

1 MATTHEW D. METZGER (SBN 240437)  
mmetzger@belvederelegal.com  
2 BELVEDERE LEGAL, PC  
1777 Borel Place, Suite 314  
3 San Mateo, CA 94402  
Telephone: (415) 513-5980  
4 Facsimile: (415) 513-5985

5 *Attorneys for Debtor*

6 **UNITED STATES BANKRUPTCY COURT**  
7 **NORTHERN DISTRICT OF CALIFORNIA**  
8 **SAN FRANCISCO DIVISION**

9 **In re** ) **Case No. 17-30697 HLB 11**  
10 **SEATEQ CORPORATION** ) **Chapter 11**  
11 **Debtor(s).** ) **Disclosure Statement Hearing**  
12 ) **Date:** November 30, 2017  
13 ) **Time:** 10:00 a.m.  
14 ) **Ctrm:** Honorable Hannah L. Blumenstiel  
15 ) 450 Golden Gate Avenue  
16 ) 16th Floor, Courtroom No. 19  
17 ) San Francisco, CA 94102  
18 ) **Plan Confirmation Hearing**  
19 ) **Date:** tbd  
20 ) **Time:** tbd.  
21 ) **Ctrm:** Honorable Hannah L. Blumenstiel  
22 ) 450 Golden Gate Avenue  
23 ) 16th Floor, Courtroom No. 19  
24 ) San Francisco, CA 94102

25 **DEBTOR'S DISCLOSURE STATEMENT**  
26 **DESCRIBING**  
27 **DEBTOR'S CHAPTER 11 PLAN OF REORGANIZATION**  
28 **[October 18, 2017]**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

## **I. INTRODUCTION**

Debtor and Debtor in Possession SEATEQ CORPORATION (the “DIP” and/or “Debtor”) proposes this Disclosure Statement Describing Debtor’s Chapter 11 Plan of Reorganization (the “DS”). The DS is intended to provide creditors with information concerning the Debtor and Plan required by Bankruptcy Code section 1125.

At the outset, the Debtor notes that the Debtor’s Chapter 11 Plan is a LIQUIDATION PLAN.<sup>1</sup> The Debtor will need to remain in operation for 12 calendar months – January 1, 2018 through December 31, 2018 – to restructure the Debtor’s assets through container sales and/or the collection of receivables and liquidate said assets for the benefit of the estate. Due to the fact that the Debtor’s Chapter 11 Plan functions as a liquidation plan, the Debtor is not entitled to a discharge.

**GENERAL UNSECURED CREDITORS WILL RECEIVE AN ESTIMATED  
5% ON THEIR ALLOWED CLAIMS UNDER THE PLAN.**

## **II. BACKGROUND**

### **A. Description and History of the Debtor**

Seateq has purchased intermodal shipping containers (“containers”) from the suppliers in North America for over 20 years, originally as “Seateq Trading,” then “Seateq LLC” and finally “Seateq Corporation”. Seateq Corporation was incorporated in 2002. The containers were purchased and resold to corporations, US Military and retail to private individuals. Seateq remained current with the payments due for said purchases until very recently.

Seateq’s profit margin was the difference between Seateq’s purchase price and sale price.

Historically, Seateq purchased said containers from shipping companies, leasing companies, and occasionally banks. Seateq sold containers to diverse groups including but not limited to 1) corporations; 2) private individuals; 3) and the United States Military. Up through

---

<sup>1</sup> A plan may provide for the sale of all, “or substantially all,” property of the estate and distribution of the proceeds to creditors and interest holders (i.e., a liquidating plan). *See* 11 USC § 1123(b)(4).

1 2014, Seateq's operations remained profitable. However, beginning in 2015, Seateq's profit  
2 margins significantly narrowed.

3 **B. Pre-Petition Lawsuit by the Container Suppliers that Precipitated Seateq's**  
4 **Chapter 11 Filing.**

5 While there were many suppliers, four (4) suppliers that filed a complaint for damages  
6 against the Debtor on June 9, 2017 as San Francisco Superior Court Case No. CGC 17-559455 are  
7 CAI International, Inc., Triton Container International Limited, Textainer Equipment Management  
8 (U.S.) Ltd, and Container Leasing, LLC (the "Complaining Suppliers"). The state court lawsuit  
9 filed by the Complaining Suppliers alleged three (3) causes of action: 1) intentional  
10 misrepresentation/fraud; 2) conversion; and 3) breach of contract.

11 The controversy with the Complaining Suppliers originated in 2012, when Seateq and the  
12 Complaining Suppliers discussed and agreed to a process of sourcing containers from their surplus  
13 in Asia and move the containers to North America for sale. Seateq explained, and the  
14 Complaining Suppliers agreed, that Seateq would sell said containers to a third party and then pay  
15 the Complaining Suppliers the predetermined purchase price (purchase option amount), declare  
16 the purchase option as soon as the funds were available, and then pay the Complaining Suppliers  
17 the price of the purchase option. The Complaining Suppliers agreed, executed leases, and started  
18 to supply containers on an operating lease with an option for Seateq to purchase the container  
19 when it had been sold in North America.

20 Additionally, pursuant to the lease agreements, Seateq agreed to pay and indeed paid the  
21 per diem payments due under the lease options agreements until the purchase option was declared  
22 the container purchase transaction consummated. The operating leases made Seateq responsible  
23 for any non performing sales in North America. All suppliers were aware and agreed to the  
24 process and were eager to supply containers as it reduced their surplus of unsold containers.

25 In 2015 market conditions changed and the demand in North American market was  
26 drastically reduced and with the inflow of supply from Asia, sales margins were also drastically  
27 reduced. Seateq fell behind on reimbursing the Complaining Suppliers the value of the declared

1 purchase options. Seateq notified the Complaining Suppliers and attempted unsuccessfully to  
2 negotiate a private workout for many months, but the Complaining Suppliers filed suit in state  
3 court. Rather than litigate the suit, Seateq sought chapter 11 protection on July 20, 2017 (the  
4 “petition date”), in order reorganize and/or litigate under chapter 11. Seateq determined that a  
5 litigation plan under chapter 11 would yield a higher gross return to creditors than risk much of  
6 Seateq’s capital to the costs of state court litigation and related discover.

7 **C. Significant Events During the Bankruptcy**

8 **1. Motion to Pay Pre-Petition Wages & Taxes and July Rent Payment**  
9 **and Continue Ordinary Course Container Sale Transactions**

10 On August 3, 2017, the Debtor moved for Court approval: 1) to pay pre-petition wages and  
11 taxes; and 2) the July 2017 rent payment; and 3) continue ordinary course container sale  
12 transactions. Doc No. 12. On August 17, 2017, the Court entered an order Granting in Part and  
13 Denying in Part Debtor’s Emergency Motion for an Order Authorizing Pre-Petition Payments and  
14 Ordinary Course Transactions. Doc No. 27. Said Order granted the post-petition payments on pre-  
15 petition wages made to non-insiders employees and authorized the post-petition disbursement of  
16 the July rent payment.<sup>2</sup> Said Order denied the payments made to CEO Bjorn Ervell. The Court  
17 also ordered that Mr. Ervell reimburse the estate the amount paid, or \$1,766.66; Mr. Ervell  
18 reimbursed the Estate said amount. Said Order also did not make any finding as to whether the  
19 Debtor’s container sale transactions constitute ordinary course of business transactions.

20 **2. Motion to Appoint a Chapter 11 Trustee, or, in the Alternative,**  
21 **Convert This Case to a Chapter 7**

22 After the petition date, the Complaining Suppliers, on August 15, 2017, filed a Motion to  
23 Appoint a Chapter 11 Trustee, or, in the Alternative, Convert This Case to a Chapter 7 (the  
24 “Conversion Motion”). Doc No. 22. Said Conversion Motion is set for hearing on September 21,  
25 2017, at 2:00 p.m. in the above-captioned Court.

26 \_\_\_\_\_  
27 <sup>2</sup> As a result, the pre-petition wage liabilities listed on Schedule E for Scott Lam (\$900.82) and Susanti Sutiono  
28 (\$1,208.33) were already paid. Thus, the Plan shall make no payment to Mr. Lam or Ms. Sutiono.



1 The Debtor also has filed applications to employ all professionals needed to implement the  
2 Debtors' Plan. On August 7, the Court entered an Order Granting Application to Employ  
3 Counsel – authorizing the firm of Belvedere Legal, PC, as counsel for the Debtor-in-Possession.  
4 Doc No. 16. On October 11, 2017, the Debtor filed the Application for Order Authorizing  
5 Employment of Accountant – seeking to employ Employ Bacheki, Crom & Co., LLP, Certified  
6 Public Accountant (“Accountant”) as the Estate’s Accountant. Doc No. 46. On October 18, 2017,  
7 the Debtor filed the Application for Order Authorizing Employment of SB Law as Special  
8 Counsel in Vietnam. Doc No. 54. Both applications to employ professional are presently pending  
9 before the court.

10 **D. The Plan Does Not Propose to Recover Containers that the Debtor Sold Pre-**  
11 **Petition to Bona Fide Purchasers Without First Notifying the Container Suppliers**

12 The container leases at issue in the case could arguably be construed either as operating  
13 leases or financing leases. For the reasons that follow, the Debtor takes the position that said  
14 leases constitute financing leases such that the container supplies that recorded UCC-1s pre-  
15 petition consummated secured transactions with the Debtor. Section 1203 of the California  
16 Commercial Code identifies, in materiel part, a secured transaction depending on the following  
17 factors:

18 (a) Whether a transaction in the form of a lease creates a lease or security interest is  
19 determined by the facts of each case.

20 (b) A transaction in the form of a lease creates a security interest if the  
21 consideration that the lessee is to pay the lessor for the right to possession and use of the  
22 goods is an obligation for the term of the lease and is not subject to termination by the  
23 lessee, and:

24 (1) the original term of the lease is equal to or greater than the remaining economic  
25 life of the goods;

26 (2) the lessee is bound to renew the lease for the remaining economic life of the  
27 goods or is bound to become the owner of the goods;

28 (3) the lessee has an option to renew the lease for the remaining economic life of  
the goods for no additional consideration or for nominal additional consideration upon  
compliance with the lease agreement; or

(4) the lessee has an option to become the owner of the goods for no additional  
consideration or for nominal additional consideration upon compliance with the lease  
agreement.

Cal. Com. Code § 1203. Here, due to the fact that the above-factors apply to the Container  
Supplier’s UCC-1s, said transactions constitute secure transactions.

1           Where, as a here, the Debtor sold containers owned by the container suppliers pre-petition  
2 without first declaring the applicable purchase option or otherwise notifying the container  
3 suppliers, the question arises, who has priority: the bona fide purchaser, or the innocent secured  
4 creditor?

5           Section 9-320 of the California Commercial Code takes the position that the bona fide  
6 purchaser takes priority. A buyer in the ordinary course of business -a bona fide purchaser - takes  
7 free of the security interest created by the seller, even if said security interest is protected and the  
8 buyer knows of its existence.

9           Section 1201 of the California Commercial Code defines bona fide purchasers as follows:

10           (9) “Buyer in ordinary course of business” means a person that buys goods in good faith,  
11 without knowledge that the sale violates the rights of another person in the goods, and in  
12 the ordinary course from a person, other than a pawnbroker, in the business of selling  
13 goods of that kind. A person buys goods in the ordinary course if the sale to the person  
14 comports with the usual or customary practices in the kind of business in which the seller  
15 is engaged or with the seller's own usual or customary practices. A person that sells oil,  
16 gas, or other minerals at the wellhead or minehead is a person in the business of selling  
17 goods of that kind. A buyer in ordinary course of business may buy for cash, by exchange  
18 of other property, or on secured or unsecured credit, and may acquire goods or documents  
19 of title under a preexisting contract for sale. Only a buyer that takes possession of the  
20 goods or has a right to recover the goods from the seller under Division 2 (commencing  
21 with Section 2101) may be a buyer in ordinary course of business. “Buyer in ordinary  
22 course of business” does not include a person that acquires goods in a transfer in bulk or as  
23 security for or in total or partial satisfaction of a money debt.

24 Cal. Com. Code § 1201 (West)

25           In sum, the purchase option contracts created a deferred sale agreement. The leases  
26 functioned as nothing more than deferred sale agreements, where the purchase price was secured  
27 by the containers. The container leaseholders, understandably, filed UCC-1s to perfect their  
28 security interest in the containers sold.

          Here, there are two parties, potentially harmed by the Debtor’s pre-petition action – bona  
fide purchasers and the container supplier creditors. The California Commercial Code needed to  
determine which side of said transaction to give priority and selected the bona fide purchaser.

          Thus, the Debtor’s Plan will not pursue recovery of the containers sold pre-petition to bona  
fide purchasers where the purchase option was not declared due to the fact that all of said

1 purchasers constitute bona fide purchasers, who paid fair market consideration to Seateq pre-  
2 petition for said transactions.

3 **E. The Plan Does Not Propose to Recover Pre-Petition Transfers to or for the**  
4 **benefit of an insider entity Gotland Storage Management, Inc., an insider entity**  
5 **("ZEM")**

6 The container sales to ZEM during the two (2) year pre-petition period, which summary  
7 totals approximately \$30,246.00. However, ZEM purchased said containers for valuable  
8 consideration and already paid Seateq pre-petition a total sales price of \$34,681.00. As Seateq  
9 already received a net profit of \$4,435.00 from said transfers to ZEM, Seateq has no cause to  
10 assert a claim against ZEM. For said reason, the Plan does not propose any action to recover the  
11 containers that Seateq sold pre-petition to ZEM.

12 **F. Recovery of Pre-Petition Payments Made to Insider Note-Holders**

13 Thus, the actual value of preference claims that the Debtor has against insider note-holders  
14 during the two (2) year lookback period is \$86,252.63. Said amount is broken down as follows:  
15 Diane Ervin (\$8,331.06); Alexander Ervell (\$8,203.83); Bjorn Ervell (\$62,788.84); Frederick  
16 Ervell (\$4,202.14); and Patrick Ervell (\$2,726.76) – for a total amount of \$86,252.63.

17 Per the Plan, the Debtor's principal, Mr. Bjorn Ervell, proposes to work to implement the  
18 liquidation Plan for 12 calendar months, without salary. The value of Mr. Ervell's fair market  
19 salary is approximately \$10,000.00 monthly. Said figure annualized would equal \$120,000.00 –  
20 in excess of total paid to insiders during the two (2) pre-petition lookback period.

21 The Debtor further believes that the settlement meets the below standards established by  
22 the Ninth Circuit Court of Appeals to determine the fairness, reasonableness, and adequacy of a  
23 settlement:

- 24 (a) the probability of success in the litigation;
- 25 (b) the difficulties, if any, to be encountered in the matter of collection;
- 26 (c) the complexity of the litigation involved, and the expense, inconvenience and delay  
27 necessarily attending it; and
- 28 (d) the paramount interest of the creditors and a proper deference to their reasonable views.

1 In re *A & C Properties*, 784 F.2d 1377, 1381 (9th Cir. 1986), quoting *In re Flight Transportation*  
2 *Corp. Securities Litigation*, 730 F.2d 1128, 1135 (8th Cir. 1984).

3 Specifically, the Debtor has reviewed the cost-benefit analysis of litigating said insider  
4 preference claims and determined that the above-settlement terms are in the best interests of the  
5 estate and its creditors. Mr. Ervell's flexibility in working without salary for 12 months is a necessary  
6 component of plan implementation, where, as here, the monthly budget is so low and Mr. Ervell has  
7 been designed as the Debtor's representative in the collection petition filed in the Court in Vietnam.

8 The Order confirming Plan shall constitute approving said settlement pursuant to Federal Rule  
9 of Bankruptcy Procedure 9019.

10 **G. Tax Consequences of Plan**

11 CREDITORS AND INTEREST HOLDERS CONCERNED WITH HOW THE PLAN  
12 MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR OWN  
13 ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS. The following disclosure of possible  
14 tax consequences is intended solely for the purpose of alerting readers about possible tax issues  
15 this Plan may present to the Debtor. The Proponent CANNOT and DOES NOT represent that the  
16 tax consequences contained below are the only tax consequences of the Plan because the Tax  
17 Code embodies many complicated rules which make it difficult to state completely and accurately  
18 all the tax implications of any action. The following are the tax consequences that the Plan will  
19 have on the Debtor's tax liability. The Debtor does not anticipate any adverse tax  
20 consequences from this Plan of Liquidation. The Debtor has net operating losses. The Debtor's  
21 Accountant will verify the net operating losses on the Debtor's tax returns for 2017 and 2018.

22 **H. Risk Factors**

23 Successful implementation of the plan will depend on the Debtor's ability to generate  
24 receivable income from three (3) sources: 1) the final award year of the Debtor's contract with the  
25 United States Military; 2) successful prosecution of a pre-petition collection lawsuit in Vietnam  
26 against a Vietnamese corporate entity; and 3) successful collection of certain, other, more-to-

1 difficult-to-collect receivables the Debtor labels “Doubtful Receivables”. For a detailed  
2 description of each receivable, please see sections III.E, III.F, and III.G, as well as Exhibit A-B.

3 **III. CONFIRMATION REQUIREMENTS AND PROCEDURES**

4 **A. Who May Vote or Object**

5 **In General.**

6 The Honorable Hannah L. Blumenstiel, United States Bankruptcy Court, has not yet set a  
7 date for the hearing on the Confirmation of the Plan. Notwithstanding, provided that the Court  
8 approves the adequacy of disclosure in the DS, the Debtor reasonably anticipates that the hearing  
9 on the Confirmation of the Plan will occur on December 21, 2017, at 10:00 a.m. before the  
10 Honorable Hannah L. Blumenstiel, United States Bankruptcy Court, 16<sup>th</sup> Floor, Courtroom 19,  
11 450 Golden Gate Avenue, San Francisco, CA 94102. Provided the Court approves the DS on  
12 November 30, 2017, the Debtor will move ex-parte for an order shortening time to allow for a 21-  
13 day notice period between the November 30, 2017 Disclosure Statement on the DS and the  
14 proposed December 21, 2017 confirmation hearing date. In the event that the DS is not approved,  
15 the Debtor will schedule a confirmation hearing at the earliest possible date in January 2018, as  
16 permitted by the Court.<sup>3</sup> The Plan can be implemented only if accepted by the requisite  
17 percentage of creditors and confirmed by the Bankruptcy Judge. Creditors entitled to vote should  
18 vote on the Plan by filling out and mailing the accompanying ballot to counsel. There is no  
19 assurance that, if accepted, the Plan will be confirmed by the Bankruptcy Judge.

20 **Voting.**

21 Only impaired classes under the Plan will be entitled to vote on the Plan. The definition of  
22 an “impaired” class of Creditors is set forth in Section 1124 of the Title 11, United States Code,  
23 Section 101 et seq. (the “Bankruptcy Code”). Classes impaired by the Plan and entitled to vote. No  
24 other classes are impaired under the Plan.

25 Pursuant to Section 1126(f) of the Bankruptcy Code, a class that is not impaired under the

26 \_\_\_\_\_  
27 <sup>3</sup> If the confirmation hearing occurs in January 2018, the Debtor will commence the 2018 Quarter 1 distributions  
immediately on the Plan’s Effective Date, in lieu of January 1, 2018.

1 Plan, and each holder of a claim of such class, are conclusively presumed to have accepted the  
2 Plan, and solicitation of acceptances with respect to such class from the holders of claims of such  
3 class is not required. The Bankruptcy Code defines “acceptance” of a plan by a class of creditors  
4 as acceptance by the holders of two-thirds (2/3) in dollar amount and more than one-half (1/2) in  
5 number of the claims of that class which actually cast ballots for acceptance or rejection of the  
6 Plan.

7 In addition to the requirement that a creditor be in an “impaired class”, in order for a  
8 creditor’s vote to be counted, either for or against the Plan, the creditor must have either (1) filed  
9 a proof of claim on or before November 20, 2017 or, if a governmental unit, by the statutory  
10 deadline of Sections 101 (27) and 502(b) of the Bankruptcy Code or (2) have been listed by the  
11 Debtor in the Schedule of Liabilities as having a claim which was non-contingent and undisputed.

12 **IF YOU HAVE ALREADY FILED A CLAIM YOU NEED NOT REFILE FOR THE**  
13 **PURPOSE OF VOTING ON THE PLAN.**

14 If a creditor wishes to vote for or against the Plan, the creditor should complete an  
15 acceptance or rejection of the Plan on the form ballot enclosed herewith which must be returned  
16 pursuant to the instructions set forth thereon.

17 **Confirmation**

18 If no impaired creditor classes accept the Plan, it cannot be confirmed. If at least one  
19 impaired class of creditors accepts the Plan, the Court will hold a confirmation hearing. At the  
20 Confirmation hearing, the Bankruptcy Judge has the duty to determine whether the Plan meets  
21 the requirements of Section 1129 of the Bankruptcy Code. The principal requirements of Section  
22 1129 include the following: (1) that the proponents of the Plan have complied with the applicable  
23 provisions of the Bankruptcy Code on all matters connected with the case; (2) that the Plan has  
24 been proposed in good faith, and not by any means forbidden by law; (3) that the requisite amount  
25 of creditors have accepted the Plan or that the creditors are receiving an amount not less than  
26 they would receive if liquidation under chapter 7 took place; (4) that at least one class of creditors

1 has accepted the Plan; and (5) that confirmation of the Plan is not likely to be followed by  
 2 liquidation, or the need for further financial reorganization of the debtor; and (6) that the Debtor  
 3 and the Plan in all other respects comply with applicable law. Only if such determinations are  
 4 made will the Judge confirm the Plan.

5 If there are impaired creditor classes which have rejected the Plan, the Bankruptcy Judge  
 6 may order confirmation over its rejection, but only if the Judge first determines that the rights of  
 7 non-consenting classes of creditors are protected under Bankruptcy Code Section 1129(b) and  
 8 other applicable law. The Debtor reserves the right to seek confirmation under Bankruptcy Code  
 9 Section 1129(b) of this Plan.

10 **B. Claim Classification Analysis**

11 Here, the Debtor has divided creditor claims into the following classes

Class	Creditor	Amount
Class 1	CNB (secured)	\$90,918.62
Class 2	CAI (unsecured post-petition)	\$1,786,489.00
Class 3	SeaCube (unsecured post-petition)	\$1,010,855.00
Class 4	Remaining Container Suppliers (unsecured)	\$1,796,387.00
Class 5	All Remaining Non-Insider General Unsecured Claims	\$510,025.17
Class 6	Insider Claims	\$322,669.15
Class 7	Interests of the Debtor	n.a.

23 Here, it is reasonably anticipated that the Debtor's Plan is confirmable only through the  
 24 non-consensual cramdown requirements of section 1129(b) of the Bankruptcy Code. The plan  
 25 does not discriminate unfairly because the Debtor reasonably anticipates that all Container  
 26 Suppliers – creditors in classes 2-4 – will object and/or vote against the Plan, due to the  
 27

1 Conversion Motion pending. Due to size of said claim, it makes no difference whether said  
 2 claims are classified together as a general unsecured class or separately – for clarity’s sake – as  
 3 proposed herein. Thus, the size of the claims of the Container Suppliers dwarf the claims of all  
 4 other general unsecured creditors and would cause the general unsecured class to vote as a whole  
 5 against the Plan. However, either way, CNB must be classified separately as the only secured  
 6 claimant, via the UCC-1 against “All Debtor Assets.” Thus, the Debtor’s Plan is confirmable  
 7 pursuant to the cramdown provisions of section 1129(b) provided that CNB votes in favor of the  
 8 Plan.

9 **C. Liquidation Analysis**

10 The following chart demonstrates what creditors would receive if the case were converted  
 11 to a Chapter 7 case:

12 Personal Property:

Description	Liquidation Value	Secured Claim	Amt of Exemption	Net Proceeds
Cash <sup>4</sup>	\$50,341.31			\$3,577.54
U.S. Military Supply Award	\$20,000.00			\$20,000.00
Vietnam Accounts Receivable	\$394,086.00 But valued at \$200,000 due to difficulty in collection			\$200,000.00
Doubtful Receivables	\$232,632.95. But valued at \$100,000 due to difficulty in collection			\$100,000.00
Office Furniture and Equipment	\$53,192.32			53,192.32
<b>TOTAL</b>				<b>\$376,769.86</b>

23 <sup>4</sup> Balances as of 10/16/2017

<b>Account</b>	<b>Amount</b>
Account X72364 (General DIP Account)	\$3,577.54
Account X2372 (Payroll Account)	\$0.00
Account X2370 (Cash Collateral Account)	\$0.00
Trust Account with Debtor’s Counsel	\$0.00
<b>Total</b>	<b>\$3,577.54</b>

1	Net Proceeds of Real Property and Personal Property	<b>\$376,769.86</b>
2	Recovery from Preferences / Fraudulent Conveyances	\$43,126.32
3	Chapter 7 Administrative Claims	(\$45,000.00)
4	Chapter 11 Administrative Claims	(\$45,000.00)
5	Priority Claims	(\$2,542.90)
6	Secured Claim of CNB (secured via UCC-1)	(\$90,918.62)
7	Chapter 7 Trustee Fees	(\$22,088.49)
8	Chapter 7 Trustee's Professionals	(\$100,000.00)
9		
10	NET FUNDS AVAILABLE FOR DISTRIBUTION TO UNSECURED CREDITORS	\$59,346.17

11	Estimated Amount of Unsecured Claims (Excluding Insider Claims and CNB's secured claim)	\$5,101,273.38
12	Percent Distribution to Unsecured Creditors Under Proposed Plan	5%
13	Percent Distribution to Unsecured Creditors Under Liquidation Analysis	1%

14 The aforementioned liquidation analysis incorporates the following assumptions:

- 15 1) Should a Chapter 7 trustee prosecute preference actions against insider noteholders, the uncertainties inherent in litigation and related recovery justify a 50% reduction in the amount of the actual recovery (\$43,126.32), when compared with the preference amount (\$86,252.63).
- 16 2) Recovery of remaining receivables is contingent upon the continued involvement of the Debtor. The Debtor's principal, Mr. Ervell, has proposed to work without compensation to administer the liquidation. Mr. Ervell and/or other principals would not work without compensation in a Chapter 7 trustee's effort to operate the Debtor entity in order to recovery receivables
- 17 3) The Trustee's professionals inclusive of all litigation counsel and accountants would incur priority administrative expense of at least \$100,000.00 total.

18 **D. Feasibility Analysis**

19 **1. Feasibility Based on Projected Quarterly<sup>5</sup> Income Figures**

20	Income	Amount
21	Gross Revenue (Inclusive of Container Sales & Accounts Receivable Collection)	\$260,000.00
22	Costs of Good Sold	\$120,000.00
23	<b>A. Total Quarterly Income</b>	\$140,000.00

24 \_\_\_\_\_  
25 <sup>5</sup> Due to the fact that the Plan schedules quarterly distributions, the feasibility analysis has adjusted the monthly figures to quarterly schedule.

<b>Expenses</b> Includes Plan Payments on Secured Claims for Residence and Car	Amount
Lease	\$6,000.00
Employee Salaries (excluding Bjorn Ervell)	\$9,000
<b>B. Total Quarterly Expenses</b>	\$15,000.00

<b>C. Total Quarterly Disposable Income</b> (Line A - Line B)	\$125,000.00
---	--------------

<b>Plan Payments</b> in 2013 QIII and QIV (after CNB is paid in full)	Amount
Administrative Claims (paid per subsequent arrangement with professionals)	\$0.00
Priority Claims (paid in full on Effective Date)	\$0.00
Class 1- CNB - paid first (and in full) in 2018 QI and QII.	\$0.00
Classes 2 – 5 paid pro rata	[\$120,000]
Class 6	\$0.00
<b>D. Total Plan Payments</b>	\$120,000.00

<b>E. Plan Feasibility</b> (Line C - Line D) (Not feasible if less than zero)	\$5,000.00
--	------------

The feasibility analysis takes into consideration that the Debtor will have paid CNB in full by 2018 Quarter II, such that pro-rata payments to general unsecured creditors can begin in 2018 Quarter III.

**2. Effective Date Feasibility**

The Debtor Make the Effective Day Payments as evidenced by the following chart:

	Amount	Amount
A. Projected Total Cash on Hand on Effective Date		\$3,500.00
Payments on Effective Date		
Unclassified Claims		
Administrative Expense Claims	\$0.00	
Priority Claims	\$2,542.90	
U.S. Trustee Fees		
B. Total Payments on Effective Date		
<b>C. Net Cash on Effective Date</b> (Line A - Line B) (Not feasible if less than zero)		\$957.10



1 Dollars One hundred seventy-six thousand five hundred seventy-seyen and Cents eighty-  
2 one)f under the Lease Contract no. SEA/HDO-01 dated 01/11/2012, the Lease Contract no.  
3 SEA/HDO-01A dated 01/01/2012, and the Lease Contract no. SEA/HDO-01B dated  
4 01/11/2014 by and between Seateq Corporation and Hung Dao Container JSC., ("Lease  
5 Contract"); AND

- 6 • Request the defendant to return all rented equipment in accordance with the  
7 abovementioned Than, Crossroads 550, Song Than Industrial Zones, Binh Duong  
8 Province, Vietnam

9 (the "Collection Claims").

10 In 2012 Seateq owned 47 x 20', 14 x 40 and 14 x 40' high cube containers, which were  
11 stored at the depot of Hung Dao Container in Ho Chi Minh City ("HCMC"). In September 2012  
12 the containers were sold to Hung Dao for \$132,250. By the beginning of 2013, Seateq had not  
13 received payment and Hung Dao requested a payment to spread out over time. We agreed on a  
14 finance lease structure with three consecutive agreements, which gave Hung Dao three years to  
15 pay in monthly installments of \$5,140.- for a total of \$ 185,040.00. Hung Dao paid \$ 55,853.00  
16 and the last payment received was in May 2015 paying for the May 2013 invoice, leaving a  
17 current balance of \$165,086.00.- including late fees. The amount of the Hung Dao receivable is  
18 \$394,086.00, due to the fact that Hung Dao also owes the Debtor's estate the value of the containers  
19 (\$130,000.00). Attached as Exhibit A is a true and correct copy of the Hung Dao Container  
20 Balance Detail.

21 **G. Receivable – Doubtful Receivables**

22 Additionally, Seateq has certain, aged receivables where recovery is less-certain (the  
23 "Doubtful Receivables"). The total value of the Doubtful Receivables is \$232,632.95. the Debtor  
24 will pledge all resources – including the services of the Debtor's principal, Mr. Bjorn Ervell,  
25 working without compensation for 12 months – to recovery the Doubtful Receivables. However,  
26 due to difficulties with the collection of aged receivables, the Debtor reasonably anticipates  
27 recovery of approximately \$100,000.00

**IV. CONCLUSION**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

The Debtor believes that its Plan of Reorganization realistically affords to creditors their best opportunity for receiving a prompt, meaningful dividend. The Debtor respectfully requests creditors vote to accept the Plan.

Dated: October 18, 2017

/s/ Bjorn Ervell  
Bjorn Ervell  
Chief Executive Officer  
Debtor and Debtor-in-Possession

Dated: October 18, 2017

BELVEDERE LEGAL, P.C.  
/s/ Matthew D. Metzger  
Matthew D. Metzger  
*Attorneys for Debtor*

# **EXHIBIT A**

# SEATEQ CORPORATION

## Hung Dao Container Balance Detail

Applicable interest rate: 8% PA

No.	Date of invoice issuance	Invoice No.	Payment due date	Amount	Days	Years	Interest late payment
1	9/3/2013	CG2013-23	10/3/2013	\$5,140	1,474	4.04	\$1,659.45
2	10/1/2013	CG2013-25	10/31/2013	\$5,140	1,446	3.96	\$1,627.90
3	11/1/2013	CG2013-27	12/1/2013	\$5,140	1,415	3.87	\$1,592.98
4	12/1/2013	CG2013-28	12/31/2013	\$5,140	1,385	3.79	\$1,559.18
5	1/2/2014	CG2014-01	2/1/2014	\$5,140	1,353	3.70	\$1,523.13
6	2/1/2014	CG2014-04	3/3/2014	\$5,140	1,323	3.62	\$1,489.33
7	3/1/2014	CG2014-08	3/31/2014	\$5,140	1,295	3.55	\$1,457.79
8	4/1/2014	CG2014-10	5/1/2014	\$5,140	1,264	3.46	\$1,422.86
9	6/1/2014	CG2014-15	7/1/2014	\$5,140	1,203	3.29	\$1,354.14
10	7/1/2014	CG2014-20	7/31/2014	\$5,140	1,173	3.21	\$1,320.35
11	8/1/2014	CG2014-24	8/31/2014	\$5,140	1,142	3.13	\$1,285.42
12	9/2/2014	CG2014-29	10/2/2014	\$5,140	1,110	3.04	\$1,249.37
13	10/1/2014	CG2014-31	10/31/2014	\$5,140	1,081	2.96	\$1,216.70
14	11/3/2014	CG2014-32	12/3/2014	\$5,140	1,048	2.87	\$1,179.52
15	12/1/2014	CG2014-34	12/31/2014	\$5,140	1,020	2.79	\$1,147.98
16	1/5/2015	CG2015-01	2/4/2015	\$5,140	985	2.70	\$1,108.55
17	2/2/2015	CG2015-02	3/4/2015	\$5,140	957	2.62	\$1,077.01
18	3/2/2015	CG2015-04	4/1/2015	\$5,140	929	2.54	\$1,045.46
19	4/1/2015	CG2015-10	5/1/2015	\$5,140	899	2.46	\$1,011.66
20	5/1/2015	CG2015-12	5/31/2015	\$5,140	869	2.38	\$977.87
21	6/1/2015	CG2015-15	7/1/2015	\$5,140	838	2.29	\$942.94
22	7/1/2015	CG2015-17	7/31/2015	\$5,140	808	2.21	\$909.15
23	8/1/2015	CG2015-21	8/31/2015	\$5,140	777	2.13	\$874.22
24	9/1/2015	CG2015-22	10/1/2015	\$5,140	746	2.04	\$839.30
25	10/2/2015	CG2015-23	11/1/2015	\$5,140	715	1.96	\$804.37
26	11/2/2015	CG2015-??	12/2/2015	\$5,140	684	1.87	\$769.45
<b>Total</b>				<b>\$133,640</b>			<b>\$31,446.10</b>
<b>To be paid (USD)</b>				<b>\$165,086.10</b>			
<b>To be paid (VND)</b>				<b>3,757,359,580 VND</b>			
Applying the exchange rate of Joint Stock Commercial Bank for Foreign Trade of Vietnam dated 07 Sep 2017 1 USD = 22,760 VND							

# **EXHIBIT B**

**Seateq Corporation**  
**Transaction Report - AR Other**  
30-Sep-17

1210 Accounts Receivable Other		Date	Name	Memo/Description	Account	Amount	Comments
		12/31/2011	A+Containers Inc	7734, 51512	1210 Accounts Receivable Other	2,900.00	Old receivable doubtful able to collect
		12/31/2011	Appoint Transporters em Geral Limitada	54362	1210 Accounts Receivable Other	17,269.00	Old receivable doubtful able to collect
		12/31/2011	Box International S.R.L	54465	1210 Accounts Receivable Other	1,500.00	Old receivable doubtful able to collect
		12/31/2011	Cronos G&B V44 V45	NA	1210 Accounts Receivable Other	4,717.89	Old receivable doubtful able to collect
		12/31/2011	CSAV	17457, 17456	1210 Accounts Receivable Other	8,868.15	Old receivable doubtful able to collect
		12/31/2011	Everton	51813	1210 Accounts Receivable Other	8,311.58	Old receivable doubtful able to collect
		12/31/2011	Medbox Global S.L.U	54458	1210 Accounts Receivable Other	4,000.00	Old receivable doubtful able to collect
		12/31/2011	Namsung Shipping	17165	1210 Accounts Receivable Other	4.00	Old receivable doubtful able to collect
		12/31/2011	Riteway Container	53679	1210 Accounts Receivable Other	1,625.00	Old receivable doubtful able to collect
		12/31/2011	Seacon Mobile Storage	7316,7339,7342, 54359	1210 Accounts Receivable Other	6,437.33	Old receivable doubtful able to collect
		01/31/2015		Reclass the Accrued General Hung Dao CJ20130835 to AR	1210 Accounts Receivable Other	132,250.00	Reclass to Finance Lease
<b>Total for 1210 Accounts Receivable Other</b>						<b>\$ 187,882.95</b>	

**Seateq Corporation**  
**A/R Aging Summary**  
As of September 2017

		<u>91 and over</u>	Comments
	Anthony Vernaza	3,000.00	Cannot get hold of customer
	Benjamin Wolf	4,100.00	Cannot get hold of customer
	Jason Cruz Equipment Services	2,400.00	Cannot get hold of customer, spoke to Senior and he cannot help
	Midsouth Container Sales & Surveying	950.00	Got divorce and bankrupt
	OC Container Corp	33,000.00	Cannot get hold of customer, Moved to Taiwan
	Target Steel & Sea Container Sales	1,300.00	bankrupt
<b>Total for 1200 Accounts Receivable Trade</b>		<b>\$ 44,750.00</b>	
<b>Total Doubtful Debt</b>		<b>\$ 232,632.95</b>	