

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF PUERTO RICO

IN RE: HME HOLDINGS, INC. Debtor in Possession	CASE NO.: 16-07686 (ESL)
	CHAPTER 11
IN RE: P.J. ROSALY ENTERPRISES, INC. Debtor in Possession	CASE NO.: 16-07690 (ESL)
	CHAPTER 11
IN RE: ISLANDWIDE LOGISTICS, INC. Debtor in Possession	CASE NO.: 16-07693 (ESL)
	CHAPTER 11

DEBTORS' JOINT PLAN OF REORGANIZATION
DATED APRIL 27, 2017

ARTICLE I
DEFINITIONS

For the purposes of this Joint Plan of Reorganization, the following terms shall have the respective meanings set forth. A term used but not defined herein, which is also used in the Bankruptcy Code, shall have the meaning ascribed to that term in the Bankruptcy Code. Wherever from the context it appears appropriate, each term stated shall include both the singular and the plural, and pronouns shall include the masculine, feminine and neuter, regardless of how stated. The words "herein", "hereof", "hereto", "hereunder" and other words of similar import refer to the Plan as a whole and not to any particular Section, sub-section or clause contained in the Plan. The rules of construction contained in Section 102 of the Bankruptcy Code shall apply to the terms of this Plan. The headings in the plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof.

1. *"Administrative Creditor"* shall mean a person entitled to payment of an Administrative Expense Claim.
2. *"Administrative Expense Claim"* shall mean any Claim constituting a cost or expense of administration of the Chapter 11 proceeding allowed under 11 U.S.C. Sec. 503(b) and 507(a)(1).
3. *"Allowed Claim"* shall mean any Claim, proof of which was properly filed on or before the Bar Date set by the Bankruptcy Court, namely February 2, 2017 for all creditors except a governmental unit and March 28, 2017 for a governmental unit, or if no proof of claim has

been so filed, any claim which has been or hereafter is listed by the Debtor in its Schedules (as they may be amended or supplemented from time to time in accordance with the Bankruptcy Rules) and is not listed as disputed, contingent or unliquidated and, in either case, a claim to which no objection to the allowance thereof has been interposed within the applicable period of limitation (if any) fixed by the Bankruptcy Court, or as to which any objection has been determined by a Final Order. Unless otherwise provided for in this Plan, "Allowed Claim" shall not include interest, costs, fees, expenses or other charges on the principal amount of such Claim from and after the Petition Date.

4. "**Allowed Secured Claim**" shall mean any Allowed Claim which is a Secured Claim and shall include in the amount thereof -- unless otherwise stated in this Plan - all interest accrued on or after the Petition Date, fees, costs, and charges as may be allowed.
5. "**Bankruptcy Code**" or "**Code**" shall mean the provision of Title 11 of the United States Code, 11 U.S.C. Sections 1101 *et seq.*, as amended from time to time.
6. "**Bankruptcy Court**" or "**Court**" shall mean the United States Bankruptcy Court for the District of Puerto Rico, having jurisdiction over this Chapter 11 proceeding, or such other court as may be exercising jurisdiction over this Chapter 11 proceeding.
7. "**Bankruptcy Rules**" or "**Rules**" shall mean the Federal Rules of Bankruptcy Procedure, as amended from time to time, as promulgated under 28 U.S.C. §2075, and any local rules of the Bankruptcy Court.
8. "**Bar Date**" shall mean the deadline for all creditors except a governmental unit of February 2, 2017 and for a governmental unit of March 28, 2017, after which any proof of claim filed will not have any effect on this Plan and will not entitle its holder to participate with other Claims in distributions under this Plan or to vote on the Plan.
9. "**Cash**" shall mean lawful currency of the United States of America (including wire transfers, cashier's checks drawn on a bank insured by the Federal Deposit Insurance Corporation, certified checks and money orders).
10. "**Claim**" shall mean any right to payment whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.
11. "**Class**" shall mean a category of holders of Claims or Interests as those classes are designated in Article II of this Plan.
12. "**Collateral**" shall mean any property or interest in property of the Estate subject to a lien to secure the payment or performance of a Claim, which lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable law.
13. "**Confirmation Date**" shall mean the date the Confirmation Order in this Chapter 11 proceeding made in accordance with the provisions of 11 U.S.C. Section 1129 becomes a Final Order.
14. "**Confirmation Order**" shall mean the order of the Bankruptcy Court confirming the Plan pursuant to the provisions of the Bankruptcy Code.
15. "**Consummation Date**" shall mean the date by which all of the conditions precedent to consummation as set forth in this Plan, shall have been met or waived.
16. "**Cramdown**" shall mean the confirmation of the Plan under 11 U.S.C. §1129 (b).

17. **"Creditor"** shall mean any Person who has a Claim against the Debtor which arose on or before the Petition Date or a Claim of any kind specified in 11 U.S.C. Sections 502(g), 503(h) or 502(I).
18. **"Creditors' Committee"** shall mean the elected committee which represents the Creditors in a proceeding pursuant to 11 U.S.C. Section 705. No creditor's committee has been appointed in this case.
19. **"Critical Vendors"** shall mean those creditors which are critical for Debtor's operations and reorganization process, which were so declared by the Bankruptcy Court. No critical vendors are appointed in this case.
20. **"Debtors"** shall mean, HME Holdings, Inc., P.J. Rosaly Enterprises, Inc. and Islandwide Logistics, Inc.
21. **"Disclosure Statement"** shall mean the Joint Disclosure Statement filed by the Debtors with the Bankruptcy Court in these Chapter 11 Proceedings pursuant to 11 U.S.C. Section 1125, including, without limitation, all exhibits, schedules and supplements thereto, as approved by the Bankruptcy Court and notified to all Creditors and parties in interest, in accordance with the provisions of the Bankruptcy Code and Rules.
22. **"Effective Date"** shall mean 30 days after the order confirming the plan becomes a final order and shall be the date on which there shall be made all initial cash payments under the plan.
23. **"Estate"** shall mean the Property owned by the Debtor which comprises the Chapter 11 estate of the Debtor in the above-captioned Chapter 11 proceeding pursuant to Section 541 of the Bankruptcy Code.
24. **"Final Order"** shall mean an Order of the Bankruptcy Court (or other court of appropriate jurisdiction) which shall not have been reversed, stayed, modified or amended and the time to appeal from or to seek review or rehearing of such order shall have expired, and as to which no appeal or petition for review or rehearing or certiorari proceeding is pending, as a result of which such Order shall have become final in accordance with Rule 8002 of the Rules of Bankruptcy Procedure, as such Rule may be amended from time to time; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed with respect to such order shall not cause such order not to be a Final Order.
25. **"Lien"** shall mean a mortgage, pledge, judgment lien, security interest, charging order, or other charge or encumbrance on Property as is effective under applicable law as of the Petition Date.
26. **"Liquidation Analysis"** shall mean the analysis of the assets and liabilities of the Debtor, in order to determine the Liquidation Value of the Debtor's Property.
27. **"Liquidation Value"** shall mean the value which any item of the Debtor's property could be expected to bring at Liquidation.
28. **"Person"** shall mean any individual, corporation, partnership, association, Joint Stock Company, trust, unincorporated organization, government or any political subdivision thereof, or other entity.
29. **"Petition Date"** shall mean September 28, 2016, the date on which the instant Chapter 11 proceeding was commenced by the Debtors filing of their Voluntary Petitions.
30. **"Plan"** shall mean this Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code, including, without limitation, all exhibits, supplements, appendices and schedules hereto and thereto, either in their present form or as the same may be altered, amended or modified from time to time.

31. **"Priority Claim"** shall mean any Allowed Claim, other than an Administrative Expense Claim or Priority Tax Claim, to the extent entitled to priority in payment under 11 U.S.C. Section 507(a).
32. **"Priority Creditor"** shall mean any Creditor which is the holder of a Priority Claim.
33. **"Priority Tax Claim"** shall mean any Allowed Claim of any Person who is entitled to a priority in payment under 11 U.S.C. Section 507(a)(8).
34. **"Priority Wage Claim"** shall mean any Allowed Claim of any Person who is entitled to a priority in payment under 11 U.S.C. Section 507(a)(3).
35. **"Property"** shall mean the property of the Estate which shall be administered by the Debtor.
36. **"Pro Rata"** shall mean in the same proportion that a Claim or Interest in a given Class bears to the aggregate amount of all Claims (including disputed Claim until allowed or disallowed) or the aggregate number of all Interests in such Class.
37. **"Schedules"** shall mean the schedules of assets and liabilities, the list of holders of interests and the statement of financial affairs filed by the Debtor under Section 521 of the Bankruptcy Code and Bankruptcy Rule 1007; as such schedules, lists and statements have been or may be supplemented or amended from time to time.
38. **"Section 1111 (b) Election"** shall mean the election made by a secured creditor in order to have its undersecured claim treated as a fully secured claim under the provisions of Section 1111 (b) of the Bankruptcy Code.
39. **"Secured Claim"** shall mean a Claim, the holder of which is vested with a perfected, non-voidable Lien on Property in which the Debtor has an interest, which Lien is valid, perfected, and enforceable under applicable law and not subject to avoidance under the Code or other applicable non-bankruptcy law, and is duly established in this case, to the extent of the value of such holder's interest in the Debtor's interest in such Property, as determined in accordance with 11 U.S.C. Section 506.
40. **"Secured Creditor"** shall mean a Creditor who has a Secured Claim.
41. **"Substantial Consummation"** of this Plan shall mean the commencement of any of the events provided for in 11 U.S.C. Sec. 1101.
42. **"Trustee"** shall mean the Debtor-in-Possession.
43. **"Voluntary Petition"** shall mean the voluntary petition for relief filed by Debtor on the Petition Date.

ARTICLE II CLASSIFICATION AND TREATMENT OF CLAIMS

A. DESIGNATION OF CLASSES OF CLAIMS AND INTERESTS

The Plan has been drafted designating thirteen (13) classes in accordance with the provisions of 11 U.S.C. 1122 and 1123. All creditors and other parties in interest are urged to read and consider the Plan in full inasmuch as it represents a proposed legally binding agreement with the Debtors and any other party involved. The classes of creditors are as follows:

CLASS 1 ADMINISTRATIVE CLAIMS

This Class shall consist of all allowed administrative expense priority claims related to the bankruptcy proceedings, as provided under Section 503(a)(2) of the Code,

including, but not limited to, fees to the United States Trustee, fees and expenses of the Debtors' counsel, accountant and any other professionals retained by the Debtor, and/or appointed by the Court, as may be allowed by the Bankruptcy Court upon application therefore and after notice and hearing in accordance with the Bankruptcy Code and Rules, court costs accrued since the petition date and the payment of any balance owed on account of the allowed administrative expense for the 2017 workmen insurance policy to the State Insurance Fund. See **Exhibits 1, 1a, 1b and 1c** ("Consolidated Payment Schedule, Payment Plan Schedule for PJ Rosaly Enterprises, Inc., Islandwide Logistics, Inc. and HME Holdings, Inc., respectively") for details of liabilities and payments to each member of this Class.

CLASS 2 OTHER ADMINISTRATIVE EXPENSES

This Class shall consist of all other allowed administrative expense priority claims owed to creditors, as provided under Section 503(a)(2) of the Code, including, but not limited to, allowed administrative expenses to post petition taxes accrued and not paid, post petition amounts owed to vendors and any post petition claim which the Unión de Tronquistas may have, as they may be allowed by the Bankruptcy Court upon application and after notice and hearing in accordance with the Bankruptcy Code and Rules. See **Exhibits 1, 1a, 1b and 1c** ("Consolidated Payment Schedule, Payment Plan Schedule for PJ Rosaly Enterprises, Inc., Islandwide Logistics, Inc. and HME Holdings, Inc., respectively") for details of liabilities and payments to each member of this Class.

CLASS 3 SECURED CREDITOR BANCO DE DESARROLLO ECONOMICO DE PR ("BDE")

This Class shall consist of the allowed secured claim of BDE, Debtors' main secured creditor. Debtors hold two term loan with BDE for which all Debtors are joint and severally liable and all of their personal property and cash collateral are pledged on account of this debt as per the UCC Financing Statement Nos. 2012006264, 2012006265, 2012006266 and 2012006267.

Each Debtor listed BDE in the Schedules as a secured debt in the amount of \$2,533,595.00. BDE has filed the identical secured claims in the amount of \$2,215,605.78 and \$303,004.46 in each case.

After the bankruptcy filing the Debtors reached an agreement with BDE for the use of the cash collateral and BDE has continued to receive as adequate protection the regular monthly installments according to the loan documents. The Debtors consider this debt as one loan with various sources of payment and collateral. Payments to BDE have been historically made by Debtor P.J. Rosaly Enterprises, Inc., who has continued making the same post petition. For purposes of the Joint Plan BDE's claims in the separate cases will be treated as a claim secured up to the value of its collateral in the amount of \$2,131,375.00, to be paid under the case of PJ Rosaly Enterprises, Inc. and collateralized with the assets of all debtors to avoid

duplicity in claims. See **Exhibit 2** (“Collateral Analysis). The Debtors have made post petition payments and reduced the pre-petition claim. Any deficiency as of confirmation date shall be considered as an unsecured claim under Class 12.

CLASS 4 SECURED CREDITOR INTERNAL REVENUE SERVICES

This Class shall consist of the allowed secured claims of the Internal Revenue Service (“IRS”). The Debtors have listed the Internal Revenue Service (“IRS”) as a secured creditor in their Schedules on account of federal tax liens filed over their personal property. IRS has filed various claims in each case.¹

See **Exhibits 1, 1a, 1b and 1c** (“Consolidated Payment Schedule, Payment Plan Schedule for PJ Rosaly Enterprises, Inc., Islandwide Logistics, Inc. and HME Holdings, Inc., respectively”) for details of liabilities and payments to each member of this Class.

CLASS 5: SECURED CLAIM: IPFS CORPORATION

This Class shall consist of the allowed secured claims of IPFS Corporation (“IPFS”). IPFS filed secured claim no. 11 in the case of HME Holdings, Inc. in the amount of \$38,596.21 on account of the financing of Debtor’s insurance policies. This claim is secured with the insurance premiums. After the filing of the bankruptcy petition the debtors entered into an agreement with IPFS in order to continue with the pending monthly installments under and the terms of the premium finance agreement.

CLASS 6: SECURED CLAIM TOYOTA CREDIT DE PUERTO RICO

This Class shall consist of the allowed secured claim of Toyota Credit de Puerto Rico (“Toyota”). Toyota filed secured claim no.: 12 in the amount of \$37,990.21 in the case of Islandwide Logistics, Inc. on account of a lien over the 2013 Lexus listed in the Schedules.

CLASS 7: SECURED CLAIM ACCRECENT

This Class shall consist of the secured claim of Accrecent. Islandwide Logistics, Inc. included Accrecent as a secured creditor in the amount of \$10,620.38 holding a lien over a Crown Stockpipe, Model SPS3520-3, a GNB industrial battery and a Saft industrial charger as of filing date. Accrecent did not file a claim in any of the cases. The Debtor has continued making regular monthly payments and as of this date the Debtor’s records show no debt.

¹ IRS filed Claim #3 in the case of HME Holdings, Inc, Claim #2 in the case of PJ Rosaly Enterprises, Inc. and Claim #4 in the case of Islandwide Logistics, Inc.

CLASS 8: EXECUTORY CONTRACTS

This Class shall consist in the allowed claims of those executory contracts and unexpired leases which have been assumed by the Debtors throughout the proceedings. See Section 1.7 supra for a detail of the executory contracts and leases assumed and Exhibits 1, 1a, 1b and 1c (“Consolidated Payment Schedule, Payment Plan Schedule for PJ Rosaly Enterprises, Inc., Islandwide Logistics, Inc. and HME Holdings, Inc., respectively”) for details of liabilities and payments to each member of this Class.

CLASS 9: UNION DE TRONQUISTAS DE PUERTO RICO

This Class shall consist on any contingent and unliquidated claim that the Unión de Tronquistas de Puerto Rico may have for the rejection of the collective bargaining agreement, as the same is to be allowed and determined by the Court.

On December 4, 2006 the Debtor executed the “*Convenio Colectivo entre PJ Rosaly Enterprises, Inc. h/n/c/ Islandwide Express en Puerto Rico y La Unión de Tronquistas de Puerto Rico, Teamsters Local Unión 901, afiliada a la International Brotherhood of Teamsters*” (“The CBA with the UTPR”) This agreement was later extended until September 30, 2012 and thereafter on October 1, 2012, the parties signed a collective bargaining agreement until September 30, 2017. On August 24, 2017 the Debtor and the Unión de Tronquistas executed a “*Stipulation*” which amended certain clauses of the CBA with the UTPR and extended its term until September 30, 2019.

CLASS 10: GENERAL UNSECURED GOVERNMENTAL TAX CLAIMS

This Class shall consist of all allowed general unsecured tax claims of governmental entities, including those listed by the Debtors and those which have allowed claims filed that include an unsecured portion. See Exhibits 1, 1a, 1b and 1c (“Consolidated Payment Schedule, Payment Plan Schedule for PJ Rosaly Enterprises, Inc., Islandwide Logistics, Inc. and HME Holdings, Inc., respectively”) for details of liabilities and payments to each member of this Class.

CLASS 11: GENERAL UNSECURED CLAIMS WITH A CLAIM OF \$5,000 OR LESS

This Class includes all allowed unsecured claimants with a claim of \$5,000 or less and all those claimants who elect to reduce their claims to \$5,000 to classify under this class. See Exhibits 1, 1a, 1b and 1c (“Consolidated Payment Schedule, Payment Plan Schedule for PJ Rosaly Enterprises, Inc., Islandwide Logistics, Inc. and HME Holdings, Inc., respectively”) for details of liabilities and payments to each member of this Class.

CLASS 12: GENERAL UNSECURED CLAIMS WITH A CLAIM OF \$5,001 AND OVER

This Class shall consist of all allowed general unsecured claims for \$5,001 or more in each case as follows”

1. **HME Holdings, Inc.** The Debtor listed general unsecured claim in the total amount of \$3,300,126.04 of which \$2,955,564.00 is owed to CCEX joint and severally with the other Debtors. The remainder of the unsecured claims listed by the Debtor are amounts owed to various vendors, insurance and utilities.

2. **P.J. Rosaly Enterprises, Inc.:** The Debtor listed general unsecured claim in the total amount of \$4,599,581.03 of which \$2,955,564.00 is owed to CCEX joint and severally with the other Debtors. The remainder of the unsecured claims listed by the Debtor are amounts owed to various vendors, landlords, insurance and utilities.

3. **Islandwide Logistics, Inc.:** The Debtor listed general unsecured claim in the total amount of \$3,890,060.45 of which \$2,955,564.00 is owed to CCEX joint and severally with the other Debtors. The remainder of the unsecured claims listed by the Debtor are amounts owed to various vendors, landlords, insurance and utilities. See **Exhibits 1, 1a, 1b and 1c** (“Consolidated Payment Schedule, Payment Plan Schedule for PJ Rosaly Enterprises, Inc., Islandwide Logistics, Inc. and HME Holdings, Inc., respectively”) for details of liabilities and payments to each member of this Class.

CLASS 13: EQUITY SECURITY HOLDERS AND HOLDERS OF OTHER INTERESTS

This class includes all equity security and interest holders who are the owners of the stock of the Debtors. The Debtors sole shareholder is Mr. Pedro Rosaly.

B. TREATMENT TO CLASSES

CLASS 1 ADMINISTRATIVE CLAIMS

This Class shall consist of all allowed administrative expense priority claims related to the bankruptcy proceedings, as provided under Section 503(a)(2) of the Code, including, but not limited to, fees to the United States Trustee, fees and expenses of the Debtors’ counsel, accountant and any other professionals retained by the Debtor, and/or appointed by the Court, as may be allowed by the Bankruptcy Court upon application therefore and after notice and hearing in accordance with the Bankruptcy Code and Rules, court costs accrued since the petition date and the payment of any balance owed on account of the allowed administrative expense for the 2017 workmen insurance policy to the State Insurance Fund. See **Exhibits 1, 1a, 1b and 1c** (“Consolidated Payment Schedule, Payment Plan Schedule for PJ Rosaly Enterprises, Inc., Islandwide Logistics, Inc. and HME Holdings, Inc., respectively”) for details of liabilities and payments to each member of this Class.

Each Debtor will pay its allowed administrative expenses under this Class on the Effective Date or as agreed with each individual administrative claimant. Payment will be made by each Debtor as detailed in the payment plan schedule included herein. **This class is not impaired.**

CLASS 2 OTHER ADMINISTRATIVE EXPENSES

This Class shall consist of all other “allowed” administrative expense priority claims owed to creditors by each Debtor, as provided under Section 503(a)(2) of the Code, including, but not limited to, post petition taxes accrued and not paid, post petition amounts owed to any vendors and any post petition claim which the Unión de Tronquistas may have, as they may be allowed by the Bankruptcy Court upon application and after notice and hearing in accordance with the Bankruptcy Code and Rules.

See **Exhibits 1, 1a, 1b and 1c** (“Consolidated Payment Schedule, Payment Plan Schedule for PJ Rosaly Enterprises, Inc., Islandwide Logistics, Inc. and HME Holdings, Inc., respectively”) for details of liabilities and payments to each member of this Class.

Any allowed claims under this Class will be paid within thirty six (36) consecutive monthly installments commencing on the Effective Date of the plan or as agreed with the creditors under this Class. **This Class is impaired.**

CLASS 3 SECURED CREDITOR BANCO DE DESARROLLO ECONOMICO DE PR (“BDE”)

This Class shall consist of the allowed secured claim of BDE, Debtors’ main secured creditor. Debtors hold a revolving line of credit and a term loan with BDE for which all Debtors are joint and severally liable and all of their personal property and cash collateral are pledged on account of this debt as per the UCC Financing Statement Nos. 2012006264, 2012006265, 2012006266 and 2012006267.

Each Debtor listed BDE in the Schedules as a secured debt in the amount of \$2,533,595.00. BDE has filed the identical secured claims in the amount of \$2,215,605.78 and \$303,004.46 in each case.

For purposes of the Joint Plan BDE’s claims in the separate cases will be treated as a claim secured up to the value of its collateral in the amount of \$2,131,375.00 and collateralized with the assets of all debtors to avoid duplicity in claims. See **Exhibit 2** (“Collateral Analysis). PJ Rosaly Enterprises, Inc. will be issuing the monthly payments to BDE. The Debtors have made post petition payments and reduced the pre-petition claim. Any deficiency as of confirmation date shall be considered as an unsecured claim under Class 12.

BDE shall retain its liens held over the assets of each Debtor. BDE's allowed secured claim shall be paid in 120 consecutive monthly installments of \$15,270.00, considering an amortization of 20 years, interest at 6% (Prime Rate plus 2% increase for risk adjustment) and a balloon payment in the 10th year. **This class is impaired.**

CLASS 4 SECURED CREDITOR INTERNAL REVENUE SERVICES

This Class shall consist of the allowed secured claims of the Internal Revenue Service ("IRS"). The Debtors have listed the Internal Revenue Service ("IRS") as a secured creditor in their Schedules on account of federal tax liens filed over their personal property. IRS has filed the following claims in each case:

- *HME Holdings, Inc.*: IRS filed claim no. 3 in the total amount of \$63,033.03 with a secured portion in the amount of \$5,189.51.

- *P.J. Rosaly Enterprises, Inc.*: IRS filed claim no. 2 in the total amount of \$544,696.33 with a secured portion in the amount of \$236,142.97.

- *Islandwide Logistics, Inc.*: IRS did not file a secured claim in this case. After reconciling its records with the records of the Debtor it filed claim no. 4 in the total amount of \$43,178.91 as a priority claim.

Each Debtor will pay their respective allowed claims under this Class through consecutive monthly installments commencing on the Effective Date of the plan for a period of sixty (60) months from the order of relief, considering interest at a rate of 4%. See Exhibits 1, 1a, 1b and 1c ("Consolidated Payment Schedule, Payment Plan Schedule for PJ Rosaly Enterprises, Inc., Islandwide Logistics, Inc. and HME Holdings, Inc., respectively") for details of liabilities and payments to each member of this Class. **This class is impaired.**

CLASS 5: SECURED CLAIM: IPFS CORPORATION

This Class shall consist of the allowed secured claims of IPFS Corporation ("IPFS"). IPFS filed secured claim no. 11 in the case of HME Holdings, Inc. in the amount of \$38,596.21 on account of the financing of Debtor's insurance policies. This claim is secured with the insurance premiums. After the filing of the bankruptcy petition the debtors entered into an agreement with IPFS in order to continue with the pending monthly installments under and the terms of the premium finance agreement.

HME Holdings, Inc. will continue to pay this Class according to the terms and conditions of the premium finance agreement. **This Class is not impaired.**

CLASS 6: SECURED CLAIM TOYOTA CREDIT DE PUERTO RICO

This Class shall consist of the allowed secured claim of Toyota Credit de Puerto Rico (“Toyota”). Toyota filed secured claim no.: 12 in the amount of \$37,990.21 in the case of Islandwide Logistics, Inc. on account of a lien over the 2013 Lexus listed in the Schedules.

Islandwide Logistics, Inc. will continue to pay this Class according to the terms and conditions of the loan agreements. **This Class is not impaired.**

CLASS 7: SECURED CLAIM ACCRECENT

This Class shall consist of the secured claim of Accrecent. Islandwide Logistics, Inc. included Accrecent as a secured creditor in the amount of \$10,620.38 holding a lien over a Crown Stockpipe, Model SPS3520-3, a GNB industrial battery and a Saft industrial charger as of filing date. Accrecent did not file a claim in any of the cases. The Debtor has continued making regular monthly payments and as of this date the Debtor’s records show no debt.

This class will not receive payment under the Plan. **This Class is not impaired.**

CLASS 8 EXECUTORY CONTRACTS

This Class shall consist in the allowed claims of those executory contracts and unexpired leases which have been assumed by the Debtors throughout the proceedings. See Section 1.7 supra for a detail of the executory contracts and leases assumed.

Each Debtor will pay members of this Class their allowed amounts according to the terms and conditions of the motions to assume approved by the Court and incorporated by reference herein or any other agreement between the parties thereafter. See **Exhibits 1, 1a, 1b and 1c** (“Consolidated Payment Schedule, Payment Plan Schedule for PJ Rosaly Enterprises, Inc., Islandwide Logistics, Inc. and HME Holdings, Inc., respectively”) for details of liabilities and payments to each member of this Class. **This Class is impaired.**

CLASS 9: UNION DE TRONQUISTAS DE PUERTO RICO

This Class shall consist on any contingent and unliquidated claim that the Unión de Tronquistas de Puerto Rico may have, as the same is to be allowed and determined by the Court for the rejection of the collective bargaining agreement.

On December 4, 2006 the Debtor executed the “*Convenio Colectivo entre PJ Rosaly Enterprises, Inc. h/n/c/ Islandwide Express en Puerto Rico y La Unión de Tronquistas de Puerto Rico, Teamsters Local Unión 901, afiliada a la International Brotherhood of Teamsters*” (“The CBA with the UTPR”) This agreement was later extended until September 30, 2012 and thereafter on October 1, 2012, the parties

signed a collective bargaining agreement until September 30, 2017. On August 24, 2017 the Debtor and the Unión de Tronquistas executed a “*Stipulation*” which amended certain clauses of the CBA with the UTPR and extended its term until September 30, 2019.

After the bankruptcy filing the parties tried to negotiate an amendment to the CBA with the UTPR, to negotiate certain economic clauses which are financially burdensome to the Debtor and if kept, would thwart its reorganization efforts. Nevertheless, the Union did not accept any of the proposals made by the Debtor and the Debtor has no other alternative than to submit the matter to the Court under the provisions of Section 1113 of the Bankruptcy Code. This matter will be decided by the Court. Therefore treatment to this class is subject to the determination of the Court. **This Class is impaired.**

CLASS 10: GENERAL UNSECURED GOVERNMENTAL TAX CLAIMS

This Class shall consist of all “allowed” general unsecured tax claims of governmental entities, including those listed by the Debtors and those which have allowed claims filed that include an unsecured portion.

Each Debtor will pay their respective creditors under this class 10% of their allowed claims through consecutive monthly installments commencing on the Effective Date of the plan for a period of one hundred and twenty (120) months See **Exhibits 1, 1a, 1b and 1c** (“Consolidated Payment Schedule, Payment Plan Schedule for PJ Rosaly Enterprises, Inc., Islandwide Logistics, Inc. and HME Holdings, Inc., respectively”) for details of liabilities and payments to each member of this Class. **This class is impaired.**

CLASS 11: GENERAL UNSECURED CLAIMS WITH A CLAIM OF \$5,000 OR LESS

This Class includes all allowed unsecured claimants with a claim of \$5,000 or less and all those claimants with a claim of \$5,001.00 or more who have opted to reduce their claims to \$5,000 to classify under this class.

This Class will receive payment of 10% of their allowed claim on the Effective Date. See **Exhibits 1, 1a, 1b and 1c** (“Consolidated Payment Schedule, Payment Plan Schedule for PJ Rosaly Enterprises, Inc., Islandwide Logistics, Inc. and HME Holdings, Inc., respectively”) for details of liabilities and payments to each member of this Class. **This Class is impaired.**

CLASS 12: GENERAL UNSECURED CLAIMS WITH A CLAIM OF \$5,001 AND OVER

This Class shall consist of all allowed general unsecured claims for \$5,001 or more in each case, including any deficiency claim of BDE, as follows:

1. HME Holdings, Inc. The Debtor listed general unsecured claim in the total amount of \$3,300,126.04 of which \$2,955,564.00 is owed to CCEX joint and severally with the other Debtors. The remainder of the unsecured claims listed by

the Debtor are amounts owed to various vendors, insurance and utilities.

2. *P.J. Rosaly Enterprises, Inc.:* The Debtor listed general unsecured claim in the total amount of \$4,599,581.03 of which \$2,955,564.00 is owed to CCEX joint and severally with the other Debtors. The remainder of the unsecured claims listed by the Debtor are amounts owed to various vendors, landlords, insurance and utilities.

3. *Islandwide Logistics, Inc.:* The Debtor listed general unsecured claim in the total amount of \$3,890,060.45 of which \$2,955,564.00 is owed to CCEX joint and severally with the other Debtors. The remainder of the unsecured claims listed by the Debtor are amounts owed to various vendors, landlords, insurance and utilities.

Each Debtor will pay their respective creditors under this class 10% of their allowed claims through consecutive monthly installments commencing on the Effective Date of the plan for a period of one hundred and twenty (120) months. See **Exhibits 1, 1a, 1b and 1c** (“Consolidated Payment Schedule, Payment Plan Schedule for PJ Rosaly Enterprises, Inc., Islandwide Logistics, Inc. and HME Holdings, Inc., respectively”) for details of liabilities and payments to each member of this Class. **This class is impaired.**

CLASS 13: EQUITY SECURITY HOLDERS AND HOLDERS OF OTHER INTERESTS

This class includes all equity security and interest holders who are the owners of the stock of the Debtors. The Debtors sole shareholder is Mr. Pedro Rosaly. This class is not entitled to vote and will not receive payments under the Joint Plan.

See Exhibits 1, 1a, 1b and 1c for Payments under the Plan corresponding to each individual debtor and attachments thereto.

**ARTICLE III
IMPAIRMENT OF EXISTING CLAIMS AND INTERESTS**

As provided by 11 U.S.C. §1124, a class of claims or interests is impaired under a plan unless, with respect to each claim or interest of such a class, the Plan:

- (1) leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest; or
- (2) notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default.
 - (A) cures any such default that occurred before or after the commencement of the case under this title, other than a default of a kind specified in section 365(b)(2) of this title;

- (B) reinstates the maturity of such claim or interest as such maturity existed before such default;
- (C) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and
- (D) does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest.

**ARTICLE IV
PAYMENT TO PRIORITIES
UNDER SECTION 507(a)(8) OF THE CODE**

All allowed unsecured priority governmental claims not previously classified will be paid pursuant to Section 507(a)(8) of the Code, as the same are allowed, and any priority portion of any debt to all of the governmental units will be paid as they are approved and ordered to be paid by the Court. Priorities to be paid under the Plan of Reorganization are as follows:

1. ***HME Holdings, Inc.***: The Debtor included in its Schedules as priorities the amounts owed to its employees on account of the current vacations, the claim of CRIM for personal property taxes and the Department of Treasury on account of various taxes owed. Thereafter, various priority claims have been filed as detailed in Debtor's proposed payment schedule attached herein. See **Exhibit 1c** ("Payment Schedule") for details of liabilities.
2. ***P.J. Rosaly Enterprises, Inc.***: The Debtor listed in its Schedules the priority claims owed to its employees on account of the current vacations, the claim of CRIM for personal property taxes, the Department of Treasury, State Insurance Fund, Department of Labor and the Internal Revenue Services on account of various taxes owed to these governmental entities. Thereafter, various priority claims have been filed as detailed in Debtor's proposed payment schedule attached herein. See **Exhibits 1a** ("Payment Schedule") for details of liabilities.
3. ***Islandwide Logistics, Inc.***: The Debtor listed in its Schedules the priority claims owed to its employees on account of the current vacations, the claim of CRIM for personal property taxes, the Department of Treasury, State Insurance Fund, Department of Labor and the Internal Revenue Services on account of various taxes owed to these governmental entities. Thereafter, various priority claims have been filed as detailed in Debtor's proposed payment schedule attached herein. See **Exhibits 1b** ("Payment Schedule") for details of liabilities.

All allowed amounts will be paid in full plus prevailing interest at the prime rate as of confirmation date in a period no later than five (5) years from the order of relief or as agreed to by the parties. See **Exhibits 1, 1a, 1b and 1c, supra**, ("Consolidated Payment Schedule, Payment Plan Schedule for PJ Rosaly Enterprises, Inc., Islandwide Logistics, Inc. and HME Holdings, Inc., respectively").

**ARTICLE V
LEASES AND OTHER EXECUTORY CONTRACT**

Leases and Contracts to which Debtors are a party are listed on **Exhibits 3a, 3b and 3c** including those already assumed and those pending assumption.

Debtors as of a petition date were a party to the various executory contracts with providers and leases for non-residential property. Among these contracts the Debtor has already assumed some of them and other are pending assumption or rejection. On or before confirmation date the Debtor will assume and/or reject all and any of these contracts, not already assumed.

On December 4, 2006 the Debtor executed the “*Convenio Colectivo entre PJ Rosaly Enterprises, Inc. h/n/c/ Islandwide Express en Puerto Rico y La Unión de Tronquistas de Puerto Rico, Teamsters Local Unión 901, afiliada a la International Brotherhood of Teamsters*” (“The CBA with the UTPR”) This agreement was later extended until September 30, 2012 and thereafter on October 1, 2012, the parties signed a collective bargaining agreement until September 30, 2017. On August 24, 2017 the Debtor and the Unión de Tronquistas executed a “*Stipulation*” which amended certain clauses of the CBA with the UTPR and extended its term until September 30, 2019.

After the bankruptcy filing the parties tried to negotiate an amendment to the CBA with the UTPR, to negotiate certain economic clauses which are financially burdensome to the Debtor and if kept, would thwart its reorganization efforts. Nevertheless, the Union did not accept any of the proposals made by the Debtor and the Debtor had no other alternative than to submit the matter to the Court under the provisions of Section 1113 of the Bankruptcy Code. This matter will be decided by the Court. Treatment of any allowed claim of the Union on account of this matter will be provided treatment under Class 9 of the Plan of Reorganization.

Assumption of Designated Executory Contracts and Unexpired Leases. Pursuant to Sections 1123 (b)(2) and 365 (a) of the Bankruptcy Code, the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of the assumption, as of the Effective Date, of each executory contract or unexpired lease to which the Debtors is a party including but not limited to those for which a motion to assume is pending at the time of the Confirmation Date. Unless otherwise provided in a pending motion to assume, on the Effective Date or as promptly as possible thereafter, the Debtors shall cure any defaults under such assumed executory contracts or unexpired leases to the extent required by Section 365 of the Bankruptcy Code. In addition, to the extent the Debtors has rights of setoff against any of the parties to these leases and contracts, the Debtors reserves the right to cure any defaults under such leases and contracts by exercising this right of setoff.

Rejection of Executory Contracts and Unexpired Leases. Pursuant to Sections 1123 (b)(2) and 365 (a) of the Bankruptcy Code, the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of the rejection, as of the Effective Date, of each executory contract and/or unexpired lease to which the Debtors has not filed a motion to assume. As stated above the Debtors will be assuming all executory contracts.

Executory Contracts and Unexpired Leases Which Were Assumed or Rejected to Date. Any executory contract or unexpired lease (other than insurance policies) which (i) has not expired by its own terms on or prior to the Confirmation Date, (ii) has not been assumed or rejected with the approval of the Bankruptcy Court on or prior to the Confirmation Date, (iii) is not subject of a motion to assume or reject which is pending at the time of the Confirmation Date, or (iv) is not designated in the Disclosure Statement, listing an executory contract or unexpired lease to be assumed at the time of confirmation of this Plan, shall be deemed rejected and the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejection pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code.

Rejection Damage Claims. If the rejection of an executory contract or unexpired lease by the Debtors results in a claim for damages to the other party or parties to such contract or lease, any claim for such damages, if not hereto evidenced by a filed proof of claim, shall be forever barred and shall not be enforceable against the Debtors' Estate, or its respective properties or agents, successors or assigns, unless a proof of claim is filed with the Bankruptcy Court and served upon counsel for the Debtors on or before the earlier of, 30 days after the entry of the Order approving the rejection of the contract or unexpired lease, if such rejection is granted before Confirmation Date, or 30 days after Confirmation Date if the Confirmation Order constitutes approval of the rejection. Unless otherwise ordered by the Court or provided in the Plan, all such Allowed Claims for which proofs of claim are timely filed will be treated as Class 6 subject to the provisions of the Plan and to Section 502(b)(6) of the Bankruptcy Code, to the extent applicable. The Debtors shall have the right to object to any such rejection damage claims filed in accordance with this Section.

Post-Petition Agreements Unaffected By Plan. Except as otherwise provided herein, nothing contained in the Plan shall alter, amend or supersede any agreements or contracts entered into by the Debtors after the Petition Date that were otherwise valid, effective and enforceable against the Debtors as of the Confirmation Date.

ARTICLE VI PROOF OF CLAIMS NOT FILED

The Joint Plan provides that where a proof of claim has not been filed, the Allowed Claim shall be in the amount appearing in the Schedules filed by the Debtors, provided however, that the scheduled amount is not shown as unliquidated, contingent or disputed, in which case no amount will be allowed unless the Debtors have notified such creditors and such creditors has filed a timely proof of claim. To the extent no debt was listed by the debtor in its Schedules, no amount will be provided for claimants who have not filed proof of claims. **No payment will be provided to a creditor whose claim was listed as unliquidated, contingent, disputed and/or for "notice purposes only" if such creditor failed to timely file a proof of claim.**

ARTICLE VII OBJECTIONS TO CLAIMS

The Debtors, at the option of the Debtors or upon order of the Bankruptcy Court, if requested, may file an objection to any claim as to its validity or amount within 30 days prior or after to the Confirmation Hearing. If an objection is made, payment to such claimants will be

made only for the allowed amount after the entry of a final order by the Court in accordance with the provisions of the Plan governing such class to which such claims belongs.

**ARTICLE VIII
CONDITIONS PRECEDENT TO CONSUMMATION**

Before consummation of the Plan takes place, the Confirmation Order shall have become a final order. Once the Plan is confirmed by a final the terms of the Plan shall be binding and will consist of the new contract between the Debtor and its creditors, even in the event of default.

**ARTICLE IX
NON ACCEPTANCE OF THE PLAN
(Cramdown)**

If all applicable requirements of 11 U.S.C. § 1129(a), other than subsection (a) (8), are met with respect of to the Plan, the Debtors hereby requests that the Court confirm this Plan notwithstanding the requirements of said section, if it does not discriminate unfairly and is fair and equitable with respect to each class of claims or interests that is impaired under and has not accepted this Plan.

**ARTICLE X
MEANS OF EXECUTION OF THE PLAN
and MANAGEMENT OF DEBTORS**

On the Effective Date of the Plan the distribution, administration and management of Debtors' affairs, collection of moneys, sale of properties not necessary for debtors' operations, pending litigation actions and distribution to creditors, unless otherwise provided herein, will be under the control and supervision of the current officers, who will assume the same roles they have throughout this reorganization process. These are Mr. Pedro Rosaly, CEO, Mr. Iván Marín, President, Ms. Maritza Serrano, CFO and Treasurer and Ms. Yvonne Becerra, Secretary. They will receive the same compensation they have received throughout the bankruptcy proceedings detailed in the Monthly Operating Reports.

Funding of the plan will be from the operations of the business; collection of account receivables, proceeds from litigation including the proceeds claimed to MCS for violation of the automatic stay in the adversary proceeding and the procurement of new clients for the logistics and transportation services. Mr. Pedro Rosaly will contribute to the feasibility of the Plan in the amount of \$50,000.00. Please refer to **Exhibits 1, 1a, 1b and 1c** for the Consolidated Payment Plan Schedule, Payment Plan schedule for each Debtor with their respective Cash Flow Projections and Notes.

**ARTICLE XI
PROVISIONS FOR THE MODIFICATION OF THE PLAN**

The Debtors may propose amendments or modifications of the Plan at any time prior to its confirmation, upon notice to creditors and parties in interests. After confirmation of the Plan, the Debtors may, with the approval of the Court and as long as it does not adversely affect the interests of the creditors, remedy any defect or omission, in such manners as may be necessary to carry out

the purposes and effects of the same.

ARTICLE XII CLOSING OF THE CASE

At such time as the case has been substantially consummated, this case shall be closed. In order for the case to be closed, the Debtors shall file an application for final decree showing that the case has been fully administered and the Plan has been substantially consummated. The Court shall conduct a hearing upon application thereon and after notice to all creditors and parties in interests. Thereafter an order approving the Debtors' report and closing the case shall be entered.

ARTICLE XIII RELEASE AND DISCHARGE OF CLAIMS

Discharge: Except as otherwise expressly provided in Section 1141 of the Code or the Plan, the distributions made pursuant to and in accordance with the applicable terms and conditions of the Plan are in full and final satisfaction, settlement, release and discharge as against the Debtors of any debt of the Debtors that arose before the Effective Date, and any debt of the Debtors of a kind specified in Section 502(g), 502(h), or 502(I) of the Code, and all Claims against the Debtors or their Estates of any nature, including, without limitation, any interest accrued thereon from and after the Petition Date, up to the Effective Date, whether or not (I) a proof of claim based on such debt, obligation or equity interest is filed or deemed filed under Section 501 of the Code, (ii) such Claim is Allowed under Section 502 of the Code, or (iii) the holder of such Claim has accepted the Plan. The Confirmed Plan of Reorganization will constitute a new agreement with all creditors.

Injunction Relating to the Plan: As of the Effective Date, all Persons are hereby permanently enjoined from commencing or continuing, in any manner or in any place, any action or other proceeding, whether directly, indirectly, derivatively or otherwise against the Debtors and/or their Estates, on account of, or respecting any claims, debts, rights, causes of action or liabilities included and discharged pursuant to the Confirmed Plan of Reorganization, except to the extent expressly allowed under the Plan.

Setoff. Except as otherwise provided in this Plan, nothing contained in this Plan shall constitute a waiver or release by the Estate of any rights of setoff the Estate may have against any Person.

ARTICLE XIV OTHER PROVISIONS

Confirmation of the Plan and the Confirmation Order will vest title of all property of the Estate in Debtors and will constitute final settlement of payment to all creditors. Each of the Debtors will continue to exist as a separate corporate entity, with all the powers of a corporation under the laws of the Commonwealth of Puerto Rico and pursuant to the applicable corporate governance documents in effect prior to the bankruptcy filing. As of the Effective Date the executive officers and directors of the Debtors immediately prior to the bankruptcy filing shall be deemed to be the executive officers and directors of the Debtors without further action by any party. On and after the Effective Date the operations of each Debtor shall continue to be the

responsibility of each Debtor's Board of Directors. Each director of each reorganized Debtor shall serve from the Effective Date in accordance with the applicable corporate governance documents of each Debtor. The Directors and Officers of each Debtor shall have the powers accorded by law to implement and carry out the Plan and the Confirmation Order.

All injunctions or stays provided for in the bankruptcy case at bar under Sections 105 or 362 of the Bankruptcy Code or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the effective date.

Pursuant to Section 1146 (a) of the Bankruptcy Code the issuance, distribution, transfer or exchange of any property of the Reorganized Debtors, or the making, delivery or recording of any instrument of transfer, pursuant to or in implementation of or as contemplated in the Plan or any Plan Document, or any transaction arising out of or contemplated in the Plan, shall be exempt and not subject to any recording tax, stamp tax, conveyance fee, mortgage recording tax, Uniform Commercial Code filing fee or recording fee, or other similar tax or governmental assessment, and the appropriate state or local officials or agents shall be and are hereby directed to forego collection of any such tax or fee and to accept for filing and recording any instrument or document without the payment of such tax or fee.

All claims against Debtors of whatever nature, including any claim arising from the rejection of any executory contract, or any other action, shall be bound by the provisions of this Plan.

Any holder of a claim or interest who fails to file an objection in writing to the provisions of the Plan, which is filed with the Court and served upon counsel for the Debtors, not later than the date set by the Court prior to confirmation, shall be deemed to have accepted its classification and to be bound by the Confirmed Plan of Reorganization.

All actions taken by the Debtors with respect to any person shall not be construed to release, waive, discharge, compromise or in any other way satisfy any claim, except those subject to any agreement between the parties.

Upon completion of the requirements of the Bankruptcy Code for the confirmation of Debtors' Plan of Reorganization and the final order of confirmation, the Debtors and /or the claimant shall execute all corresponding documents and cooperate fully to reflect, release and/or reaffirm all the obligations herein provided.

The Plan shall become effective upon the Effective Date of the Plan, which is 30 days after the order confirming the plan becomes a final order and shall be the date on which there shall be made all initial cash payments under the plan.

To the extent that any term of the Disclosure Statement varies from the terms of the Plan of Reorganization, the terms of the Plan of Reorganization shall govern.


ARTICLE XV RETENTION OF JURISDICTION

The Bankruptcy Court shall retain jurisdiction over this case as is conferred upon it by law,

rule or statute, or by the Plan, to enable the Debtors to substantially consummate any and all proceedings which it may bring before or after the entry of the order of confirmation, in order to carry out the provisions of the Plan and or any related matter under the Plan of Reorganization.

RESPECTFULLY SUBMITTED.

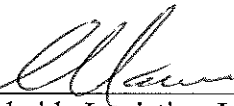
In San Juan, Puerto Rico, this 27th day of April, 2017.



HME Holdings, Inc.
Iván Marín
Authorized Representative



PJ Rosaly Enterprises, Inc.
Iván Marín
President



Islandwide Logistics, Inc.
Iván Marín
President

I HEREBY CERTIFY that on this date, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF System, which will send notification of such filing to the parties appearing in said system including the US Trustee and by United States Postal Service to all those parties who has requested a copy and are not within the electronic service.

C. CONDE & ASSOC.

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