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**IN THE UNITED STATES BANKRUPTCY COURT**  
**FOR THE DISTRICT OF ARIZONA**

In re:	In Chapter 11 Proceedings
GREEN FUEL TECHNOLOGIES,	Case No.: 2:17-bk-00594-BMW
Debtor.	<b>DISCLOSURE STATEMENT</b>

**NO REPRESENTATIONS CONCERNING THE DEBTOR OR THE PLAN ARE AUTHORIZED BY THE DEBTOR OTHER THAN THOSE STATED HEREIN. YOU SHOULD NOT RELY ON ANY REPRESENTATIONS OR INDUCEMENTS CONCERNING THE PLAN OTHER THAN THOSE CONTAINED IN THIS DISCLOSURE STATEMENT.**

**AN ACCOUNTANT HAS NOT REVIEWED THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT OR ITS EXHIBITS. THE DEBTOR CANNOT WARRANT OR REPRESENT THAT THE INFORMATION IS WITHOUT ANY ERROR. HOWEVER, THE INFORMATION IS ACCURATE TO THE BEST OF THE DEBTOR'S KNOWLEDGE AND BELIEF.**

**I. INTRODUCTION TO DISCLOSURE STATEMENT**

**1.1 Purpose of Disclosure Statement.**

This Disclosure Statement (the "Disclosure Statement") is submitted by Green Fuel Technologies, the debtor-in-possession (the "Debtor"), pursuant to 11 U.S.C. § 1125. The purpose of this Disclosure Statement is to provide the holders of claims against the Debtor with adequate information about the Debtor and the Plan of Reorganization (the "Plan") to make an informed

1 judgment about the merits of approving the Plan. A copy of the Plan is attached hereto as Exhibit "A"  
2 and is on file with the Court. As a Creditor, your acceptance of the Plan is important. Acceptance of  
3 the Plan by a Class of Creditors requires a vote by at least two-thirds in claim amount and more than  
4 fifty percent in number of the allowed claims in the class that actually cast votes. Failure to vote on the  
5 Plan does not count as either an acceptance or a rejection of the Plan.  
6

7 1.2 Debtor's Plan.

8 **THE DEBTOR'S PLAN ACCOMPANIES THIS DISCLOSURE STATEMENT AS**  
9 **EXHIBIT "A." THE READER IS URGED TO REVIEW THE DEBTOR'S PLAN**  
10 **CAREFULLY IN CONJUNCTION WITH THIS DISCLOSURE STATEMENT. IF THERE IS**  
11 **ANY CONFLICT BETWEEN THE PROVISIONS OF THIS DISCLOSURE STATEMENT**  
12 **AND THOSE OF THE DEBTOR'S PLAN, THE PROVISIONS OF THE PLAN SHALL**  
13 **CONTROL.**  
14

15 1.3 Voting Process and Deadline.

16 A ballot accompanies this Disclosure Statement for use in voting on the Debtor's Plan. **To**  
17 **vote to accept or to reject the Plan, creditors and interest holders of the Debtor in any of the**  
18 **impaired classes should indicate their acceptance or rejection of the Plan and otherwise complete**  
19 **the Ballot which pertains to the Plan.** See the "Summary of Plan" contained herein and the  
20 Classification and Treatment of Claims and Interests contained in the copy of the Plan attached hereto  
21 to determine whether you are a member of an impaired class. **Any creditor or equity holder holding**  
22 **claims in more than one impaired class must file separate Ballots for each such class.** Additional  
23 Ballots may be obtained by written request to the Debtor's attorney at the following address:  
24  
25

26 Pernell W. McGuire  
27 M. Preston Gardner  
28

1 Davis Miles McGuire Gardner, PLLC  
2 40 E. Rio Salado Parkway, Suite 425  
3 Tempe, AZ 85281  
4 (480) 733-6800

5 You are urged to fill in, date, sign, and promptly process your Ballot or Ballots. **Please be sure**  
6 **to properly complete the form and to legibly identify the name of the claimant or interest holder.**

7 The holders of claims and interests may vote on the Plan by filling out the accompanying Ballot for  
8 Accepting or Rejecting the Debtors' Plan and mailing it to:

9 Davis Miles McGuire Gardner, PLLC  
10 Attn: M. Preston Gardner  
11 40 E. Rio Salado, Parkway, Suite 425  
12 Tempe, AZ 85281

13 **SIGNED AND COMPLETED BALLOTS MUST BE RECEIVED AND FILED, NOT**  
14 **MERELY MAILED, ON OR BEFORE \_\_\_\_\_ ON \_\_\_\_\_.** SINCE  
15 MAIL DELAYS MAY OCCUR, IT IS IMPORTANT THAT THE BALLOT OR BALLOTS BE  
16 MAILED OR DELIVERED WELL IN ADVANCE OF THE DATE SPECIFIED. ANY BALLOTS  
17 RECEIVED OR FILED AFTER THAT DATE MAY BE EXCLUDED FROM THE  
18 CALCULATION TO DETERMINE WHETHER THE CREDITORS AND INTEREST HOLDERS  
19 OF A PARTICULAR CLASS HAVE VOTED TO ACCEPT OR REJECT THE DEBTORS' PLAN.

20 1.4 Importance of Your Vote.

21 As a creditor or interest holder your vote is important. The Plan can be confirmed by the Court  
22 if it is accepted by the holders of *two-thirds in amount* and more than *one-half in number* of claims in  
23 each impaired class of claims voting on the Plan; and if it is accepted by the holders of two-thirds in  
24 amount of interests in each impaired class of equity interests voting on the Plan. In the event the  
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1 requisite acceptances are not obtained, the Court may nevertheless confirm the Plan if the Court finds  
2 that it accords fair and equitable treatment to the class or classes rejecting it.

3 1.5 Confirmation Process.

4 After the votes are tallied, the Court will hold a hearing on the confirmation of the Plan and  
5 may enter a Confirmation Order if it finds that the requirements for confirmation have been met.  
6 Confirmation of the Plan means that the Court has approved the Plan. For the Plan to be confirmed,  
7 votes by each impaired Class representing at least two-thirds in amount of the allowed Claims voting  
8 in each Class and greater than one-half in number of individual creditors for such class (of those  
9 actually casting votes) must be submitted in favor of acceptance of the proponent's Plan.  
10

11 If the required acceptance of impaired classes of claims or interests is not obtained, §  
12 1129(b)(1) of the Bankruptcy Code nevertheless permits the Bankruptcy Court to confirm the Plan  
13 upon request of the Debtor, if the Court finds that the Plan does not discriminate unfairly against and  
14 accords fair and equitable treatment to the impaired class or classes rejecting it and that the Plan  
15 otherwise meets the requirements for confirmation including satisfying a Chapter 7 Liquidation  
16 Analysis (discussed more fully below). At the hearing on confirmation of the Plan, the Bankruptcy  
17 Court will hear any timely filed objections from a party in interest to confirmation of the Plan.  
18

19 1.6 Confirmation Hearing.

20 The Bankruptcy Court has set \_\_\_\_\_, 2017 at \_\_:\_\_ for a hearing on approval of  
21 this Disclosure Statement; and a hearing on confirmation of the Debtor's Plan will be set by the  
22 Bankruptcy Court thereafter.  
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1           1.7     Binding Effect of Plan.

2           When confirmed by the Bankruptcy Court, the Plan will bind all holders of Claims or equity  
3 interests in the Debtor, whether or not they are entitled to vote, or did vote, on the Plan, and whether or  
4 not they received or retained any distributions of property under the Plan.  
5

6     **II.     DEFINITIONS**

7           The Definitions set forth in Article I of the Plan apply in this Disclosure Statement, except to  
8 the extent other definitions are set forth in this Disclosure Statement.

9     **III.    HISTORY AND EVENTS LEADING TO THE CHAPTER 11 FILING**

10           3.1 Events Precipitating this Case.

11           Debtor was established in 1999 as an alternative energy company. Debtor's vision was to  
12 provide feasible alternative energy sources. In 2006, the Debtor successfully developed its solar  
13 division, including commercial solar thermal and domestic hot water systems. Debtor's product  
14 line currently includes installation equipment, energy saving devices, green build, and eco-friendly  
15 products. In 2015, the Debtor diversified its operations with its purchase of all of the assets of  
16 Royden Precast. As part of the acquisition, Debtor took over the operations of Royden  
17 Construction company, a general contractor providing services in bridge and road construction and  
18 pre-cast girder manufacturing.  
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21           To fund the Royden acquisition, the Debtor obtained an SBA loan from Titan Bank. The  
22 transaction included the purchase of real property located at 3423 and 3207 S. 51<sup>st</sup> Avenue Phoenix,  
23 Arizona as well as vehicles and equipment for approximately \$4,050,000 (\$3.2 million for the real  
24 property and \$850,000 for the vehicles and equipment). The real property is titled in a related  
25 entity, NextGen51, LLC, and then leased to the Debtor, while the vehicles and equipment are  
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1 owned by the debtor. The Debtor and NextGen51 owe Titan approximately \$2.325 million secured  
2 by a first position deed of trust on the real property, and first position lien on the vehicles and  
3 equipment acquired by the Debtor from Royden. NextGen51, LLC also owes Thomas S. Royden  
4 approximately \$1 million, which is secured by a second position deed of trust on the real property.  
5

6 During the year preceding the petition date, the balance that Debtor owed to UMB Bank,  
7 N.A. in the approximate amount of \$701,000 came due. UMB Bank is secured by a first position  
8 lien on Debtor's accounts, inventory and raw materials, and vehicles and equipment (subject only to  
9 Titan's first position lien on certain vehicles and equipment acquired from Royden). Debtor was  
10 very close to obtaining financing to pay off the claim of UMB Bank, but at the same time UMB  
11 Bank had been aggressively pursuing the Debtor for payment of the entire balance owed. Without  
12 access to the necessary financing, and facing imminent appointment of a receiver, the Debtor had  
13 no choice but to file this Chapter 11 bankruptcy case.  
14

### 15 3.2 Administrative Proceedings.

16 Debtor filed its Chapter 11 petition on January 16, 2017. A first meeting of creditors was held  
17 on February 21, 2017. Since the filing of this case, the Debtor has continued to operate its business  
18 and manage its property and assets as debtor-in-possession.  
19

### 20 3.3 Retention of Professionals.

21 On January 23, 2017, the Debtor applied to the Court for approval of the employment of Davis  
22 Miles McGuire Gardner, PLLC (the "Firm") as counsel in this bankruptcy case. The Court signed an  
23 Order approving the retention of the Firm on January 25, 2017.  
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1           3.4     Cash Collateral Orders.

2           On January 30, 2017, the Court entered an Order approving limited use of cash collateral on an  
3 interim basis for payment of certain prepetition employee wages and ongoing payroll and related  
4 obligations and setting an evidentiary hearing regarding cash collateral for February 16, 2017.  
5 Following the evidentiary hearing, the Court entered an order approving Debtor's use of cash collateral  
6 on February 23, 2017. The Court subsequently extended the Debtor's authority to use cash collateral  
7 on an interim basis at hearings on March 9, 2017 and April 5, 2017.  
8

9           **IV.     FINANCIAL INFORMATION AND ANTICIPATED FUTURE OF DEBTOR**

10           4.1     Future Management of Debtor.

11           John Casey, the current managing member of Green Fuel Technologies, LLC, will continue to  
12 manage the Debtor upon confirmation of a plan of reorganization.  
13

14           4.2     Assets.

15           Debtor's assets consist of personal property and no real property. Debtor's personal property is  
16 specifically described in the Schedule A/B filed with the Bankruptcy Court. As of the filing date, the  
17 Debtor's personal property included cash in bank accounts of \$230,109.76; collectible accounts  
18 receivable in the amount of \$261,223.83 (total amount of \$404,521.63, minus doubtful or uncollectible  
19 accounts of \$143,297.80); raw materials and inventory of \$400,000.00; office equipment and  
20 furnishings of \$10,000.00; and machinery, equipment, and vehicles in the amount of \$947,750.00.  
21

22           4.3     Claims.

23           Debtor owes Titan Bank approximately \$2,204,899.00. Titan Bank asserts a first position  
24 security interest in certain titled vehicles worth approximately \$900,000.00. Titan Bank is also secured  
25 by non-estate real property.  
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1 Debtor owed UMB Bank approximately \$701,000.00 on the filing date. UMB Bank asserts a  
2 first position security interest in the Debtor's accounts, inventory and materials, and certain non-titled  
3 machinery and equipment.

4 Debtor owes Webbank approximately \$90,000.00. Webbank asserts a security interest in all of  
5 the Debtor's personal property subject to the senior liens of Titan Bank and UMB Bank.  
6

7 Unsecured Claims against the Debtor are specifically described in the Debtor's Schedule F  
8 filed with the Bankruptcy Court. In addition, the names and amounts owed to general unsecured  
9 creditors are listed in Section 6.6, below.

10 FOR PURPOSES OF PLAN COMPUTATION, ALL OBLIGATIONS OF THE VARIOUS  
11 CREDITORS LISTED IN THE SCHEDULES IN THIS DISCLOSURE STATEMENT AND PLAN  
12 SHOULD BE CONSIDERED AS ESTIMATES ONLY AND ALL CLAIMS ARE CONSIDERED  
13 DISPUTED AS TO THE AMOUNT UNLESS SUPPORTED BY A TIMELY FILED PROOF OF  
14 CLAIM (AND IF OBJECTION THERETO IS FILED BY DEBTORS FOLLOWING RESOLUTION  
15 BY THE BANKRUPTCY COURT AS TO AMOUNT OF THE CLAIM), OR IF THE CLAIM HAS  
16 BEEN SCHEDULED AS UNDISPUTED, FIXED AND LIQUIDATED. ALL CREDITORS'  
17 CLAIMS NOT SUPPORTED BY TIMELY FILED PROOF OF CLAIM OR SCHEDULED AS  
18 UNDISPUTED, FIXED AND LIQUIDATED, MAY BE EXCLUDED FROM PLAN  
19 COMPUTATIONS AND DISTRIBUTIONS UNDER THE PLAN OR AT DEBTOR'S OPTION,  
20 INCLUDED AT THE AMOUNTS OR VALUES LISTED HEREIN.  
21  
22

23  
24 4.4 Existence/Non-Existence of Avoidable Transfers and Preservation of Litigation Claims.

25 Debtor does not believe that there are avoidable transfers that could be recovered for the benefit  
26 of the estate, or for funding under the Plan. The Statements of Financial Affairs for the Debtor  
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28



1 indicates that the only payments which exceeded \$6,425.00 made in the ninety (90) days prior to the  
2 petition date, were payments made in the normal course of business and made as part of a  
3 contemporaneous exchange of value. The Statement of Financial Affairs further indicates payments  
4 made to John Casey and Kelly Casey, the managing members of the Debtor, in the twelve months prior  
5 to the petition date, which were wage payments related to their ongoing work for Debtor.  
6

7 Except as provided in the Plan or the Confirmation Order, or in any contract, instrument,  
8 release, indenture or other agreement entered into in connection with the Plan, in accordance with  
9 §1123(b) of the Bankruptcy Code, the Debtor shall be vested with and may, subject to Court approval  
10 and/or authorization, enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all  
11 claims, rights or causes of action, suits, and proceedings, whether in law or in equity, whether known  
12 or unknown, that Debtor may hold against any person or entity  
13

#### 14 **V. SUMMARY OF PLAN**

15 The goal of the Plan is to repay creditors, which will be accomplished by continuing the  
16 business operations of the Debtor to pay its creditors. The following description of the Plan is for  
17 informational purposes only and does not purport to change or supersede any of the specific  
18 contractual language of the Plan. THE PLAN IS CONTROLLING IN THE EVENT OF ANY  
19 INCONSISTENCY BETWEEN THE CONTENTS OF THE PLAN AND THE CONTENTS OF  
20 THIS DISCLOSURE STATEMENT.  
21

22 The Debtor will retain control of its assets and use its income to make the payments set forth in  
23 the Plan. Any funds remaining in the Plan Fund shall be turned over to the Debtor upon payment of all  
24 Allowed Claims in full or to the duly appointed and acting Chapter 7 Trustee if this case is converted  
25 to a case under Chapter 7.  
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27  
28

1 **VI. CLASSIFICATION OF CLAIMS AND INTERESTS**

2 **6.1 CLASS 1 – ADMINISTRATIVE CLAIMS**

3 Class 1 consists of Allowed Administrative Claims of the Debtor under 11 U.S.C. §  
4 507(a)(2).  
5

6 **6.2 CLASS 2 – ALLOWED PRIORITY CLAIMS**

7 Class 2 consists of all Allowed Claims entitled to Priority under 11 U.S.C. § 507(a).

8 **6.3 CLASS 3 – ALLOWED SECURED CLAIM OF TITAN BANK, N.A.**

9 Class 3 consists of the Allowed Secured Claim of Titan Bank, N.A., secured by an  
10 interest in certain personal property of the Debtor.  
11

12 **6.4 CLASS 4 – ALLOWED SECURED CLAIM OF UMB BANK, N.A.**

13 Class 4 consists of the Allowed Secured Claim of UMB Bank, N.A., secured by an  
14 interest in certain personal property of the Debtor.

15 **6.5 CLASS 5 – ALLOWED SECURED CLAIM OF WEBBANK, N.A.**

16 Class 5 consists of the Allowed Secured Claim of Webbank, N.A., secured by an  
17 interest in certain personal property of the Debtor.  
18

19 **6.6 CLASS 6 – ALLOWED UNSECURED CLAIMS**

20 Class 6 consists of the Allowed Unsecured Claims of Creditors of the Debtor. Debtor  
21 reserves the right to amend its Schedule F to revise the amount of any claim or to list any claim as  
22 “disputed.” The following represents the general unsecured creditors and the estimated amounts of  
23 their claims, which the Debtor expects to pay as part of Class 6, provided that such creditor, if  
24 necessary, files a timely proof of claim and Debtor does not object to such claim.  
25  
26  
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<b>Claim No.</b>	<b>Name of Creditor</b>	<b>Amount</b>
	33 North Architects	\$1,750.00
	360 Industrial Services	\$1,294.78
	A&M Nut & Bolt	\$2,478.95
	Accurate Signs & Engraving, Inc.	\$195.88
5	American Express	\$36,437.52
	AZ Chapt. AGC, Inc.	\$4,595.70
	AZ Electrical Testing	\$475.00
	Black & Gray Construction	\$950.00
	Brand New Electric	\$480.00
	Brodek Crane Inspections, Inc.	\$475.00
	Bruin Holdings, LLC	\$43,001.50
1	Charge Point	\$271.64
	City of Phoenix	\$208.79
	City of Phoenix	\$800.00
	CityHosted	\$346.74
	Clark Hill, PLC	\$8,264.00
	Copper State Bolt & Nut Co.	\$241.92
	Cox Communications	\$655.53
	Credit Suppliers	\$46,746.43
	Cypress Transportation, LLC	\$8,549.94
	Diversified Inspections	\$1,196.85
	Gerdau Reinforcing Steel	\$75,362.27
	Global HR Research	\$135.50
	Grainger	\$8.48
	Graybar Electric	\$6,554.45
	Haltec Corp.	\$46.02
	Home Depot	\$35.00
	Independent Electric Supply	\$140,061.42
	IntelliQuick Delivery	\$148.16
	K&B Design, LLC	\$2,250.00
	Kachina Heat Transfer, Inc	\$175.00
	Kelly Pipe	\$158.83
	Ledgerwood Associates, Inc.	\$123.75

1		Lien Giant	\$124.00
2		Lifestyles Media Group	\$312.50
3		M&P Transport Co., Inc.	\$717.89
4		Magnum Energy Solutions	\$933.01
5		Mahoney Group	\$85.00
6		Marco Crane & Rigging	\$55,718.40
7		McNellus Truck & Mfg. Co.	\$26.74
8		Meadow Burke	\$13,209.62
9		Mitsubishi Cement Corp.	\$15,033.20
10		Mytek Network Solutions	\$3,479.00
11		New West Oil Co., LLC	\$3,345.06
12		Pantheon Supply	\$50,107.64
13		Pekin Insurance	\$622.75
14		Phoenix Testing & Inspection	\$937.00
15		Puretec Industrial Water	\$17.13
16		Quarles & Brady, LLP	\$12,334.38
17	4	Rainbow Properties, LLC	\$139,281.90
18		Ritoch-Powell & Associates	\$71,279.72
19		Sneider Structural Engineers	\$2,611.25
20		Sedona West Co., Inc.	\$549.00
21		Spectrum Engineers	\$12,522.45
22		Square Peg Promos	\$54.15
23		Suburban Propane	\$49.98
24		Sunbelt Rentals, LLC	\$2,721.53
25		Titan Lien	\$44.00
26		Town & Country Scale Co.	\$535.00
27		<b>TOTAL =</b>	<b>\$771,127.35</b>

## 6.7 CLASS 7 – ALLOWED INTEREST OF DEBTOR

Class 7 consists of the Allowed Interest of the Debtor, which is held by John and Kelly Casey.

\\

1 **VII. TREATMENT AND IMPAIRMENT OF CLAIMS AND INTERESTS**

2 **7.1 CLASS 1 – ADMINISTRATIVE CLAIMS**

3 Class 1 claims consist of all allowed Administrative Claims for actual and necessary  
4 costs and expenses of administration entitled to priority under 507(a)(2) of the Bankruptcy Code. This  
5 Class includes, without limitation, post-petition tax claims, Debtor's attorneys' fees, approved  
6 accounting fees, and fees due the United States Trustee, if any.

8 Debtor will pay all Administrative Claims on the Effective Date unless otherwise agreed to by  
9 the parties. Counsel for the Debtor has agreed to accept payment of its Administrative Claim over a  
10 twelve (12) month period through the Plan in the estimated amount of \$120,000. Debtor estimates that  
11 outstanding Class 1 Administrative Claims will be no more than \$120,000. **Class 1 is unimpaired.**

12 **7.2 CLASSES 2 – ALLOWED PRIORITY CLAIMS**

13 Class 2 consists of the Allowed Priority Claims under 11 U.S.C. § 507(a)(8) for tax  
14 claims. Debtor does not believe that any Class 2 Claims exist. **Class 2 is unimpaired.**

15 **7.3 CLASS 3 – ALLOWED SECURED CLAIM OF TITAN BANK, N.A.**

16 Class 3 consists of the Allowed Secured Claim of Titan Bank, N.A., secured by an  
17 interest in certain personal property of the Debtor. Debtor does not anticipate making any payments to  
18 Titan Bank through the Plan. The Class 3 Claimant shall retain a lien securing its collateral until its  
19 Class 3 Claim is paid in full. **Class 3 is unimpaired.**

20 **7.4 CLASS 4 – ALLOWED SECURED CLAIM OF UMB BANK, N.A.**

21 Class 4 consists of the Allowed Secured Claim of UMB Bank, N.A., secured by an  
22 interest in certain personal property of the Debtor. Debtor shall pay the Allowed Secured Claim of  
23 UMB Bank in the approximate amount of \$729,379.77, plus post-petition interest and attorneys'  
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1 fees (less adequate protection payments), with interest at the rate of 5% per annum over a period of  
2 60 months, with monthly payments in the approximate amount of \$13,764.30 beginning on the  
3 Effective Date. The Class 4 Claimant shall retain a lien securing its collateral until its claim is paid  
4 in full. **Class 4 is impaired.**

5  
6 **7.5 CLASS 5 – ALLOWED SECURED CLAIM OF WEBBANK, N.A.**

7 Class 5 consists of the Allowed Secured Claim of Webbank, N.A. in the amount of  
8 \$90,000.00, secured by an interest in certain personal property of the Debtor. Debtor shall pay the  
9 Allowed Secured Claim of Webbank with interest at the rate of 5% per annum over a period of 60  
10 months, with monthly payments in the amount of \$1,698.41 beginning on the Effective Date. The  
11 Class 5 Claimant shall retain a lien securing its collateral until its claim is paid in full. **Class 5 is**  
12 **impaired.**

13  
14 **7.6 CLASS 6 – ALLOWED UNSECURED CLAIMS**

15 Class 6 consists of the Allowed Unsecured Claims of Creditors of the Debtor. The  
16 Debtor shall pay the Class 6 Claims in full with interest at the rate of 3.5% per annum by making  
17 monthly payments on a pro rata basis over a period of 60 months. Starting on the Effective Date, the  
18 Debtor will begin making interest only payments to Class 6 Creditors for 12 months in the amount of  
19 \$2,249.12 per month. Beginning in the 13<sup>th</sup> month of the Plan, the Debtor will make principal and  
20 interest payments to Class 6 Creditors for 48 months in the amount of \$17,068.38 per month. Debtor  
21 estimates that Class 6 Claimants will receive payment of 100% of their claims. **Class 6 is impaired.**

22  
23  
24 **7.7 CLASS 7 – ALLOWED INTEREST OF DEBTOR**

25 Class 7 consists of the Allowed Interest of the Debtor, which is held by John and Kelly  
26 Casey. No distribution or return is anticipated to this Class. **Class 7 is unimpaired.**

## VIII. LIQUIDATION ANALYSIS

The following is a Liquidation Analysis indicating what the Debtor believes creditors would receive in the event of liquidation. The figures for “market value” and “liquidation value” are the Debtor’s best estimate on what the assets are worth on a market or liquidation basis.

Asset	Market Value	Liquidation Value <sup>1</sup>	Secured Claim	Equity
UMB DIP account	24,304	24,304	24,304	0
Accounts receivable	426,999	426,999	426,999	0
Raw materials	400,000	360,000	400,000	0
Office furniture/equipment	10,000	9,000	10,000	0
Titled vehicles/equipment	900,000	810,000	900,000	0
2 flatbed trucks	5,000	4,500	5,000	0
5 electrical vans	22,750	20,475	22,750	0
Misc. tools and equipment	20,000	18,000	20,000	0
<b>Liquidation Equity</b>				<b>\$0</b>

Creditors should note that on a liquidation basis, full market value for assets cannot be obtained. Further, there are costs associated with a liquidation of assets that must be paid out of any sale proceeds. The liquidation analysis does not contain an estimation of any tax liability which could be associated with liquidation. **Creditors should note that no Liquidation Equity exists for the benefit of General Unsecured Claims. Accordingly, there is not a required distribution in favor of General Unsecured Claims under the Liquidation Analysis. However, the Plan provides for full payment of General Unsecured Claims over the length of the Plan.** This analysis is provided only for informational purposes since the Plan does not contemplate liquidation in this fashion.

## IX. MEANS FOR AND IMPLEMENTATION OF THE PLAN

The Plan will be funded by the future operation of Debtor’s business and from its excess monthly income. With a reasonable restructure or reinstatement of the Debtor’s secured loan

1 obligations, the business will generate sufficient funds to make substantial or full repayment to all of its  
2 creditors over the term of the Plan. Debtor will be operated post-confirmation by the current members  
3 and management, including John Casey. Equity security holder John Casey has continued working for  
4 the Debtor since the filing date. Although John Casey is the holder of a general unsecured claim in the  
5 amount of \$1,750,000.00, he will waive any payments related to his claims. Moreover, John and Kelly  
6 Casey have contributed post-petition funds in an unknown amount to help pay critical suppliers. In  
7 addition, John and Kelly Casey will contribute sufficient additional funds, if necessary, to cover any  
8 shortfalls in plan payments for the Debtor.  
9

10 Attached to this Disclosure Statement as Exhibit "B" hereto are financial projections of the  
11 Debtor's business operations for 2017-2022; and attached as Exhibit "C" hereto is the Debtor's year-  
12 end 2016 income statement. These projections were prepared by the Debtor's management based on  
13 historical and current financial information, as well as reasonable assumptions regarding future  
14 economic conditions in the Southwest United States and within Debtor's industry. The projections  
15 should help assist creditors in understanding the difficult considerations and issues the Debtor faces in  
16 this reorganization. These projections demonstrate the feasibility of the Plan.  
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19 **X. COMPLIANCE WITH BANKRUPTCY CODE**

20 In order to confirm the Plan, the Bankruptcy Court must make a series of determinations  
21 concerning the Plan, including those set forth below. The Debtor believes that each of these conditions  
22 has been met and will seek rulings of the Bankruptcy Court to this effect at the confirmation hearing.  
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27 <sup>1</sup> Debtor assumes a 10% cost of sale on liquidation of its non-liquid assets.  
28



1 In addition, the Bankruptcy Code requires that the Plan be accepted by requisite votes of  
2 holders of claims and interests. If any member of an impaired class does not accept the Plan, the  
3 Bankruptcy Court must find that confirmation of the Plan is in the “best interests” of such entities.

4  
5 10.1 Classification of Claims and Interest. The Bankruptcy Code requires that a plan of  
6 reorganization place each creditor’s claim and each interest holder’s interest in a class with other  
7 claims or interests that are “substantially similar” to one another. The Debtors believe that the Plan’s  
8 classification meets the Bankruptcy Code standard.

9  
10 10.2 Section 1111(b) Election. Section 1111(b) of the Bankruptcy Code provides that as a  
11 general rule, a secured claim is to be accorded a treatment in the Chapter 11 Plan that is the same as  
12 would be received if it were a recourse claim, regardless of whether or not the claim is non-recourse by  
13 agreement or applicable law. Section 1111 also provides an opportunity for a partially secured creditor  
14 whose claim is treated by the proposed Plan as partially secured and partially unsecured to acquiesce in  
15 such bifurcation of their claim or, alternatively, to elect to treat the claim as fully secured.

16  
17 10.3 Technical Requirements. To be confirmed, the contents of a plan must comply with the  
18 technical requirements of Chapter 11 of the Bankruptcy Code, which the Debtors believe has been  
19 done.

20  
21 10.4 Good Faith. To be confirmed the Bankruptcy Court must find that the debtor has  
22 proposed the plan in good faith. In the instant case, this requirement is met because the Plan  
23 contemplates a bona fide reorganization in which creditors will be paid an amount on behalf of their  
24 claims that is greater than would be received through liquidation or conversion to a Chapter 7  
25 proceeding.

1           10.5    Disclosure. The Bankruptcy Court must find that the Debtors' disclosures concerning  
2 the Plan have been adequate and have included information concerning all payments made or promised  
3 in connection with the Plan and the bankruptcy case, as well as the identity, affiliations, and  
4 compensation to be paid to all officers, directors, and other insiders. The Debtors believe this  
5 requirement has been met by this Disclosure Statement.  
6

7           10.6    Feasibility. The Plan may not be confirmed if the Bankruptcy Court finds that  
8 confirmation is likely to be followed by the liquidation of the reorganized debtor or the need for further  
9 financial reorganization. The Debtors believe that they will be able to meet their obligations under the  
10 Plan and continue to operate their business without further reorganization, as set forth herein.  
11

12           10.7    Best Interests. Notwithstanding acceptance of the Plan by creditors and interest holders  
13 impaired under the Plan, if a claimant or interest holder does not accept the Plan, then the Bankruptcy  
14 Court must independently determine that the Plan is in the best interests of that claimant's or interest  
15 holder's class. To meet this test, the Court must determine that each claim or interest in the impaired  
16 class will receive under the Plan, as of the Effective Date, property of a value at least equal to the value  
17 that each such holder would receive in the Debtor's liquidation under Chapter 7 of the Bankruptcy  
18 Code. In this case, the Debtors' liquidation analysis—contained herein—demonstrates that this  
19 requirement has been met.  
20

## 21   **XI.    TAX CONSEQUENCES OF PLAN**

22           In 1978, a massive revision of the bankruptcy laws was enacted as the Bankruptcy Code now  
23 in effect. In turn, the impact of the Bankruptcy Code on the existing tax laws led to the enactment of  
24 the Bankruptcy Tax Act of 1980, P.L. 96-589, 94 Stat. 3389 (1980). This Act made a number of  
25 significant changes in the law regarding, inter alia, the way in which a bankruptcy estate is taxed,  
26  
27  
28

1 whether the occurrence of a bankruptcy filing interrupts a debtor's taxable year, whether income and  
2 deductions belong to the debtor or the estate, and whether individual losses are available to the estate.

3 **CLAIMANTS ARE ADVISED TO CONSULT WITH THEIR TAX ADVISORS**  
4 **CONCERNING THE INDIVIDUAL TAX CONSEQUENCES OF THE TRANSACTIONS**  
5 **CONTEMPLATED IN THIS PLAN, INCLUDING STATE AND LOCAL TAX**  
6 **CONSEQUENCES.**

7  
8 **XII. VOTING/CONFIRMATION/ALTERNATIVES**

9 12.1 Voting. A creditor may vote either to accept or reject the Plan. Only the votes of  
10 impaired classes will be counted in connection with confirmation of the Plan, since classes of claims  
11 and interests which are not impaired are deemed to have accepted the Plan. In determining acceptance  
12 of the Plan, votes will be counted only if submitted by a party with an Allowed Claim or an Allowed  
13 Interest, and the ballot for voting on the Plan does not constitute a proof of claim for this purpose. A  
14 claim to which an objection has been filed is not an Allowed Claim unless and until the Bankruptcy  
15 Court has ruled on the objection; and although holders of disputed claims will receive ballots, their  
16 votes will not be counted unless the Bankruptcy Court temporarily allows such claims for the purpose  
17 of voting on the Plan.  
18  
19

20 12.2 Confirmation. For the Plan to be approved, it must either (i) be accepted by at least  
21 two-third in amount and more than one-half in number of the creditors of each impaired class, or (ii) be  
22 approved by the Court as being in the best interest of all parties within a particular class despite the  
23 failure to receive the required votes (i.e., "cramdown").  
24

25 The Bankruptcy Code defines acceptance of a plan by a class of claims as acceptance by  
26 holders of two-thirds in dollar amount and a majority in number of claims of that class, counting only  
27  
28

1 those members of the class who actually vote. The Bankruptcy Code defines acceptance of a plan by a  
2 class of interests (equity securities) as acceptance by two-thirds of the number of shares, counting only  
3 those shares actually voted.

4  
5 Classes of claims and interests that are unimpaired under the Plan are conclusively deemed to  
6 have accepted the Plan. A class of creditors or interest holders is unimpaired if the Plan (i) does not  
7 alter the legal, equitable or contractual rights between the Debtor and the creditor or interest holder  
8 (with the exception of reinstating the claim by curing any defaults), or (ii) pays the claimant the full  
9 amount of the claim or interest by cash payment on the Effective Date. Classes of claim and interests  
10 that receive no distribution under the Plan are deemed to have rejected the Plan. Consequently, ballots  
11 are being sent only to those classes which are impaired but are to receive a distribution under the Plan.

12  
13 The Plan may be confirmed by the Bankruptcy court even if it is not accepted by all classes of  
14 impaired claim, as long as at least one impaired class of claims has accepted.

15 12.3 Alternative to Confirmation. In the event this Plan is not confirmed, the Chapter 11  
16 proceeding can be (i) continued for the submission of other plans, (ii) converted to Chapter 7, or (iii)  
17 dismissed. In the event the Plan is not confirmed through acceptance of the claimholders, it is the  
18 Debtors' intention to seek confirmation through cramdown.

### 19 **XIII. INFORMATION/REPRESENTATIONS**

20  
21 13.1 Source of Information. Unless otherwise stated, all of the information contained herein  
22 is based on information supplied by the Debtor or its agents, and no representations concerning the  
23 Debtor are authorized by the Debtor other than as set forth in this Disclosure Statement.

24  
25 13.2 Conflicts. To the extent any information set forth in this Disclosure Statement conflicts  
26 with any information set forth in the Debtor's schedules or statement of financial affairs, this  
27  
28

1 Disclosure Statement will govern and will, to the extent necessary, constitute an amendment to the  
2 affected schedules or statement of financial affairs.

3       13.3 Unauthorized Representations. Any representations or inducements made to secure  
4 acceptance other than as contained in this Disclosure Statement should not be relied upon in arriving at  
5 a decision, and such representations and inducements should be reported to counsel for the Debtor,  
6 who in turn shall deliver such information to the Court for appropriate action.

7  
8       13.4 Disclaimer.

9       **NO REPRESENTATIONS CONCERNING THE DEBTOR OR THE PLAN ARE**  
10 **AUTHORIZED OTHER THAN AS SET FORTH HEREIN. YOU SHOULD NOT RELY ON**  
11 **ANY REPRESENTATIONS OR INDUCEMENTS TO ACCEPT THE PLAN OTHER THAN**  
12 **THOSE CONTAINED HEREIN.**

13  
14       **AN ACCOUNTANT HAS NOT REVIEWED OR APPROVED THE INFORMATION**  
15 **CONTAINED HEREIN. MUCH OF THE INFORMATION CONTAINED HEREIN WAS**  
16 **DERIVED FROM THE DEBTORS OR THE DEBTORS' RECORDS AND HAS NOT BEEN**  
17 **VERIFIED FROM INDEPENDENT SOURCES. THE DEBTOR IS UNABLE TO WARRANT**  
18 **OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY**  
19 **INACCURACY, ALTHOUGH ALL SUCH INFORMATION IS ACCURATE TO THE**  
20 **DEBTORS' BEST KNOWLEDGE, INFORMATION, AND BELIEF.**

21  
22       **THE COURT HAS NOT VERIFIED THE ACCURACY OF THE INFORMATION**  
23 **CONTAINED HEREIN. THE COURT'S APPROVAL OF THE DISCLOSURE**  
24 **STATEMENT DOES NOT IMPLY THAT THE COURT ENDORSES OR APPROVES THE**  
25 **PLAN, BUT ONLY THAT IF THE INFORMATION IS ACCURATE, IT IS SUFFICIENT TO**  
26  
27  
28

1 **PROVIDE AN ADEQUATE BASIS FOR CREDITORS AND INTEREST HOLDERS TO**  
2 **MAKE INFORMED DECISIONS WHETHER TO APPROVE OR REJECT THE PLAN.**

3 **XIV. NON-ALLOWANCE OF PENALTIES AND FINES**

4 No distribution shall be made under this Plan on account of, and no allowed claim, whether  
5 secured, unsecured, priority, or administrative, shall include any fine, penalty, exemplary or punitive  
6 damages, late charges, or other monetary charge relating to or arising from any default or breach by  
7 Debtors, and any claim on account thereof shall be deemed disallowed whether or not an objection to it  
8 is filed.  
9

10 **XV. EXECUTORY CONTACTS**

11 The Debtor rejects all executory contracts and unexpired leases, with the exception of the  
12 following:  
13

14 Ames Construction, Inc.	Construction subcontract
15 Granite Construction	Construction subcontract
16 Grannus Construction	General services agreement
17 Capital GC, Inc.	Construction subcontract
18 James Pavoggi	Sales and installation contract
19 NextGen51, LLC	Real property lease
20 PapaDee's Construction	Construction subcontract for Pavoggi residence
21 PapaDee's Construction	Construction subcontract for Schultz residence
22 Steve Remenap	Sales and installation contract
23	
24	
25	
26	
27	
28	

1 Claims for any executory contracts or unexpired leases rejected by the Debtor shall be filed no  
2 later than ten (10) days after the earlier of Confirmation or the date the executory contract or unexpired  
3 lease is specifically rejected. Any such Claims not timely filed and served shall be disallowed.

4  
5 **XVI. MODIFICATION OF PLAN**

6 In addition to its modification rights under §1127 of the Bankruptcy Code, the Debtor may  
7 amend or modify their Plan at any time prior to Confirmation without leave of the Court. The Debtor  
8 or Reorganized Debtor may propose amendments and/or modifications of its Plan at any time  
9 subsequent to Confirmation with leave of the Court and upon notice to Creditors. After Confirmation  
10 of the Plan, the Debtor or Reorganized Debtor may—with approval of the Court, as long as it does not  
11 materially or adversely affect the interests of Creditors—remedy any defect or omission or reconcile  
12 any inconsistencies in the Plan or Confirmation Order, if necessary to carry out the purposes and intent  
13 of the Plan.  
14

15 **XVII. CLOSING OF THE CASE**

16 If the Court does not close the case on its own motion, the Reorganized Debtor will move the  
17 Court to close this case once the Plan is deemed substantially consummated. Until substantial  
18 consummation, the Reorganized Debtor will be responsible for filing pre- and post-confirmation  
19 reports required by the United States Trustee and paying the quarterly post-confirmation fees of the  
20 United State Trustee, in cash, pursuant to 28 U.S.C. §1930, as amended. Pursuant to 11 U.S.C.  
21 §1129(a)(12), all fees payable under section 1930 of title 28, as determined by the Court at the hearing  
22 on confirmation of the Plan, will be paid, in cash, on the Effective Date.  
23  
24

25 \\\

26 \\\

1 **XVIII. RETENTION OF JURISDICTION**

2 The Court will retain jurisdiction until the Plan has been fully consummated for, including but  
3 not limited to, the following purposes:

4 1. The Classification of Claims of any Creditors and the re-examination of any Claims  
5 which have been allowed for the purposes of voting, and for the determination of such objections as  
6 may be filed to the Creditor's Claims. The failure by the Debtor to object to or examine any Claim for  
7 the purpose of voting shall not be deemed to be a waiver of the Debtor's rights to object to or to re-  
8 examine the Claim in whole or in part.

9  
10 2. To determine any Claims which are disputed by the Debtor.

11 3. To determine all questions and disputes regarding title to the assets of the estate, and  
12 determination of all causes of action, disputes, or conflicts, whether or not subject to action pending as  
13 of the date of Confirmation, between the Debtors and any other party, including but not limited to, any  
14 rights of the Debtors to recover assets pursuant to the provisions of the Bankruptcy Code.

15 4. The correction of any defect, the curing of any omission, or any reconciliation of any  
16 inconsistencies in the Plan, or the Confirmation Order, as may be necessary to carry out the purposes  
17 and intent of the Plan.

18 5. The modification of the Plan after Confirmation, pursuant to the Bankruptcy Rules and  
19 the Bankruptcy Code.

20 6. To enforce and interpret the terms and conditions of the Plan.

21 7. The entry of an order, including injunctions, necessary to enforce the title, rights, and  
22 powers of the Debtors, and to impose such limitations, restrictions, terms, and conditions of such title,  
23 right, and power that the Court may deem necessary.  
24  
25  
26  
27  
28



8. The entry of an order concluding and terminating this case.

DATED this 10th day of April, 2017.

**DAVIS MILES MCGUIRE GARDNER, PLLC**

/s/ M. Preston Gardner

Pernell W. McGuire

M. Preston Gardner

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/s/ John Casey

John Casey, managing member  
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