

**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

2nd AMENDED DISCLOSURE STATEMENT DATED DECEMBER 1, 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 ~~1st~~^{2nd} Amended Disclosure Statement dated ~~November 9~~December 1, 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 ~~1st~~^{2nd} Amended Plan of Reorganization dated ~~November 9~~December 1, 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 took 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 and had manufactured major components of the tissue line. Indeed, real estate and machinery and equipment had been acquired for the converting operation, which was part of the overall process envisioned.

Additionally, a thermal degradation unit, whose base unit is manufactured by the Kool Manufacturing Company, was acquired, improved after significant testing and experimentation and now efficiently processes waste tires and plastic. The process is proprietary to the Debtor and held by a related entity. It is currently installed on the premises on American Boulevard in De Pere. It was initially envisioned that the plastic pellets from the waste stream and tires would be recycled 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. These are products that can be sold into existing markets. The pellets provide significant energy that fuels the process to achieve the results.

Evaluations of the entire project, underwriting and detailed financial projections were compiled 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 (now PC Fibre Technology, LLC). 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 apparently 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 and such proceeds could be utilized to fund this project. 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 enforcement of the contracts. Promises had been made by RVDH with regard to funds borrowed for the acquisition of various parts of the proposed enterprise, which could not be kept. Creditors were put off with numerous representations that funding was imminent and the situation became untenable for some.

In March 2015, the mortgage holder on the main facility in De Pere, Wisconsin, Ability Insurance, 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 in early July 2015.

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 of all the Debtor's books and records, the business was crippled. At the time, the Debtor was operating a converting line utilizing recycled tissue in the American Boulevard plant. 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 by the Debtor.

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 subsequently employed 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 as an investor 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. It had concluded that 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 as it believed it was essential 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 forging ahead with the offering and the underwriting of the same as it apparently believed that the project was viable and all of the creditors, including the petitioning creditors, would be completely taken care when the funding for the overall project was obtained, thus removing the obstacle of the receivership.

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 which would 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 on the Debtor’s proposal 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 feed the

system, as well as the various components needed to assemble and complete the project. It was stand-alone and not connected or interdependent on Houston.

By late Spring 2016, RVDH had not secured the necessary financing to pay the various creditors who had participated in the receivership. He asserts that 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 (a Kool unit) 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, concerned transactions which had occurred some years prior. Subsequently, a superseding indictment was filed alleging additional counts of bank fraud, however, neither the Debtor nor its operation appear to be implicated in either indictment. At this point in time, GlenArbor, with over \$7 Million invested in the project, negotiated for the removal of RVDH from management of 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, and has funded the ongoing adequate protection and insurance payments as required.

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 rollup operating business as envisioned, are worth substantially more than if they are liquidated piece-meal, which they believe would effectively bring scrap or salvage prices for the majority of the Debtor's personal property 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 into the overall project 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; PC Fibre Technology, LLC.

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 with a negotiated license agreement with PC Fibre Technology, LLC. 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. He has firm output contract terms and a letter of intent for inputs, the terms of which will be finalized shortly. 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, (hereinafter, "New Investment Bank:").

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, a portion of the records 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. 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, but has not secured approximately \$2.5 Million it needs to move the project to the next stage. Mr. Smith continues to work toward raising these funds and expects them to be committed by ~~December 31, 2016~~the time of the hearing on confirmation of the 2nd Amended Plan.

~~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 are reluctant to discuss any type of resolution to the various components of obligations related to the Debtor.~~

The approximately \$2.5 Million which is to be raised is necessary for two distinct purposes. First, approximately \$500,000 is needed to pay for the “due diligence” necessary for the Investment Bank to put together its package or offering for potential investors. Specifically, engineering and feasibility studies need to be updated. Appraisals of the equipment and facilities

to be incorporated into the project need to be scrutinized and updated as necessary, Price WaterHouse Coopers needs to be paid in order to do the financial reconstruction in order to file tax returns for the Debtor and related entities, and administrative rent and other administrative expenses need to be paid. The other component of the funds to be raised is for “working capital” to be used in operating the tissue reclamation and paper converting operation. Certain expenses are outstanding and need to be paid in that operation and working capital to fund the ongoing orders which are expected to be placed needs to be adequate in order to ensure that that operation continues to build and drive NewCo. Likewise, the pulping operation is currently being leased, with an option to purchase and it, too, requires working capital. Edward Kolasinski, the COO of the Debtor and the related entities, has testified in open court as to the necessity and amount of funds which need to be raised. Specifically, if the \$500,000 required for due diligence and the Debtor’s administrative expenses is not committed prior to the Chapter 11 confirmation, it is likely that this Plan will be abandoned for want of funding.

The Debtor has continued to reach out to the various creditors in this case, and has come to terms with a number of the key players. It appears that many are skeptical of anything that anyone related to this project tells them, having been abused with many broken promises during the period prior to the Chapter 11, but have come to the conclusion that the Debtor should be given a chance to take the project forward.

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 as well as

provide a mechanism to pay all other debts in full. It should be noted that this is a complex process and that the Debtor has had a scant 78 months to advance the overall plan.

Additionally, the Debtor has reached a tentative agreement 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 retrieved by the sheriff. It has contacted Price Waterhouse who, pending securing the funds to take the project forward, has tentatively agreed to an engagement to reconstruct the books and records and compile the tax returns for 2013, 2014 and 2015.

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 Corporation Lease.** The Debtor listed sub-lease rent due and owing from a warehouse in the bankruptcy Schedules. Prior to the reorganization, the landlord, Little Rapids Corporation, and the Receiver 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. There may be a dispute as to the amount of post-petition administrative rent due.

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 intermittent operations, and has used its available funds to pay operating expenses. This Account Receivable is deemed uncollectible, but the Debtor asserts it derived benefit from the operation of the converting line in terms of feasibly demonstrating its operability.

3. **Machinery and Equipment.**

a. PC Kool Units. The Debtor owns and has in its possession a Kool unit installed in the American Boulevard plant, which has been used to hone the technology associated with tire pyrolysis and the efficacy and profitability of tire reclamation utilizing this process. During the term in which it was operated, PC Fibre Technology, LLC, developed the process, which is proprietary, but through which the unit was fine tuned for efficiency, utilizing used tires and plastic pellets generated from the reclamation of paper waste products to generate synthetic gas, carbon black and oil.

It appears that the original cost of the unit may have been approximately \$830,000.00, but significant modifications and improvements were made which were borne by the Debtor, thus it was scheduled at \$1.2 Million “as is, where is” in the Schedules. The salvage value of the unit has not been determined but is presumed to be significantly less as the unit consists of process piping connecting the various chambers in which the pyrolysis process takes place, as well as the control units. To disassemble the unit and move it would be costly, and without the intellectual

property related to the process, the value would be significantly reduced in the estimate of the Debtor. The Debtor asserts the unit is worth \$1.1 Million in place and in use.

There is a second Kool unit located in Easley, South Carolina, in which both Clifton Equities and Advanced Resource Materials, LLC (“ARM”) claim either a security interest or ownership interest. Such unit is subject to an agreement between an affiliate of the Debtor, PC Fibre Technology, LLC, Green Box NA, LLC and ARM, which appears to be the outline of a joint venture agreement. The Debtor’s previous manager, RVDH, claims that Clifton did not fund the construction of the second Kool unit as promised and, therefore, it has no security interest in it. ARM ~~apparently~~ paid funds related to the manufacture and completion of the unit and shipment of the same to it. It thus claims an interest in this unit. There is also a related LLC, GB-ARM, LLC, which is owned 50% by the Debtor, which sets forth an agreement between the Debtor and Advanced Resource Materials, LLC (ARM) for the operation and construction of this unit and others in a joint business venture.

- 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. The Debtor and Varde agree that this number is \$2 Million. 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, but~~ are probably scrap of significant value to NewCo.
- 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 \$1.3 Million, if used in the process. As scrap, they are believed to be worth considerably less. One line is pledged to Clifton, the other to Araujo. However, it appears that the Araujo financing statement lapsed prior to the filing of this case, in which case, it became collateral of WEDC.
4. **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. 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.
5. **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 in a form 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 return, the Debtor would also receive any equity interest in NewCo which will entitle it to distributions of profits equal to its percentage ownership in NewCo. 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 and financial projections of the "roll up" into NewCo shall be described herein.

The current timetable agreed between management of the Project and New 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 and assuming the initial funds are forthcoming to complete the appraisals, update the feasibility studies and engineering reports and otherwise provide the current information necessary for the Investment Bank, a closing can take place as projected.

The funds raised by the Investment Bank 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 (see attached projections). 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 in 2015 and the underlying assumptions contained therein remain valid. An engagement letter has been executed with New Investment Bank and due diligence and underwriting efforts have been going on for months. 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 at significant expense. The intellectual property has previously been evaluated by independent consultants, which have placed a significant value on it and this too needs to be updated.

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 COO 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 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 closing of a number of LLCs that had no assets or business activity. 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 CFO 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 Waterhouse, 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 tentatively 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, the Debtor will have a 30% equity interest in the project. The other 70% will be for new equity, employment incentives and reserve. Licensing of the patent [process technology](#) and intellectual property will, upon confirmation, be issued to NewCo for use in the Project for the operation of the systems developed.

The patent which has been applied for is for a process. It is anticipated that the application precludes any other competitor from attempting to patent the same process. An application, once the patent is granted, dates back to the time that it was initially applied for, and thus provides significant protection to the licensee of the process. Additionally, a significant amount of the knowledge on how to operate the process has been developed by the Debtor or related entities and is proprietary in nature. Likewise, the process which has been approved by the FDA for sanitizing the waste prior to its processing is proprietary and, thus, protected.

It should be disclosed that the RVDH entities will receive a portion of the licensing fee paid by New Co to PC Fibre Technology, LLC. The license fee charged NewCo is based upon 2% of revenue generated from converting, parent roll production and pulp manufacturing, and payable to FC Fibre Technology, LLC. The payments are detailed, generally, in the projections attached hereto on account of the intellectual property or proprietary processes which are intended to be licensed.

While the actual financial model for the Project are projected at this time, ~~they are it is~~ not finalized for presentation to the private equity market, however, 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 from~~ the Project for ~~no investment or a~~ substantial return on investment to equity holders. Attached hereto are the overview of the Project, a listing of a summary of the intellectual property, pro-forma income statement and a sources and uses of cash from financing schedule.

All amounts projected under the Plan to be paid to the various secured creditors of the Debtor are generated by the financing for the Project. It is anticipated that the Debtor's Plan will be confirmed in January 2017 and the funding will take place by the end of the first quarter 2017, providing for payment of all secured claims hereunder. In light of the likely confirmation date, the Debtor is reserving the right to request an extension of the Effective Date, for cause, upon application to the Court should financing be likely but closing is delayed until the second quarter of 2017.

In order to provide for a clear and level playing field without external threats due to the prior actions of management of the Debtor or any of its related companies, the Debtor will be the entity which contributes assets and receives an equity ownership stake in NewCo. None of the related entities, specifically, RTS, LLC (formerly EARTH), will have a direct ownership stake in NewCo.

However, in order to deal with the expectancy of the various innocent investors and creditors in the proceeding, and since among the Debtor's equity interests would be an 79% interest in favor of EARTH (n/k/a RTS, LLC), the Debtor's equity structure will be augmented as described herein.

It is believed by the Debtor that the process set forth above will provide for a clean and unassailable entity which will be unencumbered by claims related to RVDH as all of those claims will be paid from the anticipated profits of NewCo as described herein. Specifically, the Securities and Exchange Commission has been investigating the activities of RVDH and current management has proposed this Plan in order to provide an entity on an ongoing basis that is not liable for any of the debts or offenses of RVDH or his entities.

It is anticipated that the Debtor will, after the Plan of Reorganization is confirmed, not only continue as a conduit through which profits from NewCo are channeled for payment to creditors, but it will also continue to investigate and litigate, if necessary, to ensure that all of its assets have been accounted for and liquidated for the payment of creditors' claims.

It is anticipated that the reconstruction of the Debtor's books and records contemplated hereunder will reveal the various distributions of income or contributions made to the Debtor and its related entities prior to the filing of this Chapter 11 proceeding. If appropriate, actions will be brought for the recovery of any misappropriated or misallocated funds, and the expenses of such recovery or litigation will be borne by the reorganized Debtor.

The reorganized Debtor shall retain all of the rights provided under 11 U.S.C. Ch. 5, or any similar state court remedies, post-confirmation, and the Court shall retain jurisdiction over any action brought post-confirmation to recover or avoid property or transfers as necessary.

After careful analysis, the Debtor has concluded that it would be a prudent business decision to retain the pyrolysis systems business (Kool units) and implement the original business plan of further developing and selling the units, with licenses for the use of the attendant technology, to potential end users. To that end, the unit installed that the De Pere plant will continue to be a demonstration and "pilot" unit which will be used by the reorganized Debtor to sell future installations and continue to further develop the technology.

During the course of this reorganization, the Debtor has had ongoing and serious inquiries regarding the sale of units with its proprietary process for effective operations. The retention of this portion of the business is projected to be profitable and the market broad for the recycling of tires nationwide. The Debtor will, under the Plan, retain and operate this unit of the

business to further generate revenue to cover its expenses and contribute to payment of the Class 8 claims hereunder, as well as cover the debt associated with the retained unit.

All net income, after the aforementioned operating expenses of the Debtor are deducted for its ongoing operations, shall be made to allowed Class 8 claims until such claims are paid in full. Thereafter, distributions shall be used to repay holders of non-RVDH equity in the reorganized Debtor for distributions which would have been made to them in the absence of claims paid on account of claims solely made by them against RVDH or the RVDH interests for which the Debtor has no liability. Specifically, non-RVDH interests have a 41.40175% in the reorganized Debtor, have no liability for some claims guaranteed by RVDH or his interests, and are, in effect, paying 41.40175% of the Class 8 claimants, some of which are claims against RVDH or RVDH interests only. It is anticipated that they shall be reimbursed such amounts after the Class 8 claims are paid in full, before any amounts of net income from NewCo are paid on account of the RVDH interests. After reimbursement of the aforementioned amounts to the non-RVDH interests, any future distributions shall be paid on account of any interests in the reorganized Debtor, pro rata, to the holder of such interest, at the time of such distribution.

The non-RVDH interests in the Debtor will consent to this treatment in order to comply with the “Absolute Priority Rule” of 11 U.S.C. §1129(b)(2)(B)(i).

Attached hereto is a schedule of equity security holders in the Debtor. Also attached as Exhibit B is a schedule of equity security holders in EARTH, including KR Trust Co, LLC, of which RVDH trusts and related entities owns 75%. EARTH has, arguably, no value and very little by way of assets at this point in time. It has guaranteed significant debts, including the debts of virtually every creditor of the Debtor. Notice will be given of the proposal in this Plan

to provide notice to the various holders of EARTH interests, so that they are aware of the structure proposed for the equity of the reorganized Debtor.

As a part of the reorganization, and more fully described herein, the Debtor is proposing that that portion of the income flowing to the reorganized Debtor, on account of its equity interest in the project and NewCo, attributable to the RVDH interests as defined hereunder, shall be held for the payment of allowed, unsecured claims hereunder; (or the reimbursement to other equity holders of that portion of the net income attributable to them that is diverted to pay Class 8 claims) which were guaranteed by RVDH or EARTH and which are allowed. Once all such claims are paid in full, no further restriction on the RVDH interests will be in place and they shall share in any return on equity as any other equity holder of the reorganized Debtor after repayment of the aforementioned profits paid on behalf of the RVDH claims by other equity holders.

Additionally, all administrative and priority taxes will be paid upon the Effective Date. These are projected at approximately \$200,000.00.

When the offering is finalized by New Investment Bank, such offering, subject to any rules or disclaimers attendant to the offering, shall be shared with creditors requesting a copy of the same; in addition to the information provided hereunder.

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 other than the collection and distribution of anticipated profits from the equity participation 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~~150,000.00.
 - 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. **Little Rapids Corporation Rent Claim**: Post-petition rent for rent of storage space in the approximate amount of \$90,000.00.

- d. 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 will 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 as soon as practicable and in any event, prior to confirmation.
- 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. Included in this class shall be the real estate taxes associated with the property due to the Brown County Treasurer in the approximate amount of \$504,899.43. This is a partially secured claim based on the value of the real estate.

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. There is a dispute as to the attachment of the Class 2 claimant’s security interest ~~and~~ substantial funds were paid to the Debtor or a related entity by ARM, LLC, which for the manufacture and delivery of the unit, thus it claims a superior interest in that unit. 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 (3%) 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 and, under this Plan, will become an approximate 3.2% interest in the reorganized Debtor. 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 and RVDH. 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, as well as a General Business Security Agreement. 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. Its General Business Security Agreement also attaches to a second sorting unit by virtue of the lapse of a prior UCC

filing in favor of Araujo. 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 Corporation obtained relief from stay in order to ~~terminate a lease~~recover possession 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~~negotiated between the parties but not liquidated and will be paid on the Effective Date in an amount that can be agreed, or in the absence of agreement, the amount determined by the Court.

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~~has been granted and the eviction has occurred. Lease rejection damages are deemed an unsecured pre-petition claim (Class 8).

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.

The Debtor is a 50% owner of GB-ARM, LLC which is an entity formed with Advanced Resource Materials, LLC (ARM) for the purpose of exploiting GB Kool units. The Operating Agreement is an executory contract.

9. **Class 7 Claim (Marco Araujo (“Araujo”))** – Marco Araujo holds a ~~fully secured~~wholly unsecured claim in a sorting unit owned by the Debtor as his financing statement lapsed prior to the filing of this case. 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~~—~~, and is a Class 8 claim.
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 shall also, without limitation, contain any claim of a holder of a judgment as any such claim is wholly unsecured based on prior security interests in the Debtor’s assets. Additionally, this class shall contain any claims against RTS, LLC (f/k/a EARTH) to the extent of a guaranty by EARTH, but subject to the restrictions set forth herein and in the Plan. 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. The list has been further broken down as to the 79% interest of EARTH, LLC, showing the underlying equity owners in it.

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~~150,000.00.
- ii. SSLLP 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. Little Rapids Corporation Rent Claim: Post-Petition Chapter 11 administrative rent shall be paid in full on the Effective Date.—, in whatever amount is ultimately allowed on such claim.
- d. 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 on the Effective Date and shall include any additional assessments as a result of the filing of income tax returns for 2014 and 2015 (or as soon thereafter as taxes are assessed).
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—, together with a sum sufficient (approximately \$505,000) to pay all past due real estate taxes on the property through the date of closing due to the Brown County Treasurer or the City of DePere. The real estate shall, after such payment, be deeded free and clear of all liens and encumbrances to NewCo. The balance of this claim shall be treated as an unsecured claim hereunder

and paid in full over time. 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”)):**

~~a. Kool Units. The Debtor has an outright interest in the Kool unit located in De Pere, Wisconsin at the American Boulevard facility, which is installed and working. It also has an interest under a certain agreement under ARM, LLC for a Kool unit located in Easley, South Carolina. The Debtor will ask the Court to determine the nature and extent of any lien which Cliffon has either at or before the confirmation hearing. To the extent that Cliffon does have an interest in the South Carolina unit, as determined by the Court, it shall be paid the value of such interest upon the sale of the unit. Likewise, the Debtor will propose to sell the unit located in De Pere on the open market. The Debtor believes that there is an open market for both of these units given that the Debtor can supply certain proprietary information on the configuration and operation of both of the units, which is of value and allows the units to run in an efficient and, the Debtor believes, profitable manner, thus maximizing the proceeds from sale.~~

~~To the extent that the Debtor cannot arrange for the sale of the units within 120 days after the Effective Date, then such units shall be surrendered to Cliffon, to the extent of Cliffon’s interest, which shall liquidate them in a commercially reasonable fashion, giving a due credit for the net proceeds to the claim against the Debtor. The Debtor shall, in this event, cause the proprietary information to be licensed with any purchaser of such unit, at no~~

~~charge, but only to be used with the unit sold and no others. In the alternative, the Debtor reserves the right to negotiate the assumption and assignment of its interest in GB-ARM, LLC to Clifton in the event a satisfactory arrangement and credit against the claims of Clifton and ARM can be negotiated.~~

A. Kool Unit – De Pere, WI. The Debtor owns a pyrolysis unit (Kool unit) located in De Pere at the American Boulevard plant, which is subject to a security interest in favor of Clifton. The Debtor values this unit at \$1.1 Million as is and where is, in use. The Debtor will retain this unit and pay the sum of \$1.1 Million to Clifton, together with interest at 5% per annum, amortized over 84 months from the Effective Date, with monthly payments of \$15,547 commencing 30 days thereafter, providing, however, that the entire balance shall be due and payable in full 60 months from the Effective Date. The Class 2 claimant shall retain its security interest in this Kool unit until paid in full. The Debtor shall execute a note in favor of the Class 2 claimant evidencing this agreement and a standard WBA Selective Business Security Agreement.

B. Kool Unit – Easley, S.C. The Debtor and ARM, Inc. are parties to a joint venture agreement concerning a second Kool unit which is unassembled and is located at the facility of ARM, Inc. in Easley, South Carolina. ARM, Inc. paid for the construction or manufacturing of this unit (\$700,000) and it was delivered to it pursuant to the joint venture agreement. The Class 2 claimant claims it as security.

The Court will determine the validity of the alleged security interest. In the event that the Class 2 claimant has such an interest, then the note referred to

above shall be increased by \$700,000, the value of the unit, and the amount of the monthly payment correspondingly increased. If the security interest of the Class 2 claimant does not attach to this unit, the under-secured portion of the Class 2 claim shall be increased accordingly and treated as set forth in Class 8, below.

A.C. _____ Clifton shall be paid under the proceeds of the roll up the following amounts in exchange for the release of the following collateral:

- i. \$1,172,000 for a sorting line; and
- ii. \$1, 361,000 for a pelletizing line.

Upon payment, the Debtor shall transfer to NewCo, free and clear of all liens and encumbrances, the above-referenced sorting and pelletizing lines in exchange for equity in NewCo as outlined herein. Clifton shall also retain its 3% equity interest in the reorganized Debtor as well as its proportionate interest in the Debtor represented by its interest in EARTH (approximately 3.2%). The balance, if any, of the claim of Clifton, after liquidation and application of its collateral, shall be treated as an unsecured claim and paid pursuant to the treatment of Class 8 below. This class is impaired.

D. In the event that the Class 2 claimant elects, it may take back any piece of the above referenced collateral for the amount of the Debtor's valuation and credit such amount against its claim.

E. Any amount of the Class 2 claim not paid as set forth above shall become a Class 8 claim and be paid as set forth therein.

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 Daniel Platkowski, but shall be under an agreement to be “rolled” into NewCo. This class is impaired.

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 NewCo on 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~~ Additionally, by virtue of its security interest in a sorting line which has become paramount to that of the Class 7 claimant, it shall receive the sum of \$650,000 and shall, at the rollup, release its security interest in such equipment, which shall then be transferred, free and clear of liens, to NewCo. Thereafter, on a monthly basis, interest shall be paid on the remaining balance at the contract rate of 2% for a period of 18 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 the reorganized Debtor.

In exchange for the assumption of the obligation by the reorganized Debtor, WEDC shall, upon the “roll up” into the Project of the underlying real estate, release its Mortgage on the real estate, be unsecured as to its balance, but retain the right to full payment as described herein as against the reorganized Debtor. Additionally, and

in order to augment payment to the Class 4 claimant, it shall have an allowed claim for its balance as a Class 8 claim and shall share, pro rata, with any other allowed claims in said class. ~~With regard to its claim, it shall receive, from time to time, distributions on its allowed Class 8 claim as calculated pro rata with the other claims remaining unpaid in class 8 on the date such distribution is made so that any further distribution on account of its allowed Class 8 claim is consistently pro rata to other similar situated claims.~~ This Class is impaired.

7. **Class 5 Claim (Paper HoldCo, LLC (“Varde”))** – Varde shall be paid the sum of \$2,000,000.00 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 has agreed to and shall release any guaranty of RTS, LLC (Earth) and RVDH. It shall also release any and all membership interest which it holds as collateral in RTS, LLC (Earth) upon such payment. This payment shall be in full satisfaction of any claim the Class 5 claimant has as against the Debtor or any related party. This Class is impaired.
8. **Class 6 Claims (Executory Contracts)** – To the extent not specifically assumed herein, all executory contracts are rejected. Any rejection claims shall be treated as unsecured claims hereunder.
 - a. Operating Agreement of GB-ARM, LLC (50% interest). The Debtor is a party to an Operating Agreement for a limited liability company known as GB-ARM, LLC, and holds a 50% interest in the same. The Debtor is under an

obligation to furnish certain proprietary information related to the operation of a Kool unit and subsequent Kool units as described in the Agreement and, generally, to provide assistance in the operation of the business, selling, installing or operating such units with Advanced Resource Materials, LLC (“ARM”). To the extent that the Operating Agreement is executory, the Debtor shall elect, ~~prior to the confirmation date, whether~~ to assume ~~or reject~~ the contract, after negotiations with its counter-party ~~and others, particularly,~~ ~~Cliffon, which purports to hold a security interest~~ to modify the contract in a Kool unit owned by GB-ARM, LLC light of the developments since it was executed.

In the event the Operating Agreement is deemed rejected, for any reason, and the claim of ARM is allowed, as a result of damages for the rejection, it shall be treated as a Class 8 claim hereunder.

- b. NewCo has negotiated for ~~a~~ warehouse space with Little Rapids Corporation and certain assets owned by related entities as well as assets of the Debtor which are stored at the facility will remain there on terms and conditions that can be negotiated between NewCo and Little Rapids for post-petition rent.

The Debtor’s lease was terminated. Any lease termination damages in favor of Little Rapids shall be an unsecured claim and treated as a Class 8 claim to the extent allowed. Post-petition rent, as allowed, shall be paid as described in Section 1(c), above.

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.~~ shall be treated as a Class 8 claim hereunder due to the lapse of perfection of its security interest in a sorting line and such lien shall be void. This class is impaired.

10. **Class 8 Claims (General Unsecured Non-Priority Claims)** – All allowed general unsecured non-priority claims, including allowed under-secured portions of secured claimants hereunder as well as any claims arising as a result of rejections of executory contracts, guaranties by the Debtor of debts of an affiliate, and any other such claim shall be paid in full over time as set forth hereunder. Any and all claims against the Debtor which have been reduced to judgments shall be deemed unsecured and such judgments shall not constitute liens against any of the Debtor’s assets as they attach to no value.

~~Upon~~ The rollup and the Debtor’s transfer of certain of its assets, as set forth hereunder, to NewCo, in exchange for the payments envisioned hereunder, will result in the issuance of 30% of equity in NewCo to the Debtor. ~~Out of any and distributions on account of that equity from NewCo to~~ of net income as set forth in the projections attached hereto.

The Debtor, ~~will also generate income from its ongoing business selling and supporting pyrolysis units as well as the possible recovery of assets which may be discovered in its ongoing investigation of pre-petition activities of former management.~~

After payment of ~~the~~ operating expenses of the reorganized Debtor, ~~it is envisioned that the balance of the distribution~~any net proceeds will be paid to and on account of the Class 8 allowed claims prior to any returns to equity and such net income shall be distributed to equity~~so devoted until the Class is paid in full. Specifically, the interests defined below shall receive no portion of net income unless and until the allowed Class 8 claims are paid in full.~~

The equity interests of the reorganized Debtor include the interests of entities in which RVDH has a direct or indirect interest. Those entities are as follows and have the percentage ownership in the reorganized Debtor as set forth next to the respective interests: RVDH Development, LLC (6.35%). Additionally, EARTH, LLC, now known as RTS, LLC, has a 79% interest in the reorganized Debtor. Within that interest are certain RVDH interests, as follows: K R Trust Co, LLC (75% of 74.175% interest) (or a total of 58.59825% interest in the reorganized Debtor). See attached schedule for detail.

~~—Any distributions which would otherwise have been made on account of equity ownership to any RVDH entity shall be placed in a fund held by the Debtor for the specific purpose of paying allowed unsecured Class 8 claimants. Within 30 days of any distribution by NewCo to the reorganized Debtor, any RVDH distributions shall be allotted and paid on account of allowed claims in this Class until each allowed claim is paid in full. After all allowed Class 8 claims have been paid in full, any future distributions shall be paid on account of any interests in the reorganized Debtor, pro rata, to the holder of such interests, at the time of such distribution.~~

—A claims bar date shall be set by the Court by which any claims must be filed in order to participate in this class.

11. **Class 9 Claims (Equity Interests in the Debtor)** – All equity will retain its interest in the reorganized Debtor subject to the conditions in the RVDH interests set forth in Class 8.

MEANS OF PLAN IMPLEMENTATION

The above-outlined terms of the Plan shall be implemented as described hereunder. Specifically, the Debtor's management, which will also be the management of NewCo, will forge ahead with the rollup plan. While the Debtor's management, Smith (through GlenArbor) and Kolasinski, will also be the primary management for NewCo, it should be pointed out that the financing that will be raised in the capital markets by the Investment Bank will undoubtedly be in the form of a Bond Indenture which is typically monitored by a trustee to ensure the funds are applied as agreed and that any and all financial requirements are adhered to. The day to day management of the operation, however, will be in the hands of the management team described herein.

New Investment Bank has been retained and due diligence is currently being performed to the extent that it can. However, significant funds must be expended in order to re-certify certain studies and appraisals of the assets and components of the offering to meet the criteria of currency and reliability. It is estimated that ~~between \$2 Million and~~ \$2.5 Million will need to be secured in terms of funds to carry on the operation of the ongoing related business (\$~~1.92~~ Million) and ~~to perform~~ the due diligence required (\$500,000.00) in order for the Investment Bankers to approach the market with a reliable offering backed up with current information. The latter amount must be raised prior to the hearing on confirmation in order for this Plan to be

feasible, as it is required to fund due diligence necessary to be furnished to the Investment Bank in terms of updated appraisals, engineering reports, feasibility studies and the like together with payment of ongoing Chapter 11 administrative expenses. In the absence of these funds, it is unlikely that the Debtor will be able to confirm its Plan due to feasibility issues. The former funds, if used to fund the restarting of the paper converting line, shall, if appropriate and with Court approval, be lent to the Debtor and the Debtor will then operate the converting line heretofore operated by Patriot Tissue and shall account for the same in its operating reports to provide for transparency.

Current management of the Debtor is raising the funds and must do so prior to confirmation in order for the Plan to be feasible and confirmable. The additional investment may be for equity in NewCo or repaid at the option of those investing the same in this stage of the project. Without the securing of the funds necessary to pay for the necessary certifications and appraisals and operations, it will be impossible for the Investment Bankers to complete their work in order to take this project to the capital markets.

The Debtor's current management believes in the project and has invested ~~significant sums~~close to \$7 Million in the project to this point. Management is optimistic that the additional funds will be secured in order to provide funds necessary for payments due on the Effective Date as well as to provide for the various other requirements necessary to an effective offering.

As of the date of this Disclosure Statement, the Debtor and its management believes that the project can be funded by the end of the first quarter of 2017 and all payments proposed under the Plan can be made. However, the Debtor does reserve the right to petition the Court to extend the Effective Date if the project funding cannot be secured until the second quarter of 2017. If that is the case, that would assume that significant funds have been injected into the process by

management and/or potential equity partners, then the Debtor would move the Court on notice to all interested parties, for cause, to extend the closing date consistent with the projected securing of the funding by the New Investment Bank. Such extension would be within the Court's discretion based on the circumstances and facts presented to it at that time.

Significant progress has been made, however, in securing the various components of the operation, including negotiated contracts for the sale of manufactured or converted goods by the Debtor in NewCo, as well as negotiated agreements for firm terms or inputs for the Debtor's process. Additionally, the Debtor has negotiated within a lease a purchase of a pulping plant and has obtained firm estimates for the construction of the tissue machine. The specific outlays for the components of these projects are set forth in the attachments hereto in more detail.

The Debtor believes that it has all of the intellectual property necessary to operate the proposed project. Ultimately, the Investment Banker's underwriting will tie out each and every element of the project before going to market, having assured itself that all aspects of the offering are then in place and that no "loose ends" remain. As previously described herein, the intellectual property contains and consists of the process patent which has been applied for and which is in the process of finalization, together with proprietary information concerning the various processes that had been developed through experimentation and trial and error over the course of the project. All are owned by PC Fibre Technology, LLC, which, in turn, is owned by RTS and will license such technology to NewCo. PC Fibre Technology, LLC will be paid a licensing fee, as set forth in the projections, a portion of which will go to RVDH entities on a post-petition basis. The Debtor adds that this technology is not owned by the Debtor, but is being disclosed herein in the interest of candor.

The Debtor concedes that confirmation of its Plan is a necessary component to the ultimate securing of the funds for the project and is a condition precedent to the Investment Bankers going to the market with the project.

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, any income or losses attributable to the disposition or operation of the Debtor would be passed through to the individual investors/members and not taxed 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. Debtor management, through the course of this endeavor, has become familiar with the value of its machinery and equipment as it has been active in surveying the market. Thus, it has a firm opinion that 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 at liquidation without the proprietary processes at a lower price as any purchasers 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. Additionally, all of the Debtor's equipment would undoubtedly have to be moved and reinstalled in another owners line, thus the expense of rigging and installation necessarily are reflected in the value if liquidated.

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 real estate market and believes that the price being paid for the building 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 full 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 put them in shape and integrate them into a tissue manufacturing line. There are very few such lines proposed to be constructed in the foreseeable future in the nation. It is likely that these units would be sold into the salvage market if not incorporated into the Project. Indeed, the Class 5 claimant has in fact been in control of its collateral, two sets of after-dryers, and has chosen not to pay storage charges on them, thus, in effect, abandoning them or placing them at risk of liquidation for unpaid storage fees by the landlord, Little Rapids Corporation.

The Debtor asserts that the value of all of its assets is significantly enhanced if they are either retained and exploited or 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.

RELEASE AND INJUNCTION

The Plan provides for certain assets to be transferred to NewCo in a rollup of assets into a new operating company to be formed to operate the project described herein. The transfers of the various assets shall be free and clear of all liens of creditors and not subject to pre-petition claims of any creditor of the Debtor. The Debtor is retaining certain assets in its ongoing

operation. These shall be, except as specified herein, free and clear of all liens and encumbrances.

Under the terms of the Plan, no creditor, on account of claims it has against the Debtor, shall have a right to pursue NewCo on account of the Debtor's transfer of its assets to it or the Debtor's retention of an equity ownership of that entity. As payment of the Class 8 allowed claims is dependent on the success of the operation of NewCo described herein, any action by a creditor of the Debtor against it on any theory of successorship or the like would seriously impair the Plan and injure all Class 8 claimants as well as equity.

TRANSACTION WITH INSIDERS

Generally speaking, GlenArbor, through Mr. Smith, is the moving force behind this Chapter 11 proceeding, having intervened when the developments concerning RVDH came to light. It has interests, by virtue of this investment, in some of the non-Debtor assets which will be rolled up into NewCo, specifically, a portion of the converting line assets as well as some of the tissue line components. It also has, as disclosed herein, ownership in the Debtor, RTS and other related entities which will benefit from a confirmed Plan along with all other creditors. RVDH and his entities also have interests as described herein and, in the event all claims are paid as allowed, will obtain the benefit of substantial value on account of equity holdings in the reorganized Debtor.

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 9th 1st day of ~~November~~December, 2016.



CONTENTS

- INTRODUCTION
- PROCESS OVERVIEW
- PROJECTED FINANCIAL SUMMARY
 - CURRENT OPERATIONS
 - ROLL-UP PLAN

INTRODUCTION

- Reclamation Technology Systems ("RTS") is a technology-based company focused on the reclamation and sanitization of fiber from consumer waste streams and the production of tissue products
- Unique FDA Approved Technology to treat food-contaminated paper and plastic waste for subsequent use in a variety of consumer and commercial products. Historically the vast majority of this food contaminated waste has been buried in landfills
- Management's extensive relationships in the tissue industry provide efficient distribution channels
- The integrated system allows RTS to add profit margin at every stage of the proprietary process

PROCESS OVERVIEW

Waste Recovery

Contract with either municipalities or land fill operators for delivery of Municipal Solid Waste ("MSW") or recycled materials

Sorting

Employ Semi or fully-automated sorting to separate fiber and plastic from other materials

Sanitizing

Sorted materials are treated with proprietary a uniquely formulated water based solution to eliminate bacteria from the fiber materials - applied at multiple points in the process to maximize sanitation properties

This process has been tested and approved by the U.S. FDA for use in food contact paper products – first FDA approval of its kind

Pulping

The fibers are separated from laminates through an industry leading and proprietary process, the resulting pulp is among the 'cleanest' manufactured from reclaimed/recycled material

PROCESS OVERVIEW (continued)

Pelletizing

The separated laminate material and other plastic products are formed into small pellets used for production of oil or remanufactured into laminate base for floor tile

Tissue Manufacturing

The pulp is processed into one-ton tissue "parent rolls". These parent rolls are either sold in the market or used in the product conversion stage of the RTS process

Product Conversion

The parent rolls are 'converted' into a variety of consumer products including bathroom tissue, toilet paper, towels and drinking cups

Unique Process Benefits and Technology

Sorting

Exclusive joint venture relationship with owner of multi-patented 50+ category automated sorting system that allows venture to accept residential MSW from municipalities

Our ability to accept MSW provides cost efficient recovery of paper and plastic materials for RTS and over 75% "reclamation" of all materials by employing numerous cutting edge "re-use" technologies

Sanitation

Currently the vast majority of food contaminated waste is simply sent to landfills and buried

Our sanitation technology allows us to capture and be paid for this otherwise wasted fiber material to produce blended post-consumer pulp fiber which is FDA approved for food contact use

Pulping

Proprietary multi-stage filtering system that allows for the manufacturing of high quality pulp suitable for high-end consumer products

Potential Projects

2017 Q1

- Green Bay WI/Scranton PA: "Roll-up" and development of \$176 Million project
- Significant upgrades to existing pulping and converting facilities
- Construction and integration of new tissue manufacturing facility
- Construction of new sorting facility adjacent to landfill in Scranton PA to provide input materials to De Pere on a highly cost effective basis
- Total project cost includes \$140 Million project financing underwritten by Piper Jaffray

FUTURE

- Houston, TX
 - Fourth largest city in United States
 - Possible complete outsource of MSW contract
- St George, UT
 - Significant water rights
 - Servicing Las Vegas, Salt Lake City and Southern California

CURRENT OPERATIONS

PULP AND CONVERTING OPERATION ONLY

- Pulp and converting facilities are located on adjacent properties in Green Bay/De Pere WI
- Both are profitable businesses on a stand alone basis but no current operating financing in place - making it difficult to manage short term cash needs. Immediate need for operating capital
 - Pulp facility is secured under a lease with buy contract and has been producing on a limited basis over the last year.
 - Pulp facility can be brought on-line for production in 7-10 days
- Plan calls for immediate ramp up of the pulping plant to maximize production. 'Tolling' contract in place with large paper wholesaler for both delivery of paper and production of pulp at very attractive margin.

CURRENT FACILITIES

	Primary / Secondary Use	Inputs	Location	
Pulping Facility	Post-Consumer Waste Processing (Pulping) Plastic Waste Liquefaction	Poly-laminated Fiber, Brown Fiber and Waste Plastic	De Pere, WI	
Converting Facility	Converted Products (Bath, Facial Tissues/Towels)	Tissue Parent Rolls (via Tolling Arrangement)	De Pere, WI	

Current Operations: Pro-Forma Converting and Pulping Only

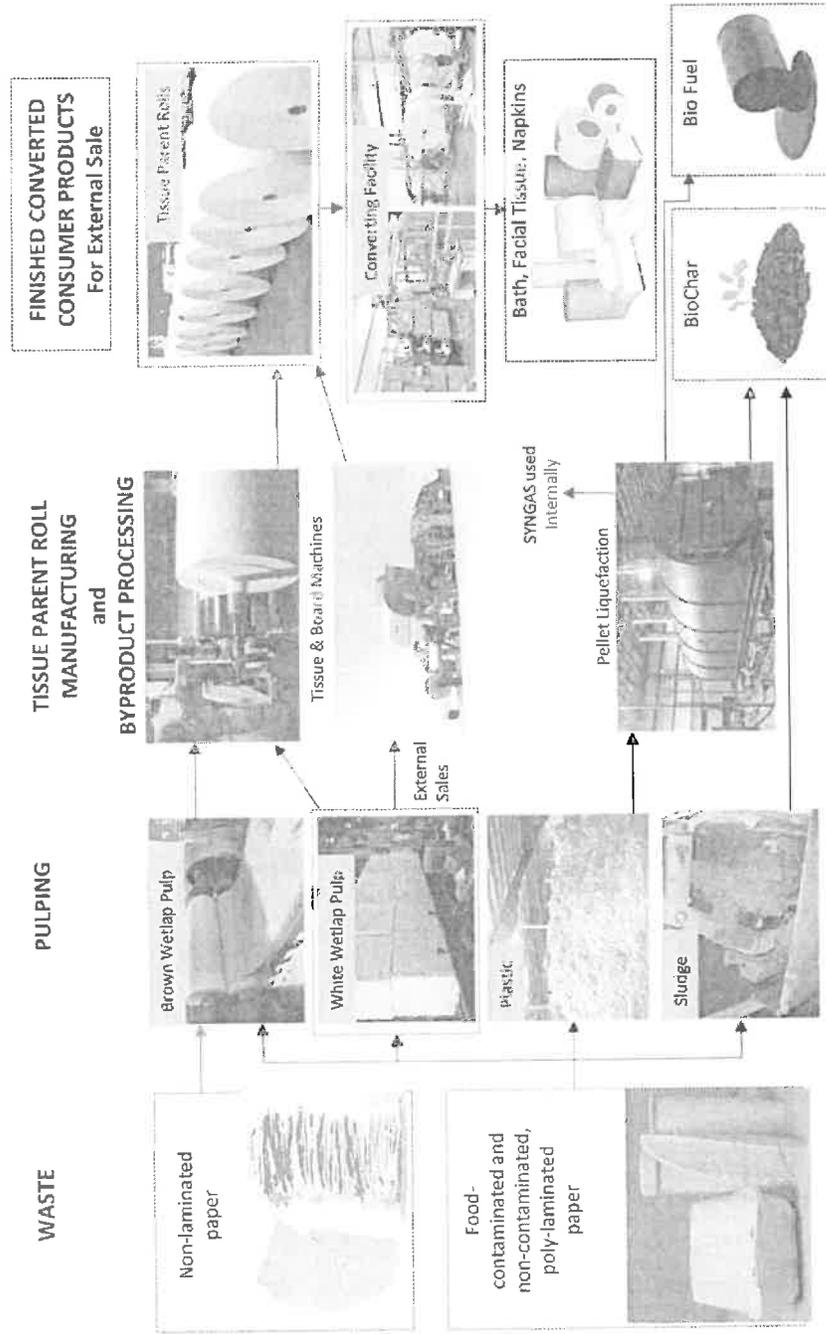
	Forecast		Forecast		Forecast		Forecast		Forecast		Forecast		Total		
	Quarter	Quarter	Quarter	Quarter	Quarter	Year	Year								
	1	2	3	4	5	6	7	8						1	2
SALES - Converting	\$1,151,610	\$1,598,665	\$2,535,885	\$3,201,785	\$2,641,635	\$2,677,845	\$3,251,165	\$3,598,065	\$12,168,710					\$8,487,945	\$12,168,710
SALES - Pulp	\$632,730	\$1,912,680	\$1,912,680	\$1,912,680	\$1,912,680	\$1,912,680	\$5,498,955	\$5,498,955	\$14,823,270					\$6,370,770	\$14,823,270
TOTAL SALES	\$1,784,340	\$3,511,345	\$4,448,565	\$5,114,465	\$4,554,315	\$4,590,525	\$8,750,120	\$9,097,020	\$26,991,980					\$14,858,715	\$26,991,980
TOTAL COST OF SALES	\$1,500,704	\$2,673,665	\$3,145,667	\$3,362,635	\$3,006,925	\$3,033,105	\$4,998,143	\$5,248,951	\$16,287,124					\$10,682,670	\$16,287,124
GROSS PROFIT	\$283,636	\$837,680	\$1,302,898	\$1,751,830	\$1,547,390	\$1,557,420	\$3,751,977	\$3,848,069	\$10,704,856					\$4,176,045	\$10,704,856
TOTAL OPERATING EXPENSES	\$269,250	\$546,750	\$680,750	\$683,250	\$924,000	\$924,000	\$924,000	\$924,000	\$3,696,000					\$2,180,000	\$3,696,000
OPERATING INCOME (LOSS)	\$14,386	\$290,930	\$622,148	\$1,068,580	\$623,390	\$633,420	\$2,827,977	\$2,924,069	\$7,008,856					\$1,996,045	\$7,008,856
EBITDA	\$24,886	\$301,430	\$632,648	\$1,079,080	\$728,390	\$738,420	\$2,932,977	\$3,029,069	\$7,428,856					\$2,038,045	\$7,428,856

ROLL-UP PROJECT

FULLY INTEGRATED RECLAMATION AND TISSUE PRODUCTION

- Current production facilities and equipment are 'sold' at full appraised value into a new company formed for the project
 - All technology is licensed for use in the project
- New sorting facility built adjacent to land fill in Scranton PA
 - Provides input materials for Green Bay/De Pere project
- New state of the art tissue plant to be built on controlled land between the two current facilities
 - Construction Company is among largest tissue plant contractors in the US
- Fully connected and integrated production facility – from sorting to consumer product production
- 'Take out' contract fully negotiated with International Forest Products for purchase of all tissue products
 - Eliminates risk of future product sales
 - Great credit – IFP owned by Robert Kraft (NE Patriots)
- Approximate \$176 Million total project cost
 - Expected capital structure includes 75% senior debt, 12.5 % mezzanine debt and 12.5% equity
 - Attractive coverage ratios for institutional market

RTS PROJECT INTEGRATED PROCESS SCHEMATIC





DISCLAIMER

No part of this presentation may be reproduced or distributed without the prior written consent of Reclamation Technology Systems, LLC ("RTS"). This presentation contains confidential and proprietary information and its recipients are required to maintain its confidentiality.

Neither the information, nor any opinions expressed herein constitutes a solicitation by RTS for purposes of the sale or purchase of any securities. The information contained herein is solely intended to suggest/discuss potential opportunities. Any terms discussed herein are preliminary until confirmed in a written agreement.

The analysis or information presented herein is based upon hypothetical projections and/or past performance that have certain limitations. No representation is made that it is accurate or complete or that any results indicated will be achieved. In no way is past performance indicative of future results. Changes to any prices, levels, or assumptions contained herein may have a material impact on results. Any estimates or assumptions contained herein represent our best judgment as of the date indicated and are subject to change without notice. Examples are merely representative and are not meant to be all-inclusive.

Investors and borrowers should not rely only upon this information in making their investment/financing decisions. We believe that the information set forth herein is accurate. This Presentation does not constitute an offer to sell or solicitation of an offer to buy any securities.

Potential investors and lenders should consider certain economic risks (and other legal, tax, and accounting consequences) prior to entering into any type of transaction with RTS. The securities, financial instruments or strategies mentioned herein may not be suitable for all investors. It is recommended that any prospective investor perform its own research and due diligence, independent of us or our affiliates, to determine suitability of the proposed transaction with respect to the aforementioned potential economic risks and legal, tax, and accounting consequences. Acceptance of this pro-forma model and/or analyses constitutes your acknowledgement that the potential exists for there to be certain legal, tax, and accounting risks associated with any transaction involving RTS, that RTS cannot be relied upon to provide legal, tax, or accounting advice, and that you should, in your best interests, seek out independent and qualified legal, tax, and accounting advice from outside sources.

This offer will not be registered under the Securities Act of 1933 (the "Securities Act") or the securities laws of any other jurisdiction. Accordingly, this presentation is being shown to a limited number of "accredited investors" as defined in the US Securities laws.

**United States Bankruptcy Court
Eastern District of Wisconsin**

In re Green Box NA Green Bay, LLC

Debtor(s)

Case No. 16-24179

Chapter 11

LIST OF EQUITY SECURITY HOLDERS

Following is the list of the Debtor's equity security holders which is prepared in accordance with rule 1007(a)(3) for filing in this Chapter 11 Case

Name and last known address or place of business of holder	Security Class	Number of Securities	Kind of Interest
AKS Green, LLC 55 East Erie Street Suite 2304 Chicago, IL 60611		750,000	Membership Units
Badgerland Demolition & Earthwork 1414 Builders Court De Pere, WI 54115		200,000	Membership Units
Cliffon Equities, Inc. 7200 Rue Hutchinson, Suite 100 Montreal QU H3N 1Z2		3,000,000	Membership Units
Dan Platkowski 2107 American Blvd. De Pere, WI 54115		800,000	Membership Units
Dr. Ed Lin 1839 Schering Road De Pere, WI 54115		200,000	Membership Units
Dr. Marco Araujo 2595 Development Dr, Ste 150 Green Bay, WI 54311		600,000	Membership Units
EARTH, LLC 2077B Lawrence Drive De Pere, WI 54115		79,000,000	Membership Units (see attached Exhibit B re: EARTH membership interests)
Glen Arbor, LLC 55 East Erie Suite 2304 Chicago, IL 60611		3,000,000	Membership Units
KYHK, LLC 2303 Lost Dauphin Road De Pere, WI 54115		2,000,000	Membership Units
L S Equities, LP 26 The Point Coronado, CA 92118		3,000,000	Membership Units
Pedro Fernandez 11211 Prosperity Farms Road Suite 303 C Palm Beach Gardens, FL 33410		1,000,000	Membership Units



In re: Green Box NA Green Bay, LLC

Debtor(s)

Case No. 16-24179

LIST OF EQUITY SECURITY HOLDERS
(Continuation Sheet)

Name and last known address or place of business of holder	Security Class	Number of Securities	Kind of Interest
RVDH Dvlpmnt, LLC (RVDH Interest) 2077B Lawrence Drive De Pere, WI 54115		6,350,000	Membership Units
Steve Huntington 6326 Arabian Way Two Rivers, WI 54241		100,000	Membership Units

DECLARATION UNDER PENALTY OF PERJURY ON BEHALF OF CORPORATION OR PARTNERSHIP

I, the **Manager** of the corporation named as the debtor in this case, declare under penalty of perjury that I have read the foregoing List of Equity Security Holders and that it is true and correct to the best of my information and belief.

Date November 9, 2016

Signature /s/ Stephen Smith
Stephen Smith

*Penalty for making a false statement of concealing property: Fine of up to \$500,000 or imprisonment for up to 5 years or both.
18 U.S.C. §§ 152 and 3571.*

EXHIBIT B

**RTS, LLC (f/k/a ENVIRONMENTAL ADVANCED RECLAMATION TECHNOLOGY HQ, LLC)
ISSUED UNITS AS OF MAY 26, 2016**

MEMBERS	MEMBERSHIP UNITS	Percentage
KR TRUSTCO, LLC (see attached chart for breakdown)	74,175,000	74.18%
GLEN ARBOR, LLC	5,000,000	5.00%
L S EQUITIES, L. P	3,000,000	3.00%
JIM GEORGE GROUP	3,000,000	3.00%
AKS GREEN, LLC	2,250,000	2.25%
GREEN DREAM, LLC (BERNIE DAHLIN)	2,250,000	2.25%
GREEN ISLAND SPIRITS	2,000,000	2.00%
EMK VENTURES WISCONSIN LLC	1,100,000	1.10%
GREEN EARTH AMERICA, LLC	1,000,000	1.00%
R & B INVESTMENTS	1,000,000	1.00%
TRACO MACHINE SERVICES, LLC	1,000,000	1.00%
BIA, LLC	500,000	0.50%
PINE RIDGE ENGINEERING	500,000	0.50%
DIE GREEN, LLC	500,000	0.50%
PJR CONSULTING, LLC	500,000	0.50%
TSL ASSET HOLDING CORP	500,000	0.50%
GUY LOCASCIO PROPERTY TRUST	500,000	0.50%
CORDOVA ENHANCED FUNDS	300,000	0.30%
ITV	300,000	0.30%
RICHARD BARROW	200,000	0.20%
DEDICATED GREEN SYSTEMS, LLC	200,000	0.20%
SHOTO ENERGY, LLC	125,000	0.13%
A N CO, LLC	100,000	0.10%
TOTAL ISSUED AND OUTSTANDING UNITS	100,000,000	100.00%



KR TRUSTCO, LLC ISSUED UNITS AS OF MAY 26, 2016

MEMBERS	MEMBERSHIP UNITS	Percentage	KR TRUSTCO MEMBER - PASS THROUGH OWNERSHIP IN EARTH
KYHK, LLC (RVDH Interest)	3,963,750	3.96%	2.94%
RVDH Dvlpmnt LLC (RVDH Interest)	15,535,500	15.54%	11.52%
YK Irrevocable Trust (RVDH Interest)	17,839,500	17.84%	13.23%
Ron VDH Irrevocable Trust 7/22/2003 (RVDH Interest)	17,839,500	17.84%	13.23%
The RVDH Family Irrevocable Trust (RVDH Interest)	7,929,000	7.93%	5.88%
Ron VDH Irrevocable Trust 9/18/2003 (RVDH Interest)	11,892,750	11.89%	8.82%
GlenArbor LLC	<u>25,000,000</u>	<u>25.00%</u>	<u>18.54%</u>
	100,000,000	100.00%	74.18%