned by the Debtor. Since the filing of the bankruptcy case the Debtor has sold two of its properties, 2521 Mercedes, Ft. Lauderdale, Florida and Aqua Vista, Ft. Lauderdale, Florida. This resulted in satisfaction of the mortgage debt owed Gibraltar Private Bank and Trust Company (Gibraltar) on each of those properties.

A portion of the sale proceeds was retained in the Debtor in Possession account as a reserve regarding a dispute between the Debtor and Gibraltar regarding the calculation of the amount of interest due on that obligation. This dispute centers on Gibraltar's entitlement to default interest and its calculation. The amount of default interest is impacted by a judgment in the sum of \$6,000,000.00 obtained by Gibraltar on a portion of the overall debt owed by the Debtor to Gibraltar.

The court has granted Gibraltar relief from the automatic stay of § 362 of the Bankruptcy Code to proceed in the State court to judgment on other properties owned by the Debtor and secured by mortgages held by Gibraltar, including the remaining property owned by River Island and mortgaged to Gibraltar. The foreclosure issues are pending in the State Court and no judgment has been entered as of the date of this Disclosure Statement.

The Debtor is also indebted to Eurotrade Short Term Loans, Ltd. (Eurotrade). Eurotrade is and River Island have entered into a stipulation for adequate protection that has been incorporated into the plan providing for certain payments to be made to Eurotrade on or before March 1, 2012 in the absence of which Eurotrade will be able to record a deed in lieu of foreclosure held in escrow by its counsel. The stipulation and plan further provides for payment in full to Eurotrade by a specific date

## **THE DEBTOR' BUSINESS PLAN**

The Debtor's business plan is to aggressively sell the 2001 SE St. Lucie Boulevard property located in Stuart, Florida (the Stuart Property), to satisfy all indebtedness owed to Gibraltar and satisfy the indebtedness owed Eurotrade by the contribution of capital by the shareholder. The Debtor has reduced sale prices on the various properties in order to attract buyers and prompt sales as evidenced by the sale of the Mercedes and Aqua Vista properties. The Debtor believes that reduction of the sale price of the Stuart Property in a similar fashion will result in payment to Gibraltar within the time frame proposed in the Plan. The Debtor further believes that capital contributions by its principal will enable it to satisfy the indebtedness owed to Eurotrade.

### **I. SUMMARY OF OPERATIONS SINCE FILING CHAPTER 11**

Since the Chapter 11 Bankruptcy Petition was filed the Debtor has successfully sold two of its properties and has continued to aggressively market the remaining property securing the debt to Gibraltar. All expenses related to the continuing operations have been paid as agreed from funds on deposit in the Debtor's Debtor in Possession Operating account. No salaries or other expenses have been paid to or for any of the officers of the Debtor. River Island's principal is prepared to subsidize the Debtor's operations from independent funds on an ongoing basis. During the Chapter 11 case the debtor has sold two properties: the Mercers and Aqua Vista properties resulting in significant payments to Gibraltar on account of both principal and interest. At present the debtor believes the indebtedness to Gibraltar has been reduced to less than \$4,400,000.00. A pending objection to Gibraltar's claim will determine the allowed amount of that claim.

### **II. ASSETS AND LIABILITIES**

The Debtor's Assets and Liabilities are summarized in the attached Exhibit "A".

### **III. SUMMARY OF PLAN OF REORGANIZATION AND MEANS FOR IMPLEMENTATION OF PLAN**

The Plan which accompanies this Disclosure Statement sets forth with particularity the manner in which all claims will be paid. The Debtor is the Proponent of the Plan and the following summarizes the terms and conditions of the Plan.

**A. Treatment of General Unsecured Creditors:** It proposes to pay unsecured creditors one-hundred percent (100%) of their claims with an initial payment of ten percent (10%) of the allowed amount of each claim ten days after the Effective Date after Confirmation of the Plan. The balance is to be paid in two monthly installments thereafter, one payment thirty (30) days after the Effective Date and the last payment sixty (60) days after the Effective Date, until the claims are paid

in full.

**B. Treatment of Gibraltar:** The Reorganized Debtor proposes full payment to Gibraltar the allowed amount of its claim against the Debtor, including such interest as allowed by the court and fees, costs and expenses as may be allowed by the court. Full payment is to be made on or before one year from the Effective Date of the Plan. Partial payment on account of Gibraltar's allowed claim shall be made when there is a sale or refinance of any property securing the indebtedness owed Gibraltar that occurs prior to that date.

Pursuant to court order, the Debtor has paid Gibraltar the balance held in the Debtor in Possession bank account to be applied to interest and or principal, depending on a determination by the court of the principal balance due . The Debtor has filed an objection to the amount of the claim filed by Gibraltar. That dispute is based on issues regarding the appropriate interest rate, the principal amount on which the interest is to be charged and the commencement date of any default interest.

Commencing sixty (60) 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 (the Monthly Payment) until the allowed amount of the claim has been paid in full. If the Stuart Property is sold or refinanced prior to three-hundred, sixty-five days after the first payment to Gibraltar, the balance of the allowed amount of the Gibraltar claim, including principal, interest, costs and fees shall be paid to Gibraltar at that time. If the full amount of Gibraltar's allowed claim is not paid prior to three-hundred sixty-five (365) days after the first Monthly Payment to Gibraltar, then the full amount of the allowed amount of Gibraltar's claim together with any unpaid accrued interest, costs and fees shall be paid in full on the three-hundred, sixty-fifth day (the Due Date).

All payments resulting from the sale of any property securing Gibraltar's allowed claim occurring prior to the Due Date, whether property owned by the Reorganized Debtor or otherwise, shall first be applied to unpaid Default Interest, then to statutory interest and then to principal.

**C. Treatment of Eurotrade Short Term Loans, Ltd.:** Eurotrade is the holder of a Secured Claim and shall retain its lien on the Collateral as defined in the Stipulation for Adequate Protection dated November 17, 2011. That stipulation was approved by court order dated November 18, 2011 and has been referred to as the "Adequate Protection Stipulation". The Allowed claim of Eurotrade shall be evidenced by the Pre-Petition Loan Documents, as modified by provisions specified in Section IV C of the Plan.

On or before March 1, 2012 (the "Payment Date"), the Reorganized Debtor is required to pay to Eurotrade the sum of \$343,512.26. This amount represents \$261,202.15 in accrued and unpaid

interest from February 28, 2011 through March 1, 2012 (at the default rate set forth in the Pre-Petition Loan Documents), plus \$82,310.11 in extension fees and late charges; pay all accrued and unpaid ad valorem taxes on the Property securing the Eurotrade lien.

The Reorganized Debtor is required to maintain the collateral fully insured and name the Eurotrade as an additional insured under all policies of insurance covering or insuring the Collateral; and pay to Eurotrade all of its fees, costs and expenses, including attorneys' fees (calculated through the Payment Date) and costs.

Commencing on April 1, 2012, and continuing on the 1st day of each following month, Reorganized Debtor shall pay Eurotrade interest at the rate of 1% per month on the outstanding principal balance, or \$13,850 per month.

Unless otherwise directed by Eurotrade in writing, the Reorganized Debtor shall make all payments to the holder of the Allowed secured Claim held by Eurotrade.

Payment to Eurotrade or the holder of the Allowed Class III Secured Claim shall be by wire of funds into its bank account at Bank Hapoalim, branch 781, account number 320046, bank address 37 Montifiore street, Tel Aviv Israel. Swift POALILIT, IBAN - IL730127810000000320046

Provided that, and for so long as, there is no default or event of default under Section IV C of the Plan or the Pre-Petition Loan Documents, the maturity date of the loan shall be extended to August 26, 2012, at which time Reorganized Debtor shall pay all principal, interest accrued from August 1, 2012 through August 26, 2012, and any other charges due to the holder of the Class III Secured Claim under the Pre-Petition Loan Documents.

As provided in the Stipulation for Adequate Protection, the Debtor will have executed and delivered to counsel for the holder of the Allowed Class III Secured Claim a deed in lieu of foreclosure with respect to the Property. The deed is to be held in escrow by counsel for the holder of the Allowed Class III Secured Claim and shall be released to (a) the holder of the Allowed Class III Secured Claim as provided in the Plan and Stipulation for Adequate Protection, or (b) returned to the Reorganized Debtor following the payment in full, in cash, of all obligations of the Reorganized Debtor and Guarantor to the holder of the Allowed Class III Secured Claim.

Pursuant to 11 U.S.C. §1146(a), the deed, if recorded, shall be recorded free of any documentary, surtax or other state or municipal tax.

If the Reorganized Debtor defaults under the terms of the Plan (other than a default arising from the failure to make the payments required to be made on or before the Payment Date), and the Reorganized Debtor's failure to cure within 14 days of the date of notice to Reorganized Debtor, the holder of the Allowed Class III Secured Claim shall be entitled to enforce all its rights under the Pre-

Petition Loan Documents, and counsel for the holder of the Class III Allowed Secured Claim shall release the deed to holder of the Allowed Class III Secured Claim who shall be authorized to record the deed. For the avoidance of doubt the Plan provides that the Reorganized Debtor shall not receive notice and an opportunity to cure any default arising from the failure to timely make all of the payments required to be made on or before the Payment Deadline. Notwithstanding any other provision of the Plan, the failure of the Reorganized Debtor to timely and promptly make all payments due on or before the Payment Deadline shall constitute a default under the Plan and the Pre-Petition Loan Documents entitling the holder of the Allowed Class III Secured Claim to promptly enforce all rights and remedies provided for in the Plan, the Pre-Petition Loan Documents and applicable law.

The stipulations, covenants and acknowledgements made by the Debtor and the Guarantor in the Stipulation for Adequate Protection survive confirmation of the Plan and remain binding on the parties to the Stipulation for Adequate Protection and the Pre-Petition Loan Documents, including the Reorganized Debtor.

**D. Treatment Of Loans Made By Sid Corrie, Jr. And Corrie Development Corporation:**

Corrie Development Corporation and Sid Corrie, Jr. have each made loans to the Debtor. The Plan provides that such loans are to be subordinated to the claims of unsecured creditors, Gibraltar, Eurotrade and any taxing authority with a claim for taxes against the Debtor until each of these creditors have been paid in full under the terms of the Plan.

**E. Means For Execution Of The Plan:** Sid Corrie, Jr. will contribute capital to the Reorganized Debtor as required to fund the Plan and ongoing payments as required by the Plan. As a shareholder of the Reorganized Debtor he has the financial capacity to provide the needed funding based on his personal assets, including his ownership of Corrie Development Corporation. Mr. Corrie is a personal guarantor of the indebtedness owed to both Gibraltar and Eurotrade.

These assets include:

1. A purchase agreement is in place between Mr. Corrie and Signature Development Group, Inc. (a local Northern California well-regarded company) where Mr. Corrie is selling certain option rights to a portion of property located in Danville, California for a purchase price of Nine and a half million dollars (\$9,500,000.00). Of that sum Mr. Corrie is scheduled to receive at least \$2,000,000.00 cash at closing. An Escrow regarding the sale has been opened with Chicago Title Co. in Walnut Creek, California. The Escrow is to close after a parcel map has been approved with respect to the property and completion of the Buyer's due diligence which is to be completed by February 28,

2012, with closing no later than March 15, 2012.

2. In addition to the substantial funds that will be generated by the Danville, California transaction, Mr. Corrie also owns several other real properties that generate a substantial positive monthly cash flow available for payment of ongoing obligations under the Plan, such as: a Multi-tenant Office Building in Dublin, California; 22.67 Acres of industrial zoned property with ten (10) industrial and office buildings totaling 101,170 square feet in San Ramon, California; a 119,000 square foot self-storage warehouse located in Walnut Creek, California; three (3) acres of Commercial zoned land in Dublin, California of which one acre is leased at \$12,571.00 per month (triple net) to Sonic Automotive, a NYSE company through July, 2015 and a property (75% owned) located in Danville, California known as Creekside Memorial Park in the process of development as the largest (140,000 burial plots) private cemetery located in the East Bay, California area. Final entitlement approvals are expected by April, 2012 and negotiations are in process to sell the cemetery to the five local cities surrounding the property. Mr. Corrie's interest in this property is valued in the moderate eight figures.

#### **IV. CLASSIFICATION AND TREATMENT OF PRE-PETITION CLAIMS AGAINST THE DEBTOR' ESTATE AND EQUITY SECURITY INTERESTS**

This Plan divides the respective creditors and equity security interests of the Debtor into respective classes, the classification and treatment of which are described herein. The claims against the Debtor and Equity Security Interests are divided into six (6) classes.

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 Short Term 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.

**B. Payment of Priority Claims:** Claims in this category are entitled to priority of payment over general unsecured creditors pursuant to the provisions of § 507 of the Bankruptcy Code. The following describes the amount and treatment of all outstanding priority claims owed by the Debtor:

**C. Payment of Post-Petition Administrative Claims:** All administrative claims, as allowed and ordered by the Bankruptcy Court, including fees payable pursuant to § 1930 of Title 28, U.S.C., shall be satisfied by payments 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 administrative claims which were incurred by the Debtor in the ordinary course of business. Unpaid administrative 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 its 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 as awarded by the court after application and hearing and will be paid in cash on confirmation of the Plan of Reorganization, or on such terms as otherwise agreed by the parties. It is estimated that the professional fees due to counsel for the Debtor will be approximately \$75,000.00 plus out of pocket costs. Cost reimbursement requests by professionals will be in compliance with the guidelines of the U. S. Trustee and this court.

The cash amount required to be deposited for confirmation of the Plan will be provided by capital contributions of the Debtor's shareholder.

Post confirmation of the Plan the Debtor will pay all quarterly fees due the United States Trustee as required by law.

**D. Means for Execution and Implementation of the Plan:** The Plan will be funded in its entirety by the Debtor's principal (insider) of the Debtor through available funds, capital contributions and future revenue.

All distributions will be mailed to creditors at the address stated in the Debtor's Schedules of Liabilities or as stated in a properly filed Proof of Claim. In the event the claim is disputed, the dispute will be resolved either by agreement or as a result of a court hearing and ruling. Neither the Debtor, any disbursing agent, nor any professional retained by them will have any obligation to locate creditors whose distribution or notices were properly mailed but nevertheless returned. However, the Debtor will make a reasonable effort to locate such creditors. Any creditor who fails to claim its distribution due under the Plan within 180 days after a distribution has been delivered will be deemed to have no further interest in that distribution or any further distributions under the Plan.

The Debtor and the Reorganized Debtor retain the option of setting off against any claim, and any distribution made pursuant to the Plan in respect to such claim, a claim of any nature whatsoever, that the Debtor or the Reorganized Debtor have against the holder of such claim. However, neither



the failure to do so nor the allowance of any claim under the Plan constitutes a waiver or release by the Debtor or the Reorganized Debtor of any claim that the Debtor or the Reorganized Debtor may have against the holder of such claim.

As of the Confirmation Date all executory contracts and unexpired leases of the Debtor's estate if any will be assumed, except those rejected by the Debtor prior to Confirmation of the Plan. The Debtor projects that there will be no rejection claims.

**E. Confirmation Procedure:** Each impaired class of claims or interests is entitled to vote separately to accept or reject the Plan. The votes of each class are tallied separately to determine if there has been acceptance of the Plan. For the court to confirm the Plan it is necessary that a majority of creditors in number and two-thirds in amount of each class of creditors who cast a ballot regarding acceptance or rejection of the Plan affirmatively vote in favor of the Plan. Under those circumstances the Plan will be deemed to have been accepted to the advantage of a group of creditors so long as those creditors in such class have a reasonable and logical connection with each other. The Debtor believes that the classification of claims is reasonable and that there is a logical connection among the creditors in each class.

**V. FINANCIAL INFORMATION AND LIQUIDATION ANALYSIS OF REORGANIZED DEBTOR**

This Plan of Reorganization is proffered in the context of the financial information contained in the Debtor's Schedules and as contained in relevant portions of the Debtor's three most recent Debtor in Possession Operating Reports filed with the Court regarding the Debtor's current operations. The summaries through August 31, 2011 are attached as Composite Exhibit "B". These Reports also reflect information regarding the Debtor operations (revenue and expense) from the date of filing of this Chapter 11 case.

**A. Financial Information:** Financial information hereinafter presented is to be considered in the context of the Debtor's industry, which has been fully described in Section I of this Disclosure Statement. This business is affected by any economic trends which affect the residential luxury home market in Ft. Lauderdale and Stuart, Florida.

**B. Liquidation Analysis:** This is a liquidating Plan of Reorganization, the purpose of which is to satisfy all secured, unsecured and property tax claims. As reflected in the summary of assets and liabilities and as reflected in the statement of appraised values, Exhibit "C" as of the dates indicated, the Debtor believes there is substantial equity in the properties sufficient to satisfy all claims. If the case is converted to a Chapter 7 case under the Bankruptcy Code, dismissed or relief from the automatic stay of § 362 of the Bankruptcy

Code is granted to the secured creditors, the properties would be sold in state foreclosure proceedings. In this connection, creditors should be apprised that management believes that the orderly liquidation of the Debtor's assets will realize greater revenue for all creditors as under the foregoing circumstances there would be no funds available for unsecured creditors.

**C. Source of payments to creditors and capital contribution:** Funding of the Plan of Reorganization shall be made by Sid Corrie, Jr., either individually or through Corrie Development Corporation or its affiliates.

**VI. METHOD OF POST-PETITION OPERATIONS**

During the period of implementation of the Plan of Reorganization and thereafter, it is anticipated that the Debtor's day-to-day business affairs will be managed by Sid Corrie, Jr., President and Pete Klein, Chief Financial Officer at no salary or compensation.

Presently and in the future there is 1 full time maintenance person who oversees the properties. He has been and will continue to be paid by Corrie Development Corp.

**VII. PREFERENTIAL OR FRAUDULENT CONVEYANCES AND PENDING LITIGATION.**

**A. Procedures With Respect To Filing Objections To Claims:** In order to share in the distributions being made to any class of creditors, a creditor must have timely filed a proof of claim on or before the date set by the Court and in the form required by the Bankruptcy Rules, unless the creditor's Claim was listed in the Schedule of Liabilities filed by the Debtor, and that listing did not indicate the creditor's Claim as being disputed, contingent or unliquidated. Each individual creditor has the duty to ascertain the accuracy of its listing in the Schedule of Liabilities and to file a proof of claim in the event that it disagrees with the manner scheduled by the Debtor, or in the event that it is not scheduled at all by the Debtor. Certain Claims, called Rejection Claims, which arise from the rejection of unexpired or executory contracts, may be filed within thirty (30) days after the Confirmation Date. However, the Debtor will be assuming all executory contracts and unexpired leases pursuant to the Plan. Therefore, the Debtor does not anticipate any Rejection Claims.

The Debtor or any other party in interest will be required to file Objections to the Allowance of any Claim including Rejection Claims, if any, pursuant to an Order which will be entered by the Bankruptcy Court. Creditors and all interested parties will be served with a copy of that Order and are directed to review carefully the time limitations contained therein. Pursuant to the Plan terms, such objections must be filed no later than fifteen (15) days after the Effective Date, which is ten (10) days after the date when the court enters an order confirming the Plan.

The failure of the Debtor, or any other party in interest, to object to or examine any claim for the purposes of voting on the Plan does not waive the rights of the Debtor, or any other party in interest to object to such claims later in any way or seek any type of relief as might be appropriate.

**VIII. SPECIAL RISK FACTORS**

**ALL THE RISK FACTORS INHERENT IN A PLAN OF REORGANIZATION UNDER CHAPTER 11 ARE PRESENT IN THIS CASE. CREDITORS ARE URGED TO CAREFULLY READ THIS DISCLOSURE STATEMENT AND THE ANNEXED FINANCIAL STATEMENTS, TOGETHER WITH THE ACCOMPANYING PLAN OF REORGANIZATION, IN FULL, SO THAT AN INFORMED JUDGMENT CAN BE EXERCISED WITH RESPECT TO VOTING ON THE PLAN.**

**IX. CONCLUSION**

**A. The effect of Confirmation of the Plan:** If the court confirms the Plan, the terms and conditions of the Plan will bind the Debtor, the creditors and the equity security holders. Since the creditor claims and equity security interests are impaired they will be bound by the terms of the Plan even if they did not accept the Plan. Moreover the confirmation of the Plan will discharge the Debtor from debts arising before the date of such confirmation and any debts arising from the rejection of an executory contract, certain avoidance actions and certain postpetition tax claims. Since none of the Debtor's executory contracts have been or will be rejected and there are no avoidance actions or postpetition tax claims, that aspect of the confirmation order will have no affect on creditors.

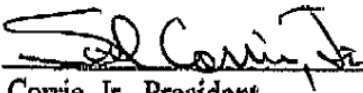

In the event of any conflict between the Plan and this Disclosure Statement, the terms of the Plan shall govern.

The Debtor believes the Chapter 11 Plan of Reorganization is feasible, should be accepted by the creditors and confirmed by the Court.

**SIGNATURE PAGE FOLLOWS**

Dated January 4, 2011

**River Island Farms, Inc.**

By   
Sid Corrie, Jr., President  


SANDLER & SANDLER

By M. L. Sandler, P. A.

*Attorneys for Debtor*

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*/s/ Martin L. Sandler*

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Martin L. Sandler

Florida Bar No. 0070370

River Island Farms, Inc.

01/04/12

**Balance Sheet**  
As of December 31, 2011

	Dec 31, 11
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
108 · Suntrust-DebtorInPossession AC	28,159.49
<b>Total Checking/Savings</b>	28,159.49
<b>Accounts Receivable</b>	
120 · A/R-CDC	400,028.47
125 · A/R-Almaden Associates, LLC	141,500.00
<b>Total Accounts Receivable</b>	541,528.47
<b>Total Current Assets</b>	569,687.96
<b>Other Assets</b>	
193 · 2001 SE St. Lucie Blvd.	4,341,693.85
194 · 1735 SE St. Lucie Blvd.,	2,992,572.22
<b>Total Other Assets</b>	7,334,266.07
<b>TOTAL ASSETS</b>	<b>7,903,954.03</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Other Current Liabilities</b>	
206 · Affiliated Co - CDC	1,015,314.14
<b>Total Other Current Liabilities</b>	1,015,314.14
<b>Total Current Liabilities</b>	1,015,314.14
<b>Long Term Liabilities</b>	
247 · Note Payable-Gibraltar 2001	3,250,000.00
244 · Shareholder Advances	2,657,287.47
248 · Note Payable-1735EurotradeShort	1,385,000.00
<b>Total Long Term Liabilities</b>	7,292,287.47
<b>Total Liabilities</b>	8,307,601.61
<b>Equity</b>	
290 · Common Stock	1,000.00
3000 · Retained Earnings	4,585,929.40
Net Income	(4,990,576.98)
<b>Total Equity</b>	(403,647.58)
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>7,903,954.03</b>

EXHIBIT "A"

**EXHIBIT "B"**

**Schedule of Appraised Value for Described Properties:**

2001 SE St. Lucie Boulevard, Stuart, Florida

Appraisal value on January 28, 2011 by Charles Stublely, SRA

\$5,500,000.00

Mortgage

\$3,250,000.00

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**

FOR THE PERIOD BEGINNING November 1, 2011 AND ENDING November 30, 2011

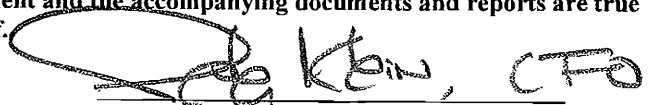
**River Island Farms, Inc.**  
Date of Petition: February 28, 2011

**Case Number: 11-15410-BKC-RBR**

	CURRENT MONTH	CUMULATIVE PETITION TO DATE
<b>1. FUNDS AT BEGINNING OF PERIOD</b>	<u>391,936<sup>82</sup></u> (a)	<u>694<sup>07</sup></u> (b)
<b>2. RECEIPTS:</b>		
A. Cash Sales	_____	_____
Minus: Cash Refunds	(-)	_____
Net Cash Sales	_____	_____
B. Accounts Receivable	_____	_____
C. Other Receipts (See MOR-3)	_____	_____
(If you receive rental income, you must attach a rent roll.)	_____	_____
<b>3. TOTAL RECEIPTS (Lines 2A+2B+2C)</b>	-	<u>87,196<sup>01</sup></u>
<b>4. TOTAL FUNDS AVAILABLE FOR OPERATIONS (Line 1 + Line 3)</b>	<u>391,936<sup>82</sup></u>	<u>87,890<sup>08</sup></u>
<b>5. DISBURSEMENTS</b>		
A. Advertising	_____	_____
B. Bank Charges	_____	_____
C. Contract Labor	_____	_____
D. Fixed Asset Payments (not incl. in "N")	_____	_____
E. Insurance	_____	_____
F. Inventory Payments (See Attach. 2)	_____	_____
G. Leases	_____	_____
H. Manufacturing Supplies	_____	_____
I. Office Supplies	_____	_____
J. Payroll - Net (See Attachment 4B)	_____	_____
K. Professional Fees (Accounting & Legal)	_____	_____
L. Rent	_____	_____
M. Repairs & Maintenance	_____	_____
N. Secured Creditor Payments (See Attach. 2)	_____	_____
O. Taxes Paid - Payroll (See Attachment 4C)	_____	_____
P. Taxes Paid - Sales & Use (See Attachment 4C)	_____	_____
Q. Taxes Paid - Other (See Attachment 4C)	_____	_____
R. Telephone	_____	_____
S. Travel & Entertainment	_____	_____
Y. U.S. Trustee Quarterly Fees	_____	_____
U. Utilities	_____	_____
V. Vehicle Expenses	_____	_____
W. Other Operating Expenses (See MOR-3)	<u>261,415<sup>57</sup></u>	<u>777,398<sup>03</sup></u>
<b>6. TOTAL DISBURSEMENTS (Sum of 5A thru W)</b>		
<b>7. ENDING BALANCE (Line 4 Minus Line 6)</b>	<u>130,491<sup>55</sup></u> (c)	<u>130,491<sup>55</sup></u> (c)

I declare under penalty of perjury that this statement and the accompanying documents and reports are true and correct to the best of my knowledge and belief.

This 19<sup>th</sup> day of Dec., 2011.

  
(Signature)

(a) This number is carried forward from last month's report. For the first report only, this number will be the balance as of the petition date.  
 (b) This figure will not change from month to month. It is always the amount of funds on hand as of the date of the petition.  
 (c) These two amounts will always be the same if form is completed correctly.

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**

**FOR THE PERIOD BEGINNING October 1, 2011 AND ENDING October 31, 2011**

**River Island Farms, Inc.**

Date of Petition: February 28, 2011

**Case Number: 11-15410-BKC-RBR**

CURRENT  
MONTH

CUMULATIVE  
PETITION TO DATE

1. FUNDS AT BEGINNING OF PERIOD

400,670<sup>14</sup> (a)

69407 (b)

2. RECEIPTS:

A. Cash Sales

Minus: Cash Refunds

Net Cash Sales

B. Accounts Receivable

C. Other Receipts (See MOR-3)

(If you receive rental income,  
you must attach a rent roll.)

3. TOTAL RECEIPTS (Lines 2A+2B+2C)

-

87,196<sup>01</sup>

4. TOTAL FUNDS AVAILABLE FOR  
OPERATIONS (Line 1 + Line 3)

5. DISBURSEMENTS

A. Advertising

B. Bank Charges

C. Contract Labor

D. Fixed Asset Payments (not incl. in "N")

E. Insurance

F. Inventory Payments (See Attach. 2)

G. Leases

H. Manufacturing Supplies

I. Office Supplies

J. Payroll - Net (See Attachment 4B)

K. Professional Fees (Accounting & Legal)

L. Rent

M. Repairs & Maintenance

N. Secured Creditor Payments (See Attach. 2)

O. Taxes Paid - Payroll (See Attachment 4C)

P. Taxes Paid - Sales & Use (See Attachment 4C)

Q. Taxes Paid - Other (See Attachment 4C)

R. Telephone

S. Travel & Entertainment

Y. U.S. Trustee Quarterly Fees

U. Utilities

V. Vehicle Expenses

W. Other Operating Expenses (See MOR-3)

6. TOTAL DISBURSEMENTS (Sum of 5A thru W)

4,875<sup>00</sup>

3,858<sup>32</sup>

8,733<sup>32</sup>

391,936<sup>02</sup> (c)

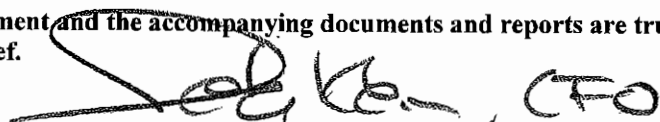
485,953<sup>26</sup>

391,936<sup>87</sup> (c)

7. ENDING BALANCE (Line 4 Minus Line 6)

I declare under penalty of perjury that this statement and the accompanying documents and reports are true and correct to the best of my knowledge and belief.

This 18<sup>th</sup> day of Nov, 2011.



(Signature)

(a) This number is carried forward from last month's report. For the first report only, this number will be the balance as of the petition date.

(b) This figure will not change from month to month. It is always the amount of funds on hand as of the date of the petition.

(c) These two amounts will always be the same if form is completed correctly.



**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**

September 1, 2011

FOR THE PERIOD BEGINNING [REDACTED] AND ENDING Sep. 30, 2011

River Island Farms, Inc.  
Date of Petition: February 28, 2011

Case Number: 11-15410-BKC-RBR

	CURRENT MONTH	CUMULATIVE PETITION TO DATE
1. FUNDS AT BEGINNING OF PERIOD	448,999 <sup>95</sup> (a)	694 <sup>07</sup> (b)
2. RECEIPTS:		
A. Cash Sales	_____	
Minus: Cash Refunds	(-)	
Net Cash Sales	_____	
B. Accounts Receivable	_____	
C. Other Receipts (See MOR-3)	146 <sup>5</sup>	
(If you receive rental income, you must attach a rent roll.)	146 <sup>5</sup>	877,196 <sup>01</sup>
3. TOTAL RECEIPTS (Lines 2A+2B+2C)	_____	
4. TOTAL FUNDS AVAILABLE FOR OPERATIONS (Line 1 + Line 3)	_____	
5. DISBURSEMENTS		
A. Advertising	_____	
B. Bank Charges	_____	
C. Contract Labor	_____	
D. Fixed Asset Payments (not incl. in "N")	_____	
E. Insurance	_____	
F. Inventory Payments (See Attach. 2)	_____	
G. Leases	_____	
H. Manufacturing Supplies	_____	
I. Office Supplies	_____	
J. Payroll - Net (See Attachment 4B)	_____	
K. Professional Fees (Accounting & Legal)	_____	
L. Rent	_____	
M. Repairs & Maintenance	_____	
N. Secured Creditor Payments (See Attach. 2)	_____	
O. Taxes Paid - Payroll (See Attachment 4C)	_____	
P. Taxes Paid - Sales & Use (See Attachment 4C)	_____	
Q. Taxes Paid - Other (See Attachment 4C)	_____	
R. Telephone	_____	
S. Travel & Entertainment	_____	
Y. U.S. Trustee Quarterly Fees	_____	
U. Utilities	_____	
V. Vehicle Expenses	_____	
W. Other Operating Expenses (See MOR-3)	48,344 <sup>42</sup>	
6. TOTAL DISBURSEMENTS (Sum of 5A thru W)	48,344 <sup>42</sup>	(477,219 <sup>91</sup> )
7. ENDING BALANCE (Line 4 Minus Line 6)	400,670 <sup>14</sup> (c)	400,670 <sup>14</sup> (c)

I declare under penalty of perjury that this statement and the accompanying documents and reports are true and correct to the best of my knowledge and belief.

This 19<sup>th</sup> day of October, 2011. [Signature] (Signature)

- (a) This number is carried forward from last month's report. For the first report only, this number will be the balance as of the petition date.
- (b) This figure will not change from month to month. It is always the amount of funds on hand as of the date of the petition.
- (c) These two amounts will always be the same if form is completed correctly.

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

August 1, 2011

FOR THE PERIOD BEGINNING [REDACTED] AND ENDING August 31, 2011

River Island Farms, Inc.
Date of Petition: February 28, 2011

Case Number: 11-15410-BKC-RBR

CURRENT MONTH CUMULATIVE PETITION TO DATE

646,305.13 (a) 694.07 (b)

1. FUNDS AT BEGINNING OF PERIOD

2. RECEIPTS:

A. Cash Sales

Minus: Cash Refunds

Net Cash Sales

B. Accounts Receivable

C. Other Receipts (See MOR-3)

(If you receive rental income, you must attach a rent roll.)

3. TOTAL RECEIPTS (Lines 2A+2B+2C)

4. TOTAL FUNDS AVAILABLE FOR OPERATIONS (Line 1 + Line 3)

5. DISBURSEMENTS

A. Advertising

B. Bank Charges

C. Contract Labor

D. Fixed Asset Payments (not incl. in "N")

E. Insurance

F. Inventory Payments (See Attach. 2)

G. Leases

H. Manufacturing Supplies

I. Office Supplies

J. Payroll - Net (See Attachment 4B)

K. Professional Fees (Accounting & Legal)

L. Rent

M. Repairs & Maintenance

N. Secured Creditor Payments (See Attach. 2)

O. Taxes Paid - Payroll (See Attachment 4C)

P. Taxes Paid - Sales & Use (See Attachment 4C)

Q. Taxes Paid - Other (See Attachment 4C)

R. Telephone

S. Travel & Entertainment

Y. U.S. Trustee Quarterly Fees

U. Utilities

V. Vehicle Expenses

W. Other Operating Expenses (See MOR-3)

6. TOTAL DISBURSEMENTS (Sum of 5A thru W)

7. ENDING BALANCE (Line 4 Minus Line 6)

197,305.13
197,305.13
448,999.92 (c)
428,875.52
448,999.92 (c)

I declare under penalty of perjury that this statement and the accompanying documents and reports are true and correct to the best of my knowledge and belief.

This 19th day of September, 2011 [Signature] (Signature)

(a) This number is carried forward from last month's report. For the first report only, this number will be the balance as of the petition date.

(b) This figure will not change from month to month. It is always the amount of funds on hand as of the date of the petition.

(c) These two amounts will always be the same if form is completed correctly.

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**

July 1, 2011

FOR THE PERIOD BEGINNING [REDACTED] AND ENDING July 31, 2011

River Island Farms, Inc.  
Date of Petition: February 28, 2011

Case Number: 11-15410-BKC-RBR

	CURRENT MONTH	CUMULATIVE PETITION TO DATE
1. FUNDS AT BEGINNING OF PERIOD	866,267 <sup>11</sup> (a)	694,071 (b)
2. RECEIPTS:		
A. Cash Sales		
Minus: Cash Refunds	(-)	
Net Cash Sales		
B. Accounts Receivable		
C. Other Receipts (See MOR-3)	1,096.02	811,181 <sup>40</sup>
(If you receive rental income, you must attach a rent roll.)		
3. TOTAL RECEIPTS (Lines 2A+2B+2C)	1,096.02	
4. TOTAL FUNDS AVAILABLE FOR OPERATIONS (Line 1 + Line 3)		
5. DISBURSEMENTS		
A. Advertising		
B. Bank Charges		
C. Contract Labor		
D. Fixed Asset Payments (not incl. in "N")		
E. Insurance		
F. Inventory Payments (See Attach. 2)		
G. Leases		
H. Manufacturing Supplies		
I. Office Supplies		
J. Payroll - Net (See Attachment 4B)		
K. Professional Fees (Accounting & Legal)		
L. Rent		
M. Repairs & Maintenance		
N. Secured Creditor Payments (See Attach. 2)		
O. Taxes Paid - Payroll (See Attachment 4C)		
P. Taxes Paid - Sales & Use (See Attachment 4C)		
Q. Taxes Paid - Other (See Attachment 4C)		
R. Telephone		
S. Travel & Entertainment		
Y. U.S. Trustee Quarterly Fees		
U. Utilities		
V. Vehicle Expenses		
W. Other Operating Expenses (See MOR-3)	221,057 <sup>40</sup>	(231,569 <sup>74</sup> )
6. TOTAL DISBURSEMENTS (Sum of 5A thru W)	221,057 <sup>40</sup>	646,305 <sup>73</sup> (c)
7. ENDING BALANCE (Line 4 Minus Line 6)	646,305 <sup>73</sup> (c)	

I declare under penalty of perjury that this statement and the accompanying documents and reports are true and correct to the best of my knowledge and belief.

This 17<sup>th</sup> day of Aug, 2011,  CFO (Signature)

- (a) This number is carried forward from last month's report. For the first report only, this number will be the balance as of the petition date.
- (b) This figure will not change from month to month. It is always the amount of funds on hand as of the date of the petition.
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**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**

June 1, 2011

FOR THE PERIOD BEGINNING [REDACTED] AND ENDING June 30, 2011

**River Island Farms, Inc.**

**Case Number: 11-15410-BKC-RBR**

Date of Petition: February 28, 2011

	<u>CURRENT MONTH</u>	<u>CUMULATIVE PETITION TO DATE</u>
<b>1. FUNDS AT BEGINNING OF PERIOD</b>	<u>10,613.07</u>	(a) _____ (b)
<b>2. RECEIPTS:</b>		
A. Cash Sales	_____	_____
Minus: Cash Refunds	(-)	_____
Net Cash Sales	_____	_____
B. Accounts Receivable	_____	_____
C. Other Receipts (See MOR-3)	<u>866,085.58</u>	_____
(If you receive rental income, you must attach a rent roll.)	<u>866,085.58</u>	_____
<b>3. TOTAL RECEIPTS (Lines 2A+2B+2C)</b>	_____	_____
<b>4. TOTAL FUNDS AVAILABLE FOR OPERATIONS (Line 1 + Line 3)</b>	_____	_____
<b>5. DISBURSEMENTS</b>		
A. Advertising	_____	_____
B. Bank Charges	_____	_____
C. Contract Labor	_____	_____
D. Fixed Asset Payments (not incl. in "N")	_____	_____
E. Insurance	_____	_____
F. Inventory Payments (See Attach. 2)	_____	_____
G. Leases	_____	_____
H. Manufacturing Supplies	_____	_____
I. Office Supplies	_____	_____
J. Payroll - Net (See Attachment 4B)	_____	_____
K. Professional Fees (Accounting & Legal)	_____	_____
L. Rent	_____	_____
M. Repairs & Maintenance	_____	_____
N. Secured Creditor Payments (See Attach. 2)	_____	_____
O. Taxes Paid - Payroll (See Attachment 4C)	_____	_____
P. Taxes Paid - Sales & Use (See Attachment 4C)	_____	_____
Q. Taxes Paid - Other (See Attachment 4C)	_____	_____
R. Telephone	_____	_____
S. Travel & Entertainment	_____	_____
Y. U.S. Trustee Quarterly Fees	_____	_____
U. Utilities	_____	_____
V. Vehicle Expenses	_____	_____
W. Other Operating Expenses (See MOR-3)	<u>10,491.34</u>	_____
<b>6. TOTAL DISBURSEMENTS (Sum of 5A thru W)</b>	<u>10,491.34</u>	_____
<b>7. ENDING BALANCE (Line 4 Minus Line 6)</b>	<u>866,267.11</u>	(c) _____ (c)

I declare under penalty of perjury that this statement and the accompanying documents and reports are true and correct to the best of my knowledge and belief.

This 19 day of July, 2011. [Signature] (Signature)

- (a) This number is carried forward from last month's report. For the first report only, this number will be the balance as of the petition date.
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- (c) These two amounts will always be the same if form is completed correctly.