

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF WISCONSIN**

In re:

Green Box NA Green Bay, LLC,

Debtor.

Case No. 16-24179

Chapter 11

DISCLOSURE STATEMENT DATED SEPTEMBER 26, 2016

THIS DISCLOSURE STATEMENT IS SUBMITTED FOR DETERMINATION BY THE COURT REGARDING WHETHER IT CONTAINS ADEQUATE INFORMATION AS REQUIRED BY SECTION 1125 OF THE BANKRUPTCY CODE. SUCH DETERMINATION, HOWEVER, WILL NOT CONSTITUTE RECOMMENDATION OR APPROVAL OF THE PLAN BY THE COURT AND YOU SHOULD EACH REACH YOUR OWN CONCLUSION ABOUT HOW TO VOTE ON THE PLAN.

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Green Box NA Green Bay, LLC, the Debtor above named, hereby submits this Disclosure Statement dated September 26, 2016, pursuant to 11 U.S.C. Section 1125.

INTRODUCTION

On April 27, 2016, the Debtor in this case filed for relief under 11 U.S.C. Chapter 11. Pursuant to the presumption allowed under 11 U.S.C. Sections 1107 and 1108, the debtor has continued the possession of its property, and has continued to operate its business. The Debtor subsequently retained Steinhilber Swanson LLP and Attorney Paul G. Swanson as attorneys for the Debtor and Debtor in Possession, and that appointment has been approved by the Court.

The Debtor's Schedules of assets and liabilities, Statement of Financial Affairs, and Statement of Executory Contracts were filed with the Court. The meeting of creditors was held at which time an officer of the Debtor was questioned by the creditors, creditors' representatives, and the Attorney for the United States Trustee. Creditors are referred to the Debtor's Statements and Schedules on file in these proceedings for the purpose of becoming fully informed as to the assets, liabilities and financial affairs of the debtor as of the date of the filing.

The Debtor has formulated a Plan of Reorganization dated September 26, 2016 (the "Plan," a copy of which is enclosed with this Disclosure Statement) and this Disclosure Statement. The Debtor provides this Disclosure Statement to all its known creditors in order to disclose the information deemed by the Debtor to be material, important and necessary for its creditors to arrive at a reasonably informed decision in exercising the right to vote for acceptance of the Plan. Once the Court has approved this Disclosure Statement, all creditors will be forwarded a copy of the Order Approving the Disclosure Statement, the Disclosure Statement, the Plan, and a Ballot to be completed by the creditor. The creditors will also be provided notice of the Hearing on Confirmation of the Plan. Creditors may attend this hearing. In addition, creditors may vote on

the Plan by filling out the Ballot provided and mailing the Ballot to the Debtor's counsel. **As a creditor, your acceptance is important. For the Plan to be deemed accepted, creditors voting that hold at least two thirds in amount and more than one half in number of the allowed claims of the various classes must vote for the Plan. The holders of two thirds in amount of equity security interests must vote for the Plan.** In the event the requisite acceptances are not obtained, the Court may nevertheless confirm the Plan if the Court finds that the Plan accords fair and reasonable treatment to the class rejecting it.

In order for a Plan to be "fair and equitable" with respect to a class of unsecured creditors, it must comply with the so called absolute priority rule. The absolute priority rule requires that, beginning with the most senior rank of claims of creditors against the debtor, each class in descending rank of priority must receive full and complete compensation before inferior or junior classes may participate in the distribution. In order for a Plan to be fair and equitable with respect to secured creditors, it must provide that the secured creditor will retain its lien and will receive deferred cash payments totaling at least the allowed amount of the secured claim, of a value, as of the effective date of the Plan of at least the value of the creditors interest in the bankruptcy estate's interest in the collateral. As an alternative, the Plan may comply with the fair and equitable requirement for secured creditors by providing for the sale of collateral free and clear of liens with liens to attach to the sale proceeds. Finally, the Plan may provide for the surrender of collateral to the secured creditor in satisfaction of the allowed secured claim.

In order to fully understand how a Plan is confirmed, each individual creditor should check with his or her own attorney and receive full advice on the applicable rules.

11 U.S.C. Section 1125 requires that there be post petition disclosure in the form of a Disclosure Statement that provides "adequate information" to creditors before anyone may solicit

acceptances of a Chapter 11 Plan. THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH 11 U.S.C. SECTION 1125 SO AS TO PROVIDE "ADEQUATE INFORMATION" TO THE CREDITORS IN THIS PROCEEDING. CREDITORS ARE URGED TO CONSULT WITH THEIR OWN INDIVIDUAL COUNSEL OR EACH OTHER AND TO REVIEW ALL OF THE RECORDS HEREIN IN ORDER TO FULLY UNDERSTAND THE DISCLOSURES MADE, AND THE PLAN OF REORGANIZATION FILED HEREIN, AND ANY OTHER PERTINENT INFORMATION IN THIS PROCEEDING. ANY PLAN OF REORGANIZATION WILL BE COMPLEX, ESPECIALLY SINCE IT REPRESENTS A PROPOSED LEGALLY BINDING AGREEMENT BETWEEN THE DEBTOR AND ITS CREDITORS AND AN INTELLIGENT JUDGMENT CONCERNING ANY PROPOSED PLAN CANNOT BE MADE WITHOUT FULLY UNDERSTANDING THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND THE FULL COMPLEXITIES OF ANY PLAN PROPOSED HEREIN.

NO REPRESENTATIONS CONCERNING THE DEBTOR ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE WHICH ARE OTHER THAN AS CONTAINED IN THIS STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHALL BE REPORTED TO COUNSEL FOR THE DEBTOR WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECTED TO A CERTIFIED AUDIT. HOWEVER, THE DATA IN THE DEBTOR'S POSSESSION IS BASED

ON THE RECORDS OF THE DEBTOR, AS OF THE DATE OF THIS DISCLOSURE STATEMENT UNLESS OTHERWISE STATED. THIS DATA IS BASED ON THE RECORDS KEPT BY THE DEBTOR. TO SUCH EXTENT, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY, ALTHOUGH GREAT EFFORT HAS BEEN TAKEN TO MAKE SURE IT FAIRLY REPRESENTS THE CURRENT POSITION OF THE DEBTOR.

PRE-FILING BACKGROUND AND NATURE OF BUSINESS

Green Box NA Green Bay, LLC, the Debtor in this case, was formed in 2011 by Ronald Van Den Heuvel, a Green Bay entrepreneur and long-time executive in the tissue manufacturing business.

By way of background, Ronald Van Den Heuvel (“RVDH”) and his family have been involved in the construction of tissue and paper manufacturing facilities for years. His father founded Vos Electric in De Pere, Wisconsin, which started as a commercial electrical contractor but grew into a specialized contractor for the paper manufacturing business. Spirit Construction is run by RVDH’s siblings and others. Over the years, it installed and constructed 17 paper machines for the Ford Howard Paper Company and others. It has extensive business in the industry, working on tissue lines for Proctor & Gamble, SCA Tissue, and other national tissue manufacturers around the country. Out of the last 56 tissue manufacturing facilities constructed in the United States, it landed 47 of those jobs.

RVDH, after gaining extensive experience in the business, acquired a tissue mill in Oconto Falls, Wisconsin in 2000. He is intimately familiar with all aspects of the tissue manufacturing business and presently holds licenses in 29 states as an electrical, HVAC, general, mechanical and electronic contractor.

Oconto Falls Tissue, Inc. was sold to ST Paper in 2007. RVDH, as the principal owner of Oconto Falls Tissue, Inc., took back seller financing for a substantial portion of the purchase price.

While engaged in the tissue business, RVDH believed that a substantial opportunity existed in the reclamation of paper products which are ordinarily landfilled or incinerated due to contamination by food and other biological substances. He observed that no commercially viable process existed and that incredible tonnages of such contaminated paper waste were being landfilled at great expense to both the environment and municipalities. He conceived of a process which would sanitize, sort and separate waste materials which would ordinarily be landfilled. Newspaper, brown paper, printed white paper, chip board and poly-coated materials (cups and boxes), would be separated from the waste stream. Plastic materials such as cups, bottles, milk and juice cartons and utensils, are also separated in the process. The entire stream of waste which would ordinarily be dumped in a landfill would be sorted, with metals being pulled out with magnets and other non-metallic metals diverted. Glass would also be removed and directed to a readily identifiable market of dealers.

RVDH devised a process which would first treat the waste and sanitize it, thus eliminating bacteria from the materials. Thereafter, the materials could be either immediately shipped to other processors or held many months before being inputted into a process that he developed. That process separates poly-laminated materials (“poly”) such as cups and cartons into fiber and poly. The fiber is used directly in the manufacturing process that produces tissue. The poly is shredded, mixed and formulated to produce a combination which maximizes the BTU level for later combustion or it can be used as a raw material in the flooring industry.

RVDH recruited a number of people who he had developed relationships with over the years that were also experts in the tissue industry. One was Dan Platkowski, who had worked for Fort Howard Paper Company and subsequently for Georgia Pacific Corporation, recruited as Senior Vice President of Manufacturing. Additionally, Lee Reisinger, a former Director of Paper Engineering for Proctor & Gamble Company with many years in the pulp and paper manufacturing sector, was brought on board to hone RVDH's concept.

After years of lab work, small batch trials and tinkering, RVDH began the quest to patent the processes which he had developed. Indeed, in 2011, he filed a process patent application, citing 32 separate claims, all related to the aforementioned reclamation of waste which would have been landfilled. He identified 27 municipalities around the country where plants using his process commercially could be built economically.

In 2013, the first evaluation of the process patent was completed and 4 of the claims needed to be expanded upon. In 2016, the second review cited only 2 claims that needed to be cleaned up. At this time, it is expected that the final process patent will be issued sometime in 2017.

In 2014, Investment Bankers from Raymond James were engaged to evaluate and underwrite the project detailed by the business plan authored by RVDH and his team and the components of the reclamation operation were coming together.

The pulping plant which separated the fiber from the plasticized paper products was operating on a continuous basis and was proven. RVDH had received FDA approval for the sanitizing process. This approval will take 40 months to obtain. Through his contacts in the industry, RVDH was assembling the various components necessary to construct a tissue manufacturing line as well as a converting operation. Indeed, real estate had been acquired to house the converting operation which was envisioned, which was part of the overall process.

Additionally, a thermal degradation unit, whose base is manufactured by the Kool Manufacturing Company, was acquired, improved with the Debtor's proprietary processes, and installed on the premises. It was initially envisioned that the plastic pellets from the waste stream and tires would be utilized in a closed system. Tires can no longer be landfilled and are very expensive and difficult to recycle. After much experimentation, it was determined that this process could take tires and degrade them into oil, carbon black, steel and synthetic gas, all products that can be sold into existing markets.

Evaluation of the project, underwriting and detailed financial projections were put together by Raymond James, who had been retained as an Investment Bank to raise approximately \$120 Million for the entire project. At the time, RVDH envisioned that Green Box NA Green Bay, LLC would be the operating company, but many of the assets would be held by Environmental Advanced Reclamation Technology HQ, LLC ("Earth"). The intellectual property for the entire reclamation process was licensed or owned by a separate entity. Along the way, he formed many different LLCs which were intended to be used in various similar projects in geographically diverse regions across the country. This was a requirement of project financing.

Unfortunately, financing this venture became a problem. RVDH had believed that he would be paid as a result of the Notes due from the sale of the Oconto Falls Tissue, Inc. plant to ST Paper. In 2012, that obligation went into default and he has been in litigation in the United States District Court of Wisconsin for several years concerning its enforcement. Promises had been made with regard to funds borrowed for the acquisition of various parts of the proposed enterprise, which could not be kept. Creditors were put off and the situation became untenable for some.

In March 2015, the mortgage holder on the main facility in De Pere, Wisconsin commenced a foreclosure action in Brown County Circuit Court. Two months later, a group of creditors petitioned the Brown County Circuit Court to place the Debtor into a state court receivership under Chapter 128. That petition was granted and Michael Polsky was appointed as the receiver.

One week later, the sheriff of Brown County, Wisconsin executed a search warrant on the offices of the Debtor and RVDH's other entities, as well as his home. As a result of that search warrant, the Sheriff's Department took possession of 38 file cabinets, every computer from laptops to servers to PCs, and also seized records from RVDH's home. Without the necessary records and primary server, which was the electronic backup, the business was crippled. At the time, the Debtor was operating a converting line utilizing recycled tissue. Additionally, the pulp plant, which was not owned by any of the Debtor's controlled entities, but which was under contract to be purchased, was manufacturing pulp from recycled materials described above. That pulp was being shipped to a tissue manufacturer who, in turn, processed it into parent rolls of tissue which were utilized by the Debtor in its converting operation, which manufactured napkins, tissues and other tissue products. Additional converting business was being done on a contract basis for certain customers.

As part of the plan, and in order to prove the viability of the process, the Debtor had entered into contracts with various marketers of its products and, in effect, was contract manufacturing significant quantities of these tissue products for the market. This was done, in large part, to prove the viability of the process in order to convince institutional investors of its viability.

Since the receiver was appointed by creditors who had a variety of collateral but no appetite or desire to finance the operations of the Debtor, the receiver immediately dismissed the Debtor's employees. In order to continue the process of taking the offering to market, the

employees were picked up in a related entity that RVDH had formed for another purpose. Green Box Wisconsin, LLC employed the Debtor's employees after June 2, 2015, the date of the appointment of the receiver.

The search warrant was executed July 2, 2015. The receivership continued in the Circuit Court for Brown County, Wisconsin. RVDH, under the shadow of some type of unknown criminal investigation, became a persona non grata to many financial institutions and local investors. He struggled financially to keep the operation going. He believed it was important to demonstrate the process in terms of having the Investment Bank raise the funds necessary to launch the Texas and Wisconsin projects.

GlenArbor Capital ("GlenArbor"), a private equity firm based in Chicago, Illinois, led by Stephen Smith ("Smith"), had been a significant investor in the project prior to Fall 2015. Indeed, RVDH relied on the advice of GlenArbor in moving the project forward and, indeed, GlenArbor advanced additional funds as it believed the project was worthwhile and, ultimately, would be funded and succeed. The process was operating and viable and the potential benefits to municipalities throughout the country and, for that matter, the world, seemed to be limitless. GlenArbor became more involved as the financial picture became more difficult in order to protect its investment in the overall Project.

RVDH learned from Raymond James that the firm had been contacted by the Securities and Exchange Commission ("SEC") in late 2015 indicating that RVDH was being investigated for potential securities violations. While the Investment Bank was generally aware of the receivership, it was still forging ahead with the offering and the underwriting of the same as it apparently believed that the project was viable and the creditors would be completely taken care when the funding for the overall project was obtained.

At the same time, representatives of the City of Houston, Texas received a call from the SEC. The Debtor was heavily involved in a project to bring the technology and process to Houston. Through a new entity formed for the Houston project, EcoHub-Houston, LLC, a Texas Limited Liability Company, it appeared financing had been obtained for the overall project in the amount of over \$700 Million to finance not only the Debtor's operation but also, peripherally-related offtake businesses owned by large players in the industry. No further action was taken by the City of Houston through its development authority after the news of the SEC investigation.

It should be noted that the De Pere operation continued apace, and not only had in place contracts for its output, but it also arranged for the acquisition of material which would go into the system, as well as the various components needed to assemble the completed operation. It was stand-alone.

By late Spring 2016, RVDH had not secured the necessary financing to ameliorate the various creditors who had participated in the receivership. He believed he was continuing to use his best efforts to maintain and further the development of the business and, as such, had transferred certain assets of the Debtor to an entity, ostensibly in violation of the Circuit Court's Order in the receivership that no assets be transferred. At certain of the creditors' insistence, a bench warrant was issued on April 20, 2016 related to this transfer, directing RVDH to have the assets returned to De Pere forthwith. He was unable to do so, and was facing jail for contempt of court. Virtually the same day, a federal indictment was handed down by the Grand Jury in the Eastern District of Wisconsin alleging bank fraud. The alleged fraud was not related to the Debtor or any of the related operations, but rather, transactions which had occurred some years prior. At this point in time, GlenArbor, with over \$7 Million invested in the project, negotiated for the removal of RVDH from any of the operating entities and for an agreement from the

trustees of the family trusts which RVDH had created to hold his interests in the entities, effectively removing him from any control of RTS or any related entities. Thereafter, GlenArbor provided the funds necessary to file and initiate the Chapter 11 proceeding.

On April 27, 2016, the Petition for Chapter 11 was filed, effectively staying the bench warrant related to the Debtor's assets, which RVDH allegedly transferred. Smith subsequently became the managing member of the Debtor as well as the related companies.

The Debtor and its members believe that the value of the assets when placed in a viable NewCo operating business as envisioned, are worth substantially more than if they are liquidated piece-meal, which they believe would effectively bring scrap prices for the majority of the Debtor's assets. Furthermore, other entities which are not in bankruptcy have significant assets which were to be contributed or sold into the "roll up" of the various entities and their assets into the overall business envisioned under the Plan. Finally, the intellectual property is a necessary ingredient to make the entire process feasible. That has been secured in an entity under the control of Smith.

POST-FILING EVENTS

Since the Chapter 11 filing, the Debtor has preserved its assets. Additionally, related entities have proceeded with the overall Plan to "roll up" the various assets, including those of the Debtor, into a new company which is seeking financing for the launch of the De Pere operation as envisioned in the original plan.

As inferred above, GlenArbor, through Smith, has entered into agreements with various entities to join these assets in order to effectuate the Plan. He has secured the intellectual property necessary to operate the process. He has and continues to negotiate contracts for both products generated from the process as well as inputs which are necessary to fuel the process.

Smith and his team have not only had to deal with various creditors attacking the flanks of the operation, but have also managed to contractually secure a nationally recognized Investment Bank who has been engaged in taking the entire project forward.

The Debtor has been admittedly hampered in recreating or accounting for its finances prior to the filing of the instant action by virtue of a lack of any meaningful documentation or business records, computers and server. On August 8, 2016, records, or most of them, were returned, consisting of 38 file cabinets and 21 pallets of banker boxes. A substantial portion of the important documents have yet to be returned. Many of the computers and the server were returned in the last several weeks. The Debtor has virtually no income and GlenArbor is providing capital on an as-needed basis in order to take the overall project forward. The converting operation was temporarily suspended. The financial staff continues moving forward with work on the overall business plan related to the underwriting for the Investment Bank. Given the removal of RVDH from any position of control of the Debtor or the related entities, and by virtue of agreements with other necessary parties, GlenArbor has managed to put in place many of the prerequisites for the Investment Bank to go to the capital markets to privately place the debt, which is estimated to be approximately \$130 Million.

The Debtor has attempted to reach out to the various creditors in this case, but has had very little constructive discussion with all but several. It appears that many just do not believe anything that anyone related to this project tells them, and refuse to discuss any type of rational resolution to the various components of obligations related to the Debtor.

In summary, the Debtor has retained the assets, has paid by way of Adequate Protection a monthly escrow payment related to real estate taxes on its real estate, and continues to work on the overall plan of incorporating these assets into the larger “roll up”, which will provide

significant payment for the assets to the secured creditors who have interests in them. It should be noted that this is a complex process and that the Debtor has had a scant 5 months to advance the overall plan.

Additionally, the Debtor has reached agreements related to certain warehousing space, reached tentative agreements with several of the creditors as to payment for release of assets in the “roll up”, and is currently, as time is available, reviewing the various records of the Debtor which were returned to it from the Sheriff’s Department.

THE DEBTOR’S ASSETS

1. **Debtor-In-Possession Account.** There is a Debtor-in-Possession account containing amounts escrowed for real estate taxes as agreed in the Adequate Protection Stipulation. These funds have been contributed by GlenArbor and others in order to preserve the status quo.
2. **Accounts Receivable.**
 - a. **Little Rapids Lease.** The Debtor listed sub-lease rent due and owing from a warehouse in the bankruptcy Schedules. During the course of the reorganization, the landlord, Little Rapids Paper, and the Debtor agreed to a termination of the Lease. The rent was apparently offset as it was paid to Little Rapids. Upon information and belief, no rent is due the Debtor as a result of the termination of the Lease with Little Rapids and an agreement for ongoing use of a portion of the warehouse is being negotiated.
 - b. **Patriot Tissue, LLC.** The Debtor scheduled rent due from Patriot Tissue, LLC (“Patriot”), a related entity which, as described above, is the sales and marketing entity of the Debtor’s manufacturing/converting operations. Patriot

utilized the American Boulevard plant, but was unable to pay rent. Patriot has little to no assets, has ceased operations, and has used its available funds to pay operating expenses. This Account Receivable is deemed uncollectible.

3. **Machinery and Equipment.**

- a. PC Kool Unit. The Debtor owns a Kool unit installed in the American Boulevard plant, which has been used to demonstrate the feasibility and efficacy of the tire reclamation portion of the process. The unit was used for experimentation and demonstration of the viability and economy of the system. It is currently idle. It appears that the original cost of the unit may have been approximately \$830,000, but it was scheduled at \$1.2 Million, as is where is. The salvage value of the unit is unknown. The Debtor does not own the intellectual property related to the process of using it, however, it is believed that there may be some utility if sold in the open market. (Note: The Debtor had manufactured for it a second PC Kool unit, which RDVH, during his tenure as manager of the Debtor, transferred via a Joint Venture Agreement (see GB-ARM, LLC below. This precipitated the bench warrant in the receivership).
- b. After Dryers. The Debtor owns 2 sets of after dryers, which are not installed and have been located in crates in a warehouse for some years. These are intended to eventually be incorporated into the tissue manufacturing line envisioned in the long term plan of the “roll up” of the company. They have been pledged to Paper HoldCo, LLC (“Varde”) pursuant to an agreement. They were segregated in the warehouse and placed in the control of Varde.

Varde stopped paying the rent to the landlord of the warehouse and has, de facto, abandoned the same. The dryers were scheduled at \$400,000 in the Debtor's Schedules, however, if eventually incorporated into a tissue machine, would be worth substantially more. They are specific to a tissue manufacturing line and it is unlikely that they would be readily utilized by any other end user other than NewCo and, thus, are probably scrap.

c. Sorting Lines. The Debtor has 2 sorting lines which are intended to be used in the reclamation process of NewCo. Neither is currently being used. The value of each is estimated to be \$600,000, if used in the process. As scrap, they are believed to be worth considerably less.

4. **Interest in GB-ARM, LLC.** The Debtor owns an interest in a joint venture with Advanced Resource Materials, LLC ("ARM"). RDVH transferred a second PC Kool unit, which was not assembled, to this entity, which is owned 50% by a firm in South Carolina, which intended to assemble the unit and utilize it. To the best of the Debtor's belief, the unassembled unit resides in South Carolina at the offices of ARM, LLC. The Debtor believes, again, that the actual cost of the unit is somewhere around \$830,000, but ARM, LLC contributed a portion of the funds necessary to complete the unassembled unit, as the Debtor had no money. It appears that the unit is subject to a security agreement in favor of Clifton Equities, as described hereunder.

5. **Real Estate.** The Debtor owns real estate located at 2107 American Boulevard in De Pere, Wisconsin which is 185,000 ft.² of warehouse, manufacturing space and offices. The Debtor's operations are based in this building. The Debtor believes the real

estate to be worth between \$7.0 – \$8.0 Million. Several years ago, this property was appraised at close to \$11,000,000.00. This building also houses the converting equipment owned by other related entities and it is anticipated that it will be used in the “roll up” of NewCo.

6. **Improvements to Real Estate.** The Debtor owns the security system, air conditioning system, vacuum system and other improvements made to the real estate located at 2107 American Boulevard. The value of these improvements is incorporated into the building as to remove these systems would provide very little value to the Debtor. In effect, the Debtor considers these improvements to be fixtures and part of the building.

FINANCIAL INFORMATION

The Debtor has little, if any, relevant financial information which would add anything to accepting or rejecting the Plan of Reorganization. The relevant information relating to the valuation of the Debtor’s assets is the value that will be paid for them in the “roll up” into NewCo for use in the overall reclamation project described herein. In the interest of disclosure, and to allow creditors and the Court to determine what is in the best interest of all creditors, the general detail of the “roll up” into NewCo shall be described herein.

“NewCo” will be owned 60% by Reclamation Technology Solutions, LLC (“RTS”), which is the renamed Environmental Advanced Reclamation Technology HQ, LLC (“Earth”). RTS has been in existence since 2008 and has an ownership structure reflective of investments or interests transferred by RVDH to various investors. NewCo will be 40% owned by new entity investors, those entities or individuals putting new equity into the overall “roll up”. For purposes of the overall “roll up”, it will be referred to as the “Project” or “NewCo”.

The current plan agreed between management of the Project and the Investment Bank is to go to market on the first quarter of 2017, assuming this Plan can be confirmed and the other constituent agreements can be negotiated and agreed to contractually. A total of \$176 Million from various sources are projected to be raised to fund the De Pere Project. A significant portion of that is senior debt and mezzanine debt, with the balance being equity. It is anticipated by the management for the Project that, given the extensive underwriting that has been done on the Project, a closing can take place at the end of the first quarter or beginning of the second quarter of 2017.

The funds will be used for the acquisition of the various components of the Project, including the Debtor's real estate and certain pieces of its equipment and working capital. A significant portion of the funding will be used to construct a new tissue machine, which could take up to 18 months to complete. The Investment Bank and Project management have put together extensive projections, which are not yet finalized, but which will be utilized to present the Project to private equity sources. A substantial portion of the due diligence was completed by Raymond James in 2015 and the assumptions remain valid. Significant commitments for inputs of raw materials into the process, as well as sale of the output, have been secured and committed. The pulp plant owner has agreed to terms, as have some of the entities and creditors that have interests in the balance of the converting machinery and equipment.

The various assertions and assumptions with regard to the operation of the entire reclamation operation have been included in the NewCo proposal, including independent engineering reports on both the process and the feasibility of the operation. FDA approvals have been obtained with regard to the sanitizing process, and a valuation of the enterprise in full operation is being

reworked and updated from 2015. The intellectual property has previously been evaluated by independent consultants, which have placed a significant value on it.

PRINCIPALS OF THE PROJECT

Stephen Smith (“Smith”) is the Chairman and putative CEO of the Project entity. He is currently the President and CEO of GlenArbor Partners, Inc., an investment advisory firm in Chicago, Illinois. He has extensive experience in private equity. He co-founded Bryanston Realty Partners, LLC in 2004 with two other partners and served as its principal and CEO until 2011. That firm invested in the acquisition of numerous big box retailers’ real estate and the lease back of the same. Prior to that, Smith was the managing director of LaSalle Investment Management, a member of LaSalle’s Global Management and Investment Strategy Committees, and an International Director of its parent, Jones, Lang, LaSalle, Inc. He has an MBA in Finance and Accounting from Northwestern University’s J.L. Kellogg Graduate School of Management and an Economics degree from Brown University.

Edward Kolasinski (“Kolasinski”) is the COO/CFO of the Project entity. Kolasinski was recruited as the COO/CFO by GlenArbor in Fall 2015 to lead the operational restructuring and financial recapitalization efforts for the Project. He is currently leading the efforts to develop the global business strategy of the Project. He has been working diligently on the financial model and projections with the Investment Bank for both the De Pere Project as well as the Texas project. He has taken the financial records which he has been able to reconstruct, which led to the consolidation of the various operations of RVDH and the abandonment or shuttering of 23 LLCs. He has developed and is directly executing both a sales strategy and operational plan to stabilize the overall situation, aid in obtaining the necessary financing, and will move forward

with the implementation of the business plan for the Project thereafter. Needless to say, he has had a very challenging engagement since he joined the Project in October 2015. Prior to that, he was the COO and CFO for Puralytics of Portland, Oregon, where he was recruited to accelerate sales, market and channel development efforts, develop manufacturing and financial infrastructure, and secure investments for a water purification equipment startup. In that capacity from December 2010 through September 2015, he launched innovative product offerings into new markets and channels, including U.S. retail and online retail, industrial lab water and commercial water sectors in the U.S., Europe, Southeast Asia and the Middle East. Prior to that, he was President and CEO of United Pipe and Supply, where he led operational, financial and sales process transformation, which grew sales from \$121 Million to \$210 Million annually at 34 locations with 495 employees in a service and distribution company. Prior to moving to the Pacific Northwest, Kolasinski started his career at Price Walenhouse, where he was an audit manager. He left there to become Director of Finance at Rexnord, Inc. in Milwaukee, Wisconsin and, ultimately, was the Vice President of Finance and CFO for Pryon Corporation of Menomonee Falls, Wisconsin where he negotiated the sale that medical electronics and instrumentation startup to Protocol. Protocol is based in Portland, Oregon and it took him to the Pacific Northwest.

Lee Reisinger (“Reisinger”) is the consulting industry executive of the Project entity. Reisinger has over 40 years of experience in the pulp and paper industry, a large portion of which was with Proctor and Gamble as Director of Engineering. He is the President and Founder of RyTech, Inc., a strategic consulting and project management firm. He led Proctor and Gamble’s Bounty Paper Towel business and commercialized the belt technology that made their business profitable. He managed the design, construction and startup of a new diaper plant

in Japan, a Duncan Hinz cookie plant in the U.S., and paper machines in Europe and North America. Subsequently, as a principal of a consulting and engineering firm, and then his own firm, he has led process development and strategic studies for several Fortune 200 companies in pulp and paper and has consulted on billion dollar acquisitions.

Daniel Platkowski (“Platkowski”) is the Director of Engineering for the Project entity. Platkowski has over 30 years of experience in the tissue industry. He is the President and Founder of Pine Ridge Engineering, Inc. Prior to Pine Ridge Engineering, Platkowski worked for Ford Howard Paper Company and, as a result of a merger, Fort James Corporation for 25 years. His position with Fort James was Senior Vice President of Manufacturing. He joined Ford Howard in 1974 as a project engineer. In subsequent years, he was promoted to manufacturing positions of increasing responsibility, including Paper Machine Superintendent, Director of Paper Manufacturing and Mill Services, and later, Vice President of Manufacturing, Human Resources and Safety.

This team will lead the new Project, overseeing not only the “roll up” of the various assets into the business, but the continuation and expansion of the business. In the 18 months after the “roll up”, the tissue line will be constructed adjacent to the existing pulping plant. The tissue line will, once it becomes operational, manufacture recycled pulp into parent rolls of tissue which will then be used in the converting operation to supply contracts to national brands and private labels for 100% post-consumer recycled products that have been approved as “food grade” by the FDA. Additional outputs from the process are high-grade wet lap pulp, tissue parent rolls, and plastic pellets which can be used in the bio-fuel oil reclamation industry or the flooring industry for substrate.

Primary inputs which would ordinarily be landfilled are food contaminated and non-contaminated waste paper, waste plastic, and other recycled soiled paper products. The initial project will contract offtake of pulp from the pulping plant while the tissue line is being constructed. It is anticipated that parent rolls will be purchased from the manufacturers who take the pulp from the Project plant. There will be offtake agreements in place for all projected volume. Market studies have been performed, assessing the tissue industry demand, capacity outlook and growth in the market for feed stock, pulp, parent rolls and converted tissue products. The outlook is positive. As noted, RTS, LLC will be a 60% owner of the project. The other 40% will be for new equity, employment incentives and reserve. Licensing of the patent and intellectual property will, upon confirmation, be transferred to RTS, LLC, and the Project will be the beneficiary of all such agreements for the operation of the systems developed.

While the actual financial projections for the Project are proprietary at this time, as they are not finalized for presentation to the private equity market, it is anticipated that revenues in the first 12 months of operation, which will be primarily from pulp sales and converting, will, with the reserves built into the projections, fund operations and debt service. All debt is retired by year 10, with the debt coverage ratio averaging 1.8 overall in years 2 through 10. A substantial amount of revenue flows to the Project for no-investment or return on investment to equity holders.

All amounts projected under the Plan to be paid to the various creditors of the Debtor are generated by the financing for the Project. It is anticipated that the Debtor's Plan will be confirmed prior to the end of 2016 and the funding will take place by the end of the first quarter 2017, providing for payment of all claims hereunder. Certain creditors, as will be disclosed herein, have an interest in RTS, LLC by virtue of loaning funds to the RVDH entities in the past.

RTS, LLC also retains the structure of the various investors in proportion to the investment and the risk taken in the overall Project and, thus, the preservation of it as an entity is desirable but not necessarily essential. To abandon it at this point in the Project would create a delay. There may also be significant tax basis issues to the Project if it were restructured. On balance, to retain RTS, LLC is advisable and provides for the quickest return to creditors of the Debtor under this Plan.

Certain, if not most, of the creditors in this Plan have guaranties by various RVDH entities, including RTS (formerly Earth). At this time, RTS, LLC has no liquidation value as it possesses virtually no assets which are not pledged to the full extent to creditors. Third party releases from certain of the Debtor's creditors will be required as a condition of the Plan and payment of the claims proposed thereunder. The Debtor believes that these releases are appropriate, advisable, and, if not negotiated, they should be ordered as a part of this Plan as being integral and essential to the confirmation of the same and in the best interest of the majority of the claimants in this case.

Additionally, all administrative and priority taxes will be paid upon the funding of the "roll up" of the Project. These are projected at approximately \$200,000.00.

Detailed financial projections concerning the Project will be shared with creditors on the basis of enforceable non-disclosure agreements being signed once such financial projections are finalized and approved by the Investment Bank.

Such sharing of financial information is intended to provide a basis for determining whether the actual Project is likely to be funded and the payments proposed under the Plan made. In other words, the only feasibility issue is whether it is likely that payments will be made on the

basis of the Plan proposed by the Debtor as it is not anticipated that the Debtor will have any ongoing operations or assets after the “roll up” in the Project.

SUMMARY OF CLAIMS AND CLASSES

The known debts of the Debtor are set forth below with a brief description of the nature of the obligation and the identification of the creditor. The Claims are classified as follows:

1. **Administrative Priority Claims**: Administrative Priority Claims include all costs and expenses of the administration of the Chapter 11 case allowed under § 503(b) of the Code and entitled to priority under § 507(a)(1)(C) of the Code. The Plan provides for payment in full of all allowed administrative expenses on the Effective Date unless paid prior thereto or if the holder of such administrative expense has agreed to a different treatment. Any administrative expense that remains subject to an objection as of the Effective Date, and therefore has not yet been allowed by the Bankruptcy Court, will be paid in the amount ultimately allowed or otherwise agreed, promptly after resolution of the objection.
 - a. **Professional Fees**: Fees to professionals will continue to accrue through confirmation. Debtor has hired the following professionals:
 - i. Steinhilber Swanson LLP, General Counsel for Debtor (hereinafter “SSMMM”). Fees and costs through confirmation are estimated to be approximately \$100,000.00.
 - b. **UST Fees**: The United States Trustee fees will be paid as incurred and in full as of the effective date. The Debtor is not delinquent in any payments to the

U.S. Trustee. Quarterly fees may continue to be generated until such time as a final Order is entered closing this case by the Court.

- c. Other Administrative Expenses: Other administrative expense claims may be filed by entities that believe they have an entitlement to be paid as an administrative expense. Debtor asserts that there are no such administrative expenses.

2. Priority Tax Claims: Priority tax claims, as have been filed in the case, are as follows:

- a. U.S. Department of Treasury / Internal Revenue Service (“IRS”) – The IRS has filed a claim for unpaid payroll taxes in the amount of \$30,825.13. It has “placeholder” claims for income taxes for the Debtor. The Debtor believes that it can reasonably file returns asserting that the Debtor had no income in any of the years that it operated that was taxable and, indeed, likely suffered losses.
- b. Wisconsin Department of Revenue (“WDOR”) – The WDOR has filed a claim for payroll taxes in the amount of \$6,110.27. There are believed to be no further claims for any other kind of tax in favor of WDOR.
- c. Wisconsin Department of Workforce Development (“DWD”) – The DWD has filed a claim in the amount of \$67,299.31 as a result of unpaid unemployment compensation and insurance taxes.

The Debtor shall, as soon as is practicable, file income tax returns for the last several years (2014 and 2015) based on estimated losses suffered and request a speedy determination of the liability therefrom under §505(b)(2).

The amount due, if any, shall be paid each of the above taxing authorities along with any tax due on account of the specified proofs of claim on the docket.

3. **Class 1 Claim (Maple Ridge Funding/Ability Insurance Company (“Ability”))** -
Such class shall consist of the claim of Maple Ridge Funding/Ability Insurance Company (“Ability”). Ability asserts a claim as of May 4, 2016 in the amount of \$9,681,100.00. This claim is secured by a valid First Mortgage on real estate located at 2107 American Boulevard, De Pere, Wisconsin. The original amount advanced, as evidenced by a Note dated December 10, 2014, was \$7,150,000.00. The Mortgage, recorded December 13, 2014, together with an Assignment of Rents, is duly perfected. This is a partially secured claim.
4. **Class 2 Claim (Cliffon Equities (“Cliffon”))**: Cliffon asserts a claim in the amount of approximately \$4,200,000 as of March 1, 2016. This amount is asserted to be secured by two PC Kool units, one of which is located on the Debtor’s premises and installed, and the other which is located at the premises of ARM, LLC in North Carolina and is not installed. Additionally, Cliffon asserts a lien in a sorting line and a pelletizing line, both of which are likely owned by a related entity. It also, as a result of its relationship with the Debtor and RVDH, negotiated for certain ownership interests in the Debtor and two related entities, one of which is now known as RTS, LLC. It possesses 4 Million units of RTS, LLC, which is a 4% ownership interest. This debt is evidenced by various documents, including an Amended Loan and

Investment Agreement dated June 13, 2014, which may be executory as to certain terms.

The Debtor asserts that the value of the collateral is less than the amount due to Clifton. Clifton also possesses guaranties from RTS, LLC and RVDH as to debt owed to it by the Debtor.

5. **Class 3 Claim (Quotient Partners, LLC (“Quotient”))** – Quotient has a secured claim that had a balance, as of November 15, 2005, of \$289,471.22. This claim is secured by a lien in equipment owned by a related entity, but is an obligation of the Debtor, together with RTS, LLC. This claim is fully secured.
6. **Class 4 Claim (State of WI/WI Economic Development Corporation (“WEDC”))**: WEDC has a claim as the result of a loan made to the Debtor in the amount of \$1,116,000.00, together with interest, less any payments received, from the date of inception, September 14, 2011. This obligation is secured by a Second Mortgage on the Debtor’s property located at 2107 American Boulevard in De Pere, Wisconsin. Given the value of the building, it is unlikely that this claim is fully secured and, indeed, is likely minimally secured. WEDC does, however, possess the ability to elect under Section 1111(b) of the Code and, thus, its claim is recognized in that light. By virtue of such an election, this claim may be fully secured.
7. **Class 5 Claim (Paper HoldCo, LLC (“Varde”))** – Varde has a claim against the Debtor and other related entities, including RTS, LLC, among others. The claim has been reduced, via a Confession of Judgment executed by RVDH, arguably without authority, in the amount in excess of \$9,000,000.00 in State Court, in the State of

Minnesota against RTS, LLC and RVDH. Due to the stay imposed by these bankruptcy proceedings, judgment was not entered against the Debtor.

Varde's claim is secured by certain of the Debtor's property, namely, two sets of After dryers. In the Second Forbearance between the Debtor, related entities, and Varde, the Debtor delivered physical and legal possession of the dryers to Varde in a "lender controlled space" within a warehouse located at 821 Parkview Road in Ashwaubenon, Wisconsin. Varde initially paid for storage on those units, but has since stopped and it has made no effort to liquidate the same either by judicial process of self-help. Varde has entered judgment against RTS, LLC, among others by virtue of guaranties. Varde is under-secured as the value of the collateral is significantly less than its claim. RVDH is also a guarantor of this obligation.

8. **Class 6 Claims (Executory Contracts)** – During the course of these proceedings, Little Rapids Paper Corporation obtained relief from stay in order to terminate a lease of the bulk of a warehouse located at 821 Parkview Road in Ashwaubenon, Wisconsin. Related entities of the Debtor have arranged for a significantly reduced amount of space as machinery and equipment intended to be used in the Project are stored there. The amount due and owing has been agreed between the parties and will be paid by the Project.

The Debtor may have other leases, including liability on a certain residential lease, to Jairo Huilar, for a property located at 4032 N. St. Bernard Drive in De Pere, Wisconsin. The extent of the liability, if any, is limited to several months on a possible month-to-month holdover of a lease which terminated on its face several years ago. A former employee of the Debtor resided in the property under a lease

between the Debtor and Mr. Huilar. There is currently relief from stay sought and it is anticipated that an eviction will occur shortly.

The Debtor held a lease with Utica Lease Co., LLC prior to the filing of the bankruptcy. Such lease was assigned and taken over by GlenArbor, pre-petition. It is believed that, as of the date of the Petition, no lease existed between the Debtor and Utica Lease Co., LLC.

Patriot Tissue, LLC, a related entity, was utilizing the manufacturing and warehousing space at 2107 American Boulevard in De Pere, Wisconsin, owned by the Debtor, to continue the operations of the Debtor after the appointment of the receiver. Patriot Tissue, LLC paid no rent, which has accrued at \$74,000 per month, pursuant to the lease. Patriot Tissue, LLC is operating at a loss and management is working to secure additional business. It has little in assets and is uncollectible.

9. **Class 7 Claim (Marco Araujo (“Araujo”))** – Marco Araujo holds a fully secured claim in a sorting unit owned by the Debtor. The value of the sorting unit is greater than this claim. It is believed that the claim, after credits and offsets, held by this claimant, is approximately \$700,000.00.
10. **Class 8 Claims (General Unsecured Non-Priority Claims)**: The Class 8 Claims are impaired. The total amount of the allowed unsecured claims, based on claims scheduled by the Debtor and not marked as “contingent, unliquidated, or disputed” and as allowed by the Court pursuant to proofs of claim filed herein, is \$446,043.69 plus any under-secured portion of any secured claims noted above or any executory contract rejection damages. This class is impaired.

11. **Class 9 Claims (Equity Interests in the Debtor)**: The equity interests in the Debtor are detailed on the attached List of Equity Security Holders. Such interests will be cancelled under the terms of this Plan.

TREATMENT OF CLAIMS THROUGH PLAN

Section 1124 of the Bankruptcy Code provides that unless the Plan leaves a creditor's rights unaltered or fully pays the entire value of the amount of the claim, such claim is impaired. Creditors whose claims are impaired under the Plan vote by class on the Plan. The Debtor asserts that all classes are impaired. The Administrative and Priority claims are deemed not to be impaired, based on their treatment as noted below. The treatment of all claims is as follows:

1. **Administrative Priority Claims**: Administrative Priority Claims include all costs and expenses of the administration of the Chapter 11 case allowed under § 503(b) of the Code and entitled to priority under § 507(a)(1)(C) of the Code.. The Plan provides for payment in full of all allowed administrative expenses on the Effective Date unless paid prior thereto or if the holder of such administrative expense has agreed to a different treatment. Any administrative expense that remains subject to an objection as of the Effective Date, and therefore has not yet been allowed by the Bankruptcy Court, will be paid in the amount ultimately allowed or otherwise agreed, promptly after resolution of the objection.
 - a. **Professional Fees**: Fees to professionals will continue to accrue through confirmation. Debtor has hired the following professionals:
 - i. Steinhilber Swanson LLP, General Counsel for Debtor (hereinafter "SSLLP"). Fees and costs through confirmation are estimated to be approximately \$100,000.00.

- ii. SLLP has agreed to defer allowed administrative claims to such time as funds are available from the “roll up” into the Project, or approximately March 31, 2017.
 - b. UST Fees: The United States Trustee fees will be paid as incurred and in full as of the effective date. The Debtor is not delinquent in any payments to the U.S. Trustee. Quarterly fees may continue to be generated until such time as a final Order is entered closing this case by the Court.
 - c. Other Administrative Expenses: Other administrative expense claims may be filed by entities that believe they have an entitlement to be paid as an administrative expense. Debtor asserts that there are no such administrative expenses.
2. **Priority Tax Claims**: Any priority tax claims are unimpaired. The Debtor estimates priority tax claims arise as a result of unpaid payroll taxes to the IRS, WDOR, and DWD as described above. Such priority tax claims shall be paid in full at the time of the “roll up” into the Project, which will be approximately March 31, 2017 and shall include any additional assessments as a result of the filing of income tax returns for 2014 and 2015.
3. **Class 1 Claim (Maple Ridge Funding/Ability Insurance Company (“Ability”))** - Ability shall be paid the sum of \$7,600,000.00 at the time of the “roll up” into the Project from funds generated thereby. The real estate shall, after such payment, be deeded free and clear of all liens and encumbrances to NewCo. At the time of the payment, Ability shall release RTS, LLC from any obligation as a result of a Guaranty executed by Earth. The balance of this claim shall be treated as an

unsecured claim hereunder and will not be paid by the Debtor. Ability specifically reserves its right under a certain Guaranty by RVDH dated December 10, 2014. This class is impaired.

4. **Class 2 Claim (Cliffon Equities (“Cliffon”))**: Upon confirmation, the Debtor will surrender any interest it has in Cliffon’s collateral known as the PC Kool units, and shall allow Cliffon the right to remove the same from its premises. Cliffon shall exercise any and all rights in the collateral transferred to ARM, LLC. Cliffon shall be paid out of the proceeds of the “roll up” the following amounts in exchange for the release of the following collateral:
 - a. **\$1,172,000.00** for a sorting line; and
 - b. **\$1,361,0000.00** for a pelletizer line.

The above property shall then be transferred to NewCo free and clear of all liens and encumbrances. Additionally, upon such payment, RTS, LLC shall be released from any and all liability from any Guaranty executed in favor of Cliffon for the Debtor’s obligations and Cliffon shall retain its 4% equity interest in RTS, LLC. Any and all other terms of the Amended Loan and Investment Agreement dated June 13, 2014, or any of its prior agreements with the Debtor, shall be rejected and abrogated by the Debtor to the extent of the Debtor’s liability thereunder. Cliffon’s equity interest in the Debtor shall be cancelled upon confirmation. The balance, if any, of the claim of Cliffon after liquidation and application of its collateral to be surrendered shall be treated as an unsecured claim and will not be paid under this Plan. This class is impaired.

5. **Class 3 Claim (Quotient Partners, LLC (“Quotient”))** – The claim of Quotient in the approximate amount of \$275,000.00 shall be paid, together with interest at the contract rate, from the proceeds of the “roll up” of the Project on approximately March 31, 2017. Upon such payment, Quotient shall release any security interest it has in two Bretting machines, which are its collateral and which are owned by a related entity. Any claim that Quotient may have against its co-maker on this obligation, RTS, LLC (Earth), shall be released upon payment. This class is unimpaired.

6. **Class 4 Claim (State of WI/WI Economic Development Corporation (“WEDC”)):**

It is anticipated that WEDC will make election under Section 1111(b) of the Code to retain its right to a full payment in deferred cash payments of its allowed claim. As such, its entire obligation shall be assumed by RTS, LLC upon the Effective Date. Any accrued interest on the claim shall be paid in full from the proceeds of the “roll up” into the Project on approximately March 31, 2017. Thereafter, on a monthly basis, interest shall be paid at the contract rate of 2% for a period of 12 months. Thereafter, the contract payment of \$19,920.00 per month shall be paid for a period of 24 months, after which time, the entire remaining balance shall become due and payable and shall be paid by RTS, LLC in full.

In exchange for the assumption of the obligation by RTS, LLC, WEDC shall, upon the “roll up” into the Project of the underlying real estate, release its Mortgage on the real estate, be unsecured, but retain the right to full payment as described herein as against RTS, LLC. This class is impaired.

7. **Class 5 Claim (Paper HoldCo, LLC (“Varde”))** – Varde shall be paid the sum of \$1,500,000.00 cash at the “roll up” of the Project on approximately March 31, 2017. In exchange, it shall release any and all security interests it has in two After dryer units and equipment as described in its security agreement, to facilitate the transfer of the items to the Project free and clear of liens and encumbrances. Upon such payment, it shall release any guaranty of RTS, LLC (Earth). It shall also release any and all membership interest which it holds as collateral in RTS, LLC (Earth) upon such payment. The balance of its claim shall be an unsecured claim and shall not be paid hereunder by the Debtor.
8. **Class 6 Claims (Executory Contracts)** – To the extent not specifically modified herein, all executory contracts are rejected. Any rejection claims shall be treated as unsecured claims hereunder. Specifically, a contract, if any, between the Debtor and ARM, LLC is rejected and any rights in the property held by Clifton shall be abandoned to Clifton. Likewise, since the Debtor will not be operating going forward and will have no further assets, the assumption of executory contracts without assignment to an operating entity would be fruitless and of no effect.

It is specifically noted that NewCo has negotiated for a warehouse space with Little Rapids Paper Corporation and certain assets owned by related entities as well as assets of the Debtor which are stored at the facility will remain on terms and conditions that can be negotiated between NewCo and Little Rapids. The Debtor’s lease was terminated. Any lease termination damages in favor of Little Rapids shall be an unsecured claim and treated as such hereunder.

9. **Class 7 Claim (Marco Araujo (“Araujo”))** –The allowed amount of this claim, after all credits for amounts received in collection actions, plus statutory interest, shall be paid on approximately March 31, 2017 at the “roll up” of the Project in full satisfaction of all claims against the Debtor and related entities and the lien released and judgment satisfied as to all
10. **Class 8 Claims (General Unsecured Non-Priority Claims)** – No amount is projected to be paid to unsecured creditors hereunder.
11. **Class 9 Claims (Equity Interests in the Debtor)** – All equity will be cancelled and will retain no interest in the Debtor or any of its assets.

MEANS OF PLAN IMPLEMENTATION

The above-outlined terms of the plan shall be implemented as previously described. Specifically, the Debtor’s management, which is also management for the related entities and the NewCo entity, will continue to forge ahead with the “roll up” Plan. The Investment Bank has been retained and due diligence is currently being performed to the extent that it is not completed. It is anticipated that, upon the confirmation of this Plan, the Project financing will be arranged and secured. Smith will, with the help of the Investment Bank, raise equity and debt facilities contemplated in order to fund the Project.

Given the experience of the Investment Bank personnel with the current Project, the progress in the overall due diligence, and the likely return on investment, it is anticipated that the entire Project will be funded by the end of the first quarter of 2017. At the closing of such funding, funds will be available to make all payments required under the Plan.

Since RTS, LLC will own 60% of the Project, it is a requirement of the Plan that various of the claimants listed above release guaranties or, in the case of Varde, satisfy a judgment against RTS, LLC. These releases and satisfaction are crucial to maintain the timeline indicated herein. Significant intellectual property will be contributed to RTS, LLC for use in the overall Project through the utilization of the patented processes, which will provide a significant value to the Project and such intellectual property is critical for the operation of the Project. The intellectual property which is being rolled into RTS, LLC and, correspondingly, the Project, are essential ingredients in the operation of the process from the input of waste to the output of tissue, plastics and other recyclable components.

THE FOREGOING IS A BRIEF SUMMARY OF THE PLAN AND SHOULD NOT BE RELIED UPON FOR VOTING PURPOSES. CREDITORS ARE URGED TO READ THE PLAN IN FULL. CREDITORS ARE FURTHER URGED TO CONSULT WITH COUNSEL OR EACH OTHER IN ORDER TO FULLY UNDERSTAND THE PLAN. THE PLAN IS COMPLEX AND IN AS MUCH AS IT REPRESENTS A PROPOSED LEGALLY BINDING AGREEMENT BY THE DEBTOR, AND AN INTELLIGENT JUDGMENT CONCERNING SUCH PLAN CANNOT BE MADE WITHOUT UNDERSTANDING IT.

TAX CONSEQUENCES

Tax Consequences to the Debtor: The Debtor has not operated a business in the last 14 months. Prior to that, it did not do so profitably, but it was not intended to be profitable at that time. The Debtor's business, along with the business of certain related entities, were operating in order to prove that the overall concept worked and could do so at a commercially reasonable rate. It was essential to have the components demonstrated on a scale that confirmed that the Project could be successful when fully integrated and implemented. The investments by various

people in the projects have been significant and the Debtor asserts that no taxable event has occurred and it will be filing estimated income tax returns reflecting that fact. That said, since the Debtor is going out of business, any losses attributable to that event would be to the individual investors/members and not to the Debtor.

Tax Consequences to Creditors: To the best of the Debtor's knowledge, creditors will have no tax consequences as a result of the confirmation of the Debtor's proposed Plan. Creditors, to the extent that they are not paid, may be able to deduct any loss as a result of nonpayment of claims depending upon how they characterized their claims for purposes of their own tax recording. Creditors are urged to consult their own tax professionals with regard to their specific situations as any statement made by the Debtor as to tax consequences of creditors is informational only and should not be relied upon as it is a general statement of the law

LIQUIDATION ANALYSIS

The Debtor asserts that if this Plan is not confirmed, the various creditors will take back their collateral. Chapter 11 Administrative Expenses and Priority Taxes will not be paid. The collateral is worth significantly less if sold into the market as opposed to being incorporated into the Project. There is very little demand for the components of the tissue line. Both the sorting and the pelletizing lines have very narrow markets and the equipment is used. The PC Kool units are likely to be sold as scrap or at a very low price as a purchaser would have to engage in significant trial and error in order to utilize them in any effective manner. The intellectual property does not travel with those units and belongs to a related third party.

The real estate would have to go through a foreclosure process, be placed on the market subject to a broker's commission, and secured creditors holding mortgages in that property would need to advance funds for insurance, maintenance and general upkeep pending any sale.

The Debtor has investigated the market and believes that the price being paid under the Plan is fair, equitable and close to the best price the property could bring at this time. Liquidation brings significantly less to the first mortgage holder and nothing to the second mortgage holder, whereas this Plan provides an immediate benefit for the first mortgage holder and a long-term benefit and recovery for the second mortgage holder.

The After dryer units face a very limited market due to the nature of the units and the fact that they were manufactured 10 years ago and are still in crates. Significant work would be required to bring them up to shape and integrate them into a tissue manufacturing line. There are very few such lines proposed to be constructed in the foreseeable future. It is likely that these units would be sold into the scrap market if not incorporated into the Project.

The Debtor asserts that the value of all of its assets is significantly enhanced if they are sold into the Project which is in prospect and can be funded in the immediate future. The alternative would provide significantly less in terms of value for creditors holding interest in the property.

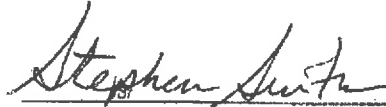

CONCLUSION

The Debtor believes this Disclosure Statement to provide information of a nature and to the extent necessary to form an intelligent decision on whether or not to vote for its Plan.

Respectfully Submitted this 26th day of September, 2016.

GREEN BOX NA GREEN BAY, LLC

By:

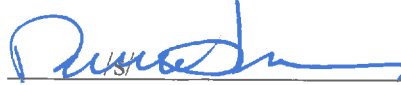
Edward Kolasinski

for Stephen Smith, with permission

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