IN THE DISTRICT COURT FOR THE VIRGIN ISLANDS
BANKRUPTCY DIVISION
DIVISION OF ST. THOMAS AND ST. JOHN

In re	)	
	)	
WINTDOTS DEVELOPMENT, LLC,	)	Case No. 12-30003-MFW
	)	
	)	Chapter 11
	)	
Debtor.	)	
_____	)	

DEBTOR-IN-POSSESSION'S DISCLOSURE STATEMENT

Dated December 11, 2012

I.

OVERVIEW AND IDENTIFICATION OF PROPONENT

Wintdots Development, LLC, the Debtor-in-Possession ("Debtor"), hereby submits to its creditors as proponent this Second Amended Disclosure Statement in connection with its Plan of Reorganization (the "Plan") pursuant to Chapter 11 of Title 11 United States Code (hereinafter the "Bankruptcy Code" or "Code").

II.

PRELIMINARY STATEMENT

The Debtor submits this Disclosure Statement to all of its creditors in order to comply with the Provisions of the Code requiring the submission of information necessary for creditors to arrive at an informed decision in exercising their rights to vote for acceptance or rejection of the Debtor's Plan of Reorganization dated November 27, 2012, presently on file with the Bankruptcy Court. A copy of the Plan accompanies this Disclosure Statement.

The Debtor is proponent of the Plan.

III.

SUMMARY OF PLAN AND CODE PROVISIONS FOR VOTING

A. REPAYMENT OF CREDITORS

The Debtor-in-Possession's Plan of Reorganization dated November 27, 2012 provides for payment of all administrative expenses and the allowed claims of the secured, priority secured and unsecured, and general unsecured creditors through continued operations of its business. Secured claims (except taxes) will be repaid in full with interest in accordance with the terms of the original loans or as otherwise agreed. Agreed secured and priority unsecured tax claims of the Internal Revenue Service and the Virgin Islands Bureau of Internal Revenue will be paid in full. The allowed or agreed claims of the general unsecured creditors will be paid in full, without interest. This Disclosure Statement contains a detailed discussion of the Plan and its implementation. This Amended Disclosure Statement should be read in conjunction with the Plan of Reorganization which is a legal document and upon confirmation will become binding upon the parties. The Debtor urges creditors and other parties in interest to consult with independent counsel in connection with their decision to accept or reject the Plan.

B. CREDITORS ALLOWED TO VOTE: DEADLINE

Creditors holding Allowed Claims are entitled to vote to accept or reject the Debtor's Plan of Reorganization. The Court has fixed _____, 2013 as the last date by which ballots upon the proposed Plan must be filed with counsel for the Debtor as agents for the Court. **Ballots must be received by Benjamin A. Currence, Esq., P.O. Box 6143, St. Thomas, U.S. Virgin Islands 00804-6143, not later than _____, 2013. No ballots received by counsel for the Debtor after that date will be counted in determining whether the Plan should be confirmed.** Even though a creditor may not choose to vote or may vote against the Plan, the creditor will be bound by the terms and treatment set forth in the Plan if the Plan is accepted by the requisite majorities in each class of creditors and/or is confirmed by the Court. Creditors who fail to vote will not be counted in determining acceptance or rejection of the Plan. Allowance of a claim or interest for voting purposes does not necessarily mean that the claim will be allowed or disallowed for purposes of distribution under the terms of the Plan. Any claim to which an objection has been or will be made will be allowed only for distribution after determination by the Court. Such determination may be made after the Plan is confirmed.

C. VOTING PROVISIONS

In order for the Plan to be deemed accepted by the class of creditors holding unsecured claims (Class 6 under the Plan), creditors that hold at least two-thirds (2/3rds) in the dollar amount and more than one-half (½) in the total number of allowed claims of creditors voting on the Plan must accept the Plan. Under certain limited circumstances more fully described in 11 U.S.C. § 1129(b), the Court may confirm a plan notwithstanding the rejection thereof by more than one-third (1/3) in amount or one-half (½) in number of the creditors voting on the Plan in any given class. The Debtor intends to seek confirmation under 11 U.S.C. § 1129(b) in the event any class of creditors rejects the Plan.

D. REPRESENTATIONS LIMITED

NO REPRESENTATIONS CONCERNING THE DEBTOR, PARTICULARLY REGARDING FUTURE BUSINESS OPERATIONS OR THE VALUE OF THE DEBTOR'S ASSETS, HAVE BEEN AUTHORIZED BY THE DEBTOR EXCEPT AS SET FORTH IN THIS STATEMENT. YOU SHOULD NOT RELY ON ANY OTHER REPRESENTATIONS OR INDUCEMENTS PROFFERED TO YOU TO SECURE YOUR ACCEPTANCE IN ARRIVING AT YOUR DECISION IN VOTING ON THE PLAN. ANY PERSON MAKING REPRESENTATIONS OR INDUCEMENTS CONCERNING ACCEPTANCE OR REJECTION OF THE PLAN SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR AT THE ADDRESS ABOVE AND TO THE UNITED STATES TRUSTEE. THE UNITED STATES TRUSTEE CAN BE REACHED AT 362 RICHARD RUSSELL BUILDING, 75 SPRING STREET, SW, ATLANTA, GEORGIA 30303.

FOR VARIOUS REASONS, THE RECORDS OF THE DEBTOR PRIOR TO THE PRESENTATION OF THIS PLAN HAVE NOT ALWAYS BEEN COMPLETE AND THE ACCURACY OF THE INFORMATION SUBMITTED WITH THIS STATEMENT IS DEPENDENT UPON ACCOUNTING PERFORMED BY THE DEBTOR AND ITS ACCOUNTANT. WHILE EVERY EFFORT HAS BEEN MADE TO PROVIDE THE MOST ACCURATE INFORMATION AVAILABLE, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT ALL INFORMATION IS WITHOUT INACCURACY. NO KNOW INACCURACIES ARE INCLUDED. FURTHER, MUCH OF THE INFORMATION CONTAINED HEREIN CONSISTS OF PROJECTIONS OF FUTURE PERFORMANCE OF A VERY UNCERTAIN BUSINESS. WHILE EVERY EFFORT HAS BEEN MADE TO INSURE THAT THE ASSUMPTIONS ARE VALID AND THAT THE PROJECTIONS ARE AS ACCURATE AS CAN BE MADE UNDER THE CIRCUMSTANCES, NEITHER THE DEBTOR NOR ITS ACCOUNTANTS UNDERTAKE TO CERTIFY OR WARRANT THE ABSOLUTE ACCURACY OF THE PROJECTIONS.

NO FORMAL APPRAISALS HAVE BEEN UNDERTAKEN OF THE DEBTOR'S PROPERTY. THE VALUES PLACED THEREON AND ARE SUMMARIZED BELOW ARE THE DEBTOR-IN-POSSESSION'S BEST ESTIMATE OF THE VALUES OF THE PROPERTY AS OF THE TIME OF THE FILING OF THE AMENDED PLAN OF

REORGANIZATION AND THE AMENDED DISCLOSURE STATEMENT. THESE VALUES MAY DIFFER FROM VALUES PLACED ON THE SAME PROPERTY AT THE TIME OF THE FILING OF THE PETITION FOR RELIEF AND THE SUBSEQUENT SCHEDULES.

IV.

A. HISTORY AND ORGANIZATION OF THE DEBTOR

The Debtor is a Virgin Islands limited liability company which commenced business in 2005. In December, 2005, the Debtor obtained a $1.3 Million loan from the Bank of Nova Scotia to construct a 1-mile road to gain access to Parcel 14-J Estate Thomas, St. Thomas, Virgin Islands, where it intends to construct a conference center, a 150-room hotel and a self-sustaining energy plant.

In 2008, the Debtor obtained a loan from Kennedy Funding for approximately $6.5 Million to retire the Bank of Nova Scotia loan, to purchase adjacent Parcel 3M-1 Estate Thomas, St. Thomas, Virgin Islands, and for working capital. Subsequent efforts to obtain additional financing to complete the development project from the Virgin Islands Public Finance Authority, from Independence Bank and from other sources were unsuccessful for various reasons. The Debtor was subsequently unable to pay the Kennedy Funding loan as agreed and entered into a consent judgment to resolve the foreclosure litigation that followed.

B. THE CHAPTER 11 FILING AND POST-PETITION EVENTS

On March 11, 2012, the Debtor filed for protection under Chapter 11 of the Bankruptcy Code. Thereafter the United States Trustee scheduled a creditors' meeting as required by 11 U.S.C. § 341.

Harrington Johnson and Associates, LLC (“HJA”), a Minnesota company having principal offices in Irving, Texas has been engaged by Island Ventures Partnership[1] to arrange for refinancing in an amount sufficient to pay one hundred percent of all allowed claims through its lending partners. Potential investors that have been consulted thus far include Eastern Capital, which has principal offices in Atlanta, Georgia, and First Capital Funding, whose principal office is in Austin, Texas. HJA anticipates that it will be able to arrange the necessary financing to fund the implementation of the Debtor’s Plan of Reorganization not later than January 31, 2013.

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[1]Dorothy Elskoe, Glenn Elskoe, both members of the Debtor, and Shorn Joseph, Esq. are the partners in Island Ventures Partnership.

Debtor believes that the alternative of liquidation under Chapter 7 of the Bankruptcy Code would result in the same payments proposed under the Plan.

C. OPERATION AND POST-PETITION MANAGEMENT

The Debtor will continue to operate its business during the Term of the Plan subject to certain restrictions. The operational staff will remain essentially as it is now. No bonuses will be paid during the Term of the Plan. Salaries, if any, will be at or below current market levels in the industry.

V.

PENDING AND POTENTIAL LEGAL ACTIONS

The following is the only legal proceedings presently pending involving the Debtor:

Kennedy Funding, Inc. As Agent for Certain Co-Lenders v. Wintdots Development, LLC; Dorothy Elskoe; Glenn Elskoe; and Marvin L. Freund and Evelyn Freund, Co-Trustees of the Evelyn Freund Trust u/t/a dated 11/29/98, District Court of the Virgin Islands, Civil No. 3:10-cv-32 (Action for Debt and Foreclosure)

After a review of the Debtor's pre-petition transactions with its suppliers and professionals, the Debtor has determined that there may be preferential transfer claims. No adversary proceedings are pending.

VI.

CLASSIFICATION OF CLAIMS

The Debtor-in-Possession's Plan of Reorganization dated November 27, 2012 establishes three (3) classes for claims in addition to providing for the payment of administrative expenses. Administrative expenses identified to date are outlined below.

Class 1 shall consist of the secured claims of the Kennedy Funding, Inc. and Marvin and Evelyn Freund, Co-Trustees, in the amounts of $9,603,640.93 and $225,000.00, respectively, or in such amounts as may otherwise be allowed. The Debtor shall pay one hundred percent (100%) of the allowed claims of that fall in this category not later than sixty (60) days after the Effective Date of the Plan. Class 1 creditors are not impaired.

Class 2 shall consist of the allowed, agreed unsecured claims of the Internal Revenue Service ("IRS") in the amount of $113,707.67. The Debtor shall pay one hundred percent (100%) of the allowed, agreed unsecured claim of the IRS in the amount of $113,707.67, plus interest at the statutory rate provided by 26 U.S.C. § 6621, not later than sixty (60) days after the Effective Date of the plan. The Class 2 creditor is not impaired.

Class 3 shall consist of the general unsecured claims[2] in the total amount of $880,946.54. The Debtor shall pay one hundred percent (100%) of the allowed or agreed claims of the Class 6 creditors, without interest, not later than sixty (60) days after the Effective Date of the Plan. Class 6 creditors are impaired.

PROVISION FOR ADMINISTRATIVE EXPENSES

Unless an administrative claimant agrees in writing to less favorable treatment, all administrative expenses shall be paid in full upon the effective date of the Plan. Administrative Expenses are those due for expenses incurred after the Petition was filed and include payments to professionals employed by the Debtor and the Creditor's Committee as approved by the Court. The Debtor estimates the following claims will be made:

Attorney for the Debtor: amount to be determined by the Court upon application.

Accountant for the Debtor: amount to be determined by the Court after application.

U.S. Trustee's Fees: Outstanding U.S. Trustee’s fees shall be paid in full not later than sixty (60) days after the Effective Date of the Plan. The Debtor shall pay fees under 28 U.S.C. §1930 until the entry of a final decree, conversion, or dismissal.

Post-petition taxes: None.

The Debtor will generate funds sufficient to pay all administrative expenses upon the Effective Date of the Plan from the continued operation of its business and/or financing described above.

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[2]General unsecured claims are held by AT&T Mobility; Banco Popular de Puerto Rico; Broadway Capital, LLC; Cox, Castle, Nicholson, LLP; Jessica Dinisio; Fenton Enterprises; Ruth Ann Magnuson, PC; Marcia Resnik, Esq.;Turner Construction; Vincent Fuller, Esq.; and, Tracy Wayman.

VII.

TREATMENT OF INTEREST HOLDERS

Under the Plan of Reorganization, the members of the Debtor will retain their interests, but will not be permitted to draw any dividends or bonuses as a result of their ownership interest during the Term of the Plan.

VIII.

LIQUIDATION ANALYSIS

It is estimated that the assets of the Debtor have a value of approximately $30 Million if liquidated.[3] The estimate is based upon the Debtor's investigation of current forced-sale prices for the various assets considered in light of the value existing security interests held by secured creditors. This liquidation analysis is furnished to permit the creditors to compare the distribution upon liquidation with the payments provided in the Plan.

IX.

"BEST INTEREST" TEST

Unless all impaired creditors or interest holders accept, in order to confirm the Plan the Bankruptcy Court must independently determine that the Plan is in the best interest of all creditors or interest holders which do not accept the Plan. The "best interest" test requires that the Plan provide to each member of each impaired class of unsecured claims a recovery that has a present value at least equal to the present value of the distribution which each such claimant would receive if the Debtor were instead liquidated under Chapter 7 of the Bankruptcy Code.

Because the Plan contemplates funding the Plan through refinancing, the key issue in this case is whether the creditors and equity security holders will receive as much under the Plan than they would from a trustee's liquidation pursuant to Chapter 7.

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[3] It is estimated that the value of Parcels 14-J and 14-J Estate Thomas, St. Thomas, Virgin Islands is approximately $25Million; and, the value of No. 3A Dronningens Gade. St. Thomas, Virgin Islands is approximately $5 Million.

In performing this analysis, the Bankruptcy Court must first determine the dollar amount that would be generated from a Chapter 7 liquidation of the Debtor's assets, add this amount of to cash held by the Debtor and to be recovered on actions against third parties, then deduct the costs of liquidation.

If the Debtor were to be liquidated in a Chapter 7 case, a court-appointed trustee with no prior knowledge of the Debtor, its business operations or the transactions which will fund the Distribution to creditors would liquidate the remaining assets of the Debtor and distribute the proceeds in accordance with the legal priorities established under the Bankruptcy Code. All expenses of the Chapter 7 case, including fees of the Trustee, his or her counsel, accounts and any other professionals appointed in the Chapter 7 case must be paid in full before any distribution is made on account of expenses and claims in the Chapter 11 case, which in turn must be paid in full before any distribution is made to pre-petition creditors.

The Debtor believes that the distributions under a Chapter 7 liquidation would be the same as it's projected Distributions under the Plan, but that the costs associated with a Chapter 7 liquidation would be substantially greater than the projected costs of consummating the Plan, primarily because a Chapter 7 liquidation would add another layer of costs and expenses to this case. A Chapter 7 trustee would have no familiarity with this case and would necessarily incur an inordinate amount of fees in becoming educated on the complexities of this case. Moreover, the Chapter 7 trustee would require as much assistance from outside counsel and other professionals as the Debtor will require to consummate the Plan. Assuming the Chapter 7 trustee were to hire different professionals, they would also incur an exorbitant amount of additional fees in making the transition and familiarizing themselves with the bankruptcy and all related litigation.

In addition, a conversion to Chapter 7 would delay distributions to creditors. The Chapter 7 trustee, like the Debtor, might decide to proceed with litigation against various creditors on preference, fraudulent conveyance and subordination theories. However, under the Plan, the Debtor will make certain Distributions prior to the resolution any all such claims. In contrast, no distributions are generally made in a Chapter 7 case until all of the assets of and claims against the estate have been liquidated, a process that could take several months. It is unusual for distribution to be made within a year of the appointment of a Chapter 7 trustee in a case involving substantial assets or claims. The Plan, on the other hand, provides for a final Distribution within sixty days after the Effective Date. In short, the delay posed by a Chapter 7 liquidation would further impair the value of any distribution made to unsecured creditors under such liquidation as compared with Distributions made witin sixty days after the Effective Date of the Debtor's Chapter 11 Plan.

Moreover, a Chapter 7 sale of the Debtor's assets would likely have an adverse effect on the prices received for such assets. A Chapter 7 trustee would not have the familiarity with the Debtor's business or the expertise and contacts in the industry critical to maximizing the value of the Debtor's assets. The prospect of a Chapter 7 liquidation also might adversely impact the "going concern" value of certain of the Debtor's assets. Finally, major litigation will continue after the Debtor's Confirmation. The Debtor believes its familiarity with the lawsuit is critical to its successful resolution, and that if the case were converted, it could jeopardize the Debtor's ability to either settle or litigate these matters in a manner most favorable to the estate. Accordingly, the Debtor believes that there would be fewer assets to distribute and a greater number of claims in a Chapter 7 liquidation than if the Plan were confirmed, thereby significantly diminishing the recovery of all unsecured creditors.

For these reasons, the Debtor believes creditors and stockholders in all classes will receive distributions under the Plan which have no lesser value than such creditors and stockholders would receive in a Chapter 7 liquidation. Therefore, the Debtor believes the "best interest" test is met.

X.

RISK FACTORS

Certain significant risk factors are inherent in the consummation of any plan of reorganization in a Chapter 11 case. In the instance of the plan proposed by the Debtor, the primary risk is that the Debtor may not obtain funds that are sufficient to fund the plan as proposed.

XI.

MANAGEMENT CONTROLS

A. General Discussion: The Debtor has agreed to certain limitations on expenditures as part of the Plan of Reorganization. The limitations outlined in this section of the Disclosure Statement have been incorporated by reference into the Plan as though set out fully therein and shall bind management during the Term of the Plan. In general, management controls are intended to keep the Debtor on a profitable course. While certain specific limitations are incorporated, management feels that detailed restrictions are unworkable.

B. Salaries: As discussed above, the present management of the Debtor will remain in place and operate the business during the Term of the Plan subject to certain

restrictions. No bonuses will be paid during the Term of the Plan. Salaries paid, if any, will be at or below current market levels in the industry.

XII.

PROFESSIONALS EMPLOYED

The Debtor has employed counsel and an accountant to represent him in connection with these proceedings.

XIII.

EFFECT OF CONFIRMATION OF PLAN

A. Discharge of Debtor On the Effective Date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the effective date, tot he extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor shall not be discharged of any debt (I) imposed by the Plan, (ii) of the kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure. Or (iii) of a kind specified in § 1141(d)(6)B). After the Effective Date of the Plan your claims against the Debtor will be limited to the debts described in clauses (I) through (iii) of the preceding sentence.

B. Modification of Plan The Plan Proponent may modify the Plan at any time before confirmation of the Plan, However, the Court may require a new disclosure statement and/or revoting on the Plan. The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Court authorizes the proposed modifications after notice and a hearing.

C. Final Decree Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such party as the Court shall designate I the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enetr such a final decree on its own motion.

XIV.

RETENTION OF JURISDICTION

The Court expressly reserves jurisdiction for the purpose of seeing that the Plan is properly consummated. The Court may review and determine any breach occurring under the Plan, order an accounting of funds not properly distributed, enjoin any act inconsistent

with the execution or performance of the Plan, modify the Plan, determine dischargeability, remove the Debtor for failure to carry out the Plan, order the case dismissed from bankruptcy proceedings, convert the case to Chapter 7 and/or order any other relief otherwise available under the United States Bankruptcy Code.

DATED this _____ day of December, 2012.

WINTDOTS DEVELOPMENT, LLC

By: */s/ Glenn Elskoe*
Glenn Elskoe, Managing Member