

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

IN RE:

CASE NO: 10-11493

MULTI-PLASTICS, INC.
Debtor

CHAPTER 11

MOTION FOR LEAVE TO USE CASH COLLATERAL AND TO SELL
AND/OR LEASE REAL PROPERTY OF THE STATE

TO THE HONORABLE COURT:

NOW COMES Debtor herein through Counsel and most
respectfully **STATES** and **PRAYS**:

1. This Court has jurisdiction under 28 USC 1334 and 157(a) and the General Order of referral of Title 11 Proceedings to the United States Bankruptcy Court for the District of Puerto Rico dated July 19, 1984 (Torruella, C.J.).
2. Venue is vested in this Court as debtor filed for protection within this district, 28 U.S.C. 1409.

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3. *Firstbank of Puerto Rico, (Firstbank), with the guarantee of Banco de Desarrollo Economico issued various loans to Debtor approximating \$3,000,000.00 secured by mortgage over real estate property of the estate; and a security interest over cash, accounts receivable, inventory and machinery and equipment.*
4. *Firstbank principal place of business is 1130 Muñoz Rivera Ave., San Juan, PR and the person of contact is Mr. Luis Orengo, luis.orengo@firstbankpr.com.*
5. *Banco de Desarrollo Economico, (BDE), principal place of business is 638 Aldebaran St., San Juan, PR, and the person of contact is Mr. Luis Morales, Jr., jrmorales@bde.gobierno.pr.*
6. *As of the filing of the Bankruptcy Petition the realty securing the loan had*

an appraised value as of October 14, 2008, of \$2,130,000.00. Accounts receivables are estimated at \$450,000.00. Inventories of raw materials is estimated at \$100,000.00 and finished goods at \$50,000.00. Finally machinery equipment at cost has a value of \$29,000.00 this property has not been recently appraised.

7. For purposes of continuing the operations until such time as Debtor generates cash on collection of new accounts receivables; to avoid an interruption of operations which will result in substantial losses of value to the estate to maintain personnel and their moral high under the circumstances; and to effectively be able to position Debtor on the way to reorganization, Debtor request authorization from this Court and from the

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affected creditors to use the first \$100,000.00 collected in accounts receivable and the proceeds from the sale of the finished goods in the initial days of this Bankruptcy proceeding. Enclosed as Exhibit "A" Cash Flow Requirements for 5 Weeks of Operation.

8. The relief requested is necessary to avoid immediate and irreparable harm.
9. As adequate protection Debtor requests the Court to grant this creditors a Super-Priority over the \$150,000.00 advanced, which advance will be paid to the creditors commencing on the ninth month after approval of the use of cash collateral in equal monthly installments of \$10,000.00.
10. Additional adequate protection provided to these creditors will be in the form of

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segregating the balance of the accounts receivable and the raw materials inventory and disbursing to the creditor upon collection on a monthly basis all proceeds from the balance of the accounts receivable; while paying back the balance of the raw materials inventory as the same is used and the sale is collected.

11. As further protection and in view of the high financing costs that this Debtor has incurred in the last few years Debtor is proposing to transfer the real estate to the creditors who hold liens with a lease back provision which will allow Debtor to continue using the property
12. If this proposal in particular is accepted and the property is leased back at an initial rental of \$40,000.00 per year Debtor anticipates that with current

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operations it could generate income over the next year of operations. See in this regards Exhibit "B".

13. Other representations by this Debtor which constitute evidence that Debtor will be able to effectuate a confirmable plan and further evidence of adequate assurance to this creditors include the fact that Debtor is actively engaged in retaining a new operations manager in hope of maximizing efficiency of the operation and reducing waste an spoilage as needed.

14. At this junction Debtor has active orders in the amount of \$1,554,646.00 and projects accounts receivable during December and January to approximate \$600,000.00 per month, while at this junction they can anticipate that

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February's collections should yield no less \$230,000.00.

15. Debtor's sales personnel has estimated future orders of approximately \$5,000,000.00 which could generate within the first four (4) months approximately \$1.2 in orders.

16. Finally Debtor has within their list of clients a good number of widely held known entities in the marketplace in Puerto Rico.

17. This motion is filed under the provisions of Section 363(c)(2) and 105(a) of the Bankruptcy Code.

18. Enclosed as Exhibit "C" draft of Order.

WHEREFORE, it is respectfully requested that this motion be granted, with such further relief as is deemed appropriate under the circumstances.

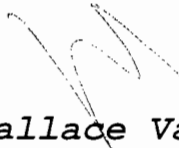
I CERTIFY, that a copy of this motion has been sent to Firstbank de Puerto Rico and Banco de

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Desarrollo Economico to their respective addresses PO Box 9146, San Juan, PR, 00908-0146; PO Box 2134, San Juan, PR 00922-2131 via 1st Class Mail and via Email to their respective known representatives Luis Orengo, luis.orengo@firstbankpr.com and Luis Morales, Jr., jrmorales@bde.gobierno.pr. I electronically filed the foregoing with the Clerk of this Court via CM/ECF system, which will electronically send notification of such filing to the following: the US Trustee's Office. Also a separate certificate of notice is being filed.

In San Juan, Puerto Rico, this 13 day of December, 2010.


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EXHIBIT A

*Cash for requirement for 5
weeks of operations*

Multi Plastics, Inc

Necesidad de efectivo semanal

<u>Semana</u>	<u>11/5/2010</u>	<u>Semana</u>	<u>11/12/2010</u>	<u>Semana</u>	<u>11/19/2010</u>	<u>Semana</u>	<u>11/26/2010</u>	<u>Semana</u>	<u>12/3/2010</u>	
Nomina	15,400.00	Nomina	28,100.00	Nomina	25,400.00	Nomina	28,100.00	Nomina	15,400.00	
Seg Soc y Medi	2,600.00	Seg Soc y Medi	5,200.00	Seg Soc y Medi	4,130.00	Seg Soc y Medi	5,200.00	Seg Soc y Medi	2,600.00	
Inc Tx	1,000.00	Inc Tx	2,400.00	Inc Tx	2,000.00	Inc Tx	2,400.00	Inc Tx	1,000.00	
Subcontratos	800.00		800.00		800.00		800.00		800.00	
Humana	7,000.00								7,000.00	
Triple S			2,355.00							
FSE							20,000.00			
Car Allow							5,338.00			
Asume	792.58									
Agua							1,000.00			
Luz			5,000.00							
Telefono							1,000.00			
Celulares			837.28							
Gasolina			2,000.00						2,000.00	
Pronto Poliza Comercial			5,000.00							
Popular Auto	455.00									
Poliza Auto	715.45									
Transoccidental							677.00			
Petty Cash	1,600.00				1,600.00					
Recogido de Basura			400.00						400.00	
Lease									5,000.00	
Compras	20,000.00		20,000.00		20,000.00		20,000.00		20,000.00	
	50,363.03		72,092.28		53,930.00		84,515.00		54,200.00	315,100.31

Multi Plastics, Inc.

Calculo de nomina promediar

Nomina Semanal

Neta	Seg Soc Medi	Inc Tx
14,109.47	2,604.26	947.85
14,589.16	2,232.20	753.15
17,963.36	2,748.36	1,232.21
14,800.86	2,741.94	1,070.01
<u>61,462.85</u>	<u>10,326.76</u>	<u>4,003.22</u>
15,365.71	2,581.69	1,000.81

Nomina Semanal con Bisemanal

Neta	Seg Soc Medi	Inc Tx
12,596.38	2,509.54	1,402.87
12,644.43	2,522.90	1,435.94
<u>25,240.81</u>	<u>5,032.44</u>	<u>2,838.81</u>
12,620.41	2,516.22	1,419.41

EXHIBIT B

*Income projections after
reorganization*

MULTI PLASTICS, INC.
COMPARATIVO DE INGRESOS Y GASTOS
ANNUAL VS TRIMESTRE

CUENTA	DESCRIPCION	AÑO 2009-2010	
	SALES	3,008,552.42	
53000-100	DIRECT LABOR-PRODUCTION	361,739.30	12.02%
53000-102	DIRECT LABOR-SUPERVISORS	140,623.88	4.67%
53000-104	DIRECT LABOR-ENGINEERING	45,627.39	1.52%
53000-106	DIRECT LABOR-SERVICES	70,714.46	2.35%
53000-108	DIRECT LABOR-BUYER, CHOUF	39,154.11	1.30%
53000-110	DIRECT LABOR-WAREHOUSE M	14,297.72	0.48%
53001-100	DOUBLE TIME-PRODUCTION	37,652.79	1.25%
53001-104	DOUBLE TIME-ENGINEERING		0.00%
53001-106	DOUBLE TIME-SERVICES	20,555.12	0.68%
53001-108	DOUBLE TIME-BUYER, CHOUF	5,021.63	0.17%
53001-110	DOUBLE TIME- WAREHOUSE,MA	217.01	0.01%
53010	INDIRECT LABOR	24,243.30	0.81%
53015	INDIRECT LABOR-AGENCIES		0.00%
53020-100	VACATION-PRODUCTION		0.00%
53020-102	VACATION-SUPERVISORS		0.00%
53020-104	VACATION-ENGINEERING, DES		0.00%
53020-106	VACATION-SERVICES		0.00%
53020-108	VACATION-BUYER, CHOUFFER		0.00%
53020-110	VACATION-WAREHOUSE, MAIN		0.00%
53030-100	HOLIDAYS- PRODUCTION		0.00%
53030-102	HOLIDAYS-SUPERVISORS		0.00%
53030-104	HOLIDAYS-ENGINEERING, DES		0.00%
53030-106	HOLIDAYS-SERVICES		0.00%
53030-108	HOLIDAYS-BUYER, CHOUFFER		0.00%
53030-110	HOLIDAYS-WAREHOUSE, MAINT		0.00%
53040-100	SICK LEAVE-PRODUCTION		0.00%
53040-102	SICK LEAVE-SUPERVISORS		0.00%
53040-104	SICK LEAVE-ENGINNERING, D		0.00%
53040-106	SICK LEAVE-SERVICES		0.00%
53040-108	SICK LEAVE-BUYER, CHOUFF		0.00%
53040-110	SICK LEAVE-WAREHOUSE, MAI		0.00%
53060	CHRISTMAS BONUS		0.00%
53070	WORMEN COMPENSATION	30,287.02	1.01%
53080	GROUP INSURANCE	28,915.98	0.96%
53090-100	SOCIAL SECURITY TAX-PRODUCTION	24,772.99	0.82%
53090-102	SOCIAL SECURITY TAX-SUPER	9,851.10	0.33%
53090-104	SOCIAL SECURITY TAX-ENGIN	3,536.16	0.12%
53090-106	SOCIAL SECURITY-TAX-SERVI	7,301.06	0.24%
53090-108	SOCIAL SECURITY-CHOUFFER	2,738.91	0.09%
53090-110	SOCIAL SECURITY WAREHOSING	899.89	0.03%
53100-100	MEDICARE TAX-PRODUCTION	5,793.97	0.19%
53100-102	MEDICARE TAX-SUPERVISORS	2,303.68	0.08%
53100-104	MEDICARE TAX-ENGINEERING	827.03	0.03%
53100-106	MEDICARE TAX-SERVICES	1,707.63	0.06%
53100-108	MEDICARE TAX-BUYER, CHOUF	640.61	0.02%
53100-110	MEDICARE TAX-WAREHOUSE, M	210.47	0.01%
53110-100	SINOT-PRODUCTION	582.72	0.02%
53110-102	SINOT-SUPERVISORS	121.39	0.00%
53110-104	SINOT-ENGINEERING, DESIGN	72.85	0.00%
53110-106	SINOT-SERVICES	123.63	0.00%
53110-108	SINOT-BUYER, CHOUFFER	44.35	0.00%
53110-110	SINOT-WAREHOUSE, MAINT	35.21	0.00%
53110-102	DRIVERS INSURANCE-SUPERVISORS	65.22	0.00%
53120-106	DRIVERS INSURANCE-SERVICES	113.57	0.00%
53120-108	DRIVERS INSURANCE-CHOUFFER	57.35	0.00%
53130-100	STATE UNEMPLOYMENT-PRODUCT	8,284.78	0.28%
53130-102	STATE UNEMPLOYMENT-SUPERV	1,637.99	0.05%
53130-104	STATE UNEMPLOYMENT-ENGINE	826.58	0.03%
53130-106	STATE UNEMPLOYMENT-SERVIC	2,257.48	0.08%

53130-108	STATE UNEMPLOYMENT-CHOUFFER	831.62	0.03%
53130-110	STATE UNEMPLOYMENT-WAREHOUSE	442.02	0.01%
53140-100	FEDERAL UNEMPLOYMENT-PROD	1,431.13	0.05%
53140-102	FEDERAL UNEMPLOYMENT-SUPE	335.91	0.01%
53140-104	FEDERAL UNEMPLOYMENT-ENGI	167.97	0.01%
53140-106	FEDERAL UNEMPLOYMENT-SERV	456.84	0.02%
53140-108	FEDERAL UNEMPLOYMENT-CHOUFFER	165.55	0.01%
53140-110	FEDERAL UNEMPLOYMENT-WARE	89.63	0.00%
53150	RAW MATERIAL	914,093.63	30.38%
53160	FREIGHT IN		0.00%
	FACTORY OVERHEAD ABSORB	0.00	0.00%
53170	FACTORY SUPPLIES	12,559.51	0.42%
53171	OFFICE SUPPLIES	3,635.84	0.12%
53172	TOOLS	1,195.73	0.04%
53180	COMPUTER SUPPLIES	1,496.58	0.05%
53190	GASOLINE EXPENSES	34,530.79	1.15%
53200	MAINTENANCE AND SERVICES	13,171.88	0.44%
53201	MAINTENANCE SUPPLIES	4,592.96	0.15%
53205	SECURITY EXPENSE	413.00	0.01%
53210	EQUIPMENT MAINTENANCE	5,862.07	0.19%
53220	AUTOMOBILE EXPENSE	13,013.63	0.43%
	EQUIPMENT LEASING	3,343.99	0.11%
53230	TELEPHONE & COMMUNICATION	17,592.25	0.58%
53240	LIGHT & POWER	41,584.00	1.38%
53250	WATER	23,265.71	0.77%
53251	UNIFORM	817.00	0.03%
53260	TRAVELING & BUSINESS	7,869.95	0.26%
53270	GENERAL INSURANCE	34,317.94	1.14%
53280	DEPRECIATION EXPENSE	43,697.81	1.45%
	STATE TAX	6,305.22	0.21%
53290	CAR LEASING	370.00	0.01%
	RENTAL EQUIPMENT	5,260.25	0.17%
53295	CAR ALLOWANCE	25,780.06	0.86%
53310	EDUCATION & SEMINARS	532.10	0.02%
53315-901	LEGAL & ACCOUNTING-ARPE	10,595.64	0.35%
53317	EMPLOYEE RELATIONS	4,947.92	0.16%
53319	EMPLOYEE COMPENSATION	1,941.60	0.06%
53320	SUB CONTRACTOR-MANUFACTURING	65,194.04	2.17%
53320	SUB CONTRACTOR-INSTALLATION	81,661.80	2.71%
	SUB CONTRACTOR MAINTENANCE	13,350.00	0.44%
53340	MISCELLANEOUS ITEMS (DELAY CHARGE	4,121.18	0.14%
		2,294,891.09	76.28%
	GROSS MARGIIN	713,661.34	23.72%
	SALES EXPENSES		
64000-201	SALESMEN SALARIES	78,346.08	2.60%
64015-203	SALESMEN COMMISSION	86,126.33	2.86%
64015-204	PROFESSIONAL SALESMEN COM	521.63	0.02%
64020-201	VACATION		0.00%
64030-201	HOLIDAYS		0.00%
64040-201	SICK LEAVE		0.00%
	64060 CHRISTMAS BONUS	1,040.00	0.03%
	64070 WORKMEN COMPENSATION	6,057.39	0.20%
	64080 GROUP INSURANCE	1,176.39	0.04%
64090-201	SOCIAL SECURITY TAX	10,033.48	0.33%
64100-201	MEDICARE TAX	2,346.41	0.08%
64110-201	SINOT	113.71	0.00%
64120-201	DRIVERS INSURANCE	85.46	0.00%
64130-201	STATE UNEMPLOYMENT	1,374.45	0.05%
64140-201	FEDERAL UNEMPLOYMENT	277.63	0.01%
	64170 SUPPLIES & POSTAGE	633.54	0.02%
	64180 COMPUTER SUPPLIES	907.91	0.03%
	64190 GASOLINE EXPENSES	80.04	0.00%
	64200 MAINTENANCE & SERVICES	50.71	0.00%
	64205 SECURITY EXPENSE		0.00%
	64210 EQUIPMENT MAINTENANCE		0.00%

64220	AUTOMOBILE EXPENSE	414.00	0.01%
64230	TELEPHONE & COMMUNICATION	4,917.30	0.16%
64240	LIGHT & POWER	7,459.43	0.25%
64250	WATER	3,937.79	0.13%
64260	TRAVELING & BUSINESS	5,650.95	0.19%
64261	TRAVELING & BUSINESS-SELLING	558.43	0.02%
64270	GENERAL INSURANCE	6,863.59	0.23%
64280	DEPRECIATION EXPENSE	8,740.53	0.29%
64283	SUBSCRIPTION	1,212.41	0.04%
64286	ADVERTISING	8,888.18	0.30%
64295	SALESMEN CAR ALLOWANCE	17,350.00	0.58%
64310	EDUCATION & SEMINARS	909.00	0.03%
	PROFESSIONAL SERVICES	0.00	0.00%

SUBTOTAL 256,072.77 8.51%

66000	OFFICE SALARIES		
66000-301	OFFICE SALARIES	163,369.75	5.43%
66001-301	OFFICE SALARIES-DOBLE TIME	258.25	0.01%
66010	UNIFORMS		0.00%
66015	INDIRECT LABOR-AGENCIES		0.00%
66017	OTHER ADMINISTRATIVE EXPENSE		0.00%
66020-301	VACATIONS		0.00%
66030-301	HOLIDAYS		0.00%
66040-301	SICK LEAVE		0.00%
66060	CHRISTMAS BONUS		0.00%
66070	WORKMEN COMPENSATION	4,038.36	0.13%
66080	GROUP INSURANCE	19,431.35	0.65%
66080-001	GROUP INSURANCE-CONTRACTUAL	820.25	0.03%
66090-301	SOCIAL SECURITY TAX	10,145.02	0.34%
66095	PENALTY & INTEREST	5,653.33	0.19%
66100-301	MEDICARE TAX	2,372.33	0.08%
66110-301	SINOT	166.41	0.01%
66130-301	STATE UNEMPLOYMENT	2,121.35	0.07%
66140-301	FEDERAL UNEMPLOYMENT	428.80	0.01%
66170	SUPPLIES & POSTAGE	8,398.19	0.28%
66180	COMPUTER SUPPLIES	5,494.60	0.18%
66190	GASOLINE EXPENSES	1,065.04	0.04%
66200	MAINTENANCE & SERVICES	1,761.00	0.06%
66210	EQUIPMENT MAINTENANCE	3,170.81	0.11%
66205	SECURITY EXPENSE	190.00	0.01%
66220	AUTOMOBILE EXPENSE	553.02	0.02%
66230	TELEPHONE & COMMUNICATION	4,225.74	0.14%
66240	LIGHT & POWER	5,036.86	0.17%
66250	WATER	2,951.79	0.10%
66260	TRAVELING & BUSINESS	2,173.00	0.07%
66270	GENERAL INSURANCE	4,575.73	0.15%
66271	MISCELLANEOUS INSURANCE A	12,537.06	0.42%
66280	DEPRECIATION EXPENSE	5,827.12	0.19%
66283	SUBSCRIPTION	1,162.41	0.04%
66286	ADVERTING	496.84	0.02%
66290	CAR LEASING	192.00	0.01%
66295	OFFICERS CAR ALLOWANCE	22,860.00	0.76%
66300	RENT		0.00%
66310	EDUCATION & SEMINARS	754.40	0.03%
66315	LEGAL & ACCOUNTING	32,158.00	1.07%
66317	EMPLOYEE RELATIONS	153.00	0.01%
66318	DONATION	1,090.00	0.04%
66319	EMPLOYEE COMPENSATION	1,033.00	0.03%
66320	PROFESSIONAL SERVICES	2,672.00	0.09%
66330	BANK CHARGES	7,661.86	0.25%
	FINANCE CHARGES	727.39	0.02%
66361	LATE CHARGES	211.60	0.01%

SUBTOTAL 337,937.66 11.23%

SUBTOTAL ADMINISTRACION & SELLING 594,010.43 19.74%

OTHER INCOME		
70000 INTEREST INCOME		0.00%
70040 OTHER INCOME	12,030.33	0.40%
	12,030.33	0.40%

TAXES		
71010 INTEREST EXPENSE	60,225.44	2.00%
71030 PRIOR PERIOD ADJUSTMENT		0.00%
71300 PROPERTY TAXES	6,600.48	0.22%
71320 MUNICIPAL TAX	5,691.10	0.19%
71340 OTHER TAXES		0.00%
71345 OTHER EXPENSE	3,602.65	0.12%
72000 DISPOSITION OF FIXED ASSETS		0.00%
BAD DEBT	1,850.80	0.06%
Lease Back Arrangement	40,950.00	1.36%

TOTAL TAXES 118,920.47 3.95%

GRAN TOTAL DE GASTOS 2,995,791.66 99.58%

GANANCIA O PERDIDA NETA 12,760.76 0.42%

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

IN RE:	CASE NO: 10-11493
MULTI-PLASTICS, INC. Debtor	CHAPTER 11

ORDER

Debtor having moved this Court for authorization to use certain cash collateral belonging to estate herein and consisting of \$100,000.00 in accounts receivable and \$50,000.00 in finished goods inventory, and the same having come to be heard before this Court on _____ and appearing to my satisfaction that due notice of the proposed action was given to all required parties.

Now upon the motion dated December 10, 2010, the notice dated and the proof of service, and after a hearing on the matter and considering all arguments for and against the proposed motion and due consideration having been given that Debtor proposed action is in the best interest of the estate and that

the action is not inconsistent with any relief granted under Section 362(c)(d)(e)(f) of the Title 11 USCA and that the interest of the affected creditors is adequately protected it is ORDERED, That the motion is hereby granted and Debtor in possession is hereby authorized to use the afford set cash collateral.

SO ORDERED.

In San Juan, Puerto Rico, this _____ day of December, 2010.

Brian K. Tester
US Bankruptcy Judge