GREEN MOUNTAIN RECOVERY, INC.
Form 10-Q
May 13, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

X . **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2009

. **TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE EXCHANGE ACT**

For the transition period from ___________ to _____________

GREEN MOUNTAIN RECOVERY, INC.

(Exact name of small business issuer as specified in its charter)

Delaware	333- 144982	26-0252191
(State or other jurisdiction of incorporation or organization)	(Commission file number)	(IRS Employer Identification No.)

39 Broadway

New York, New York 10006

(Address of principal executive offices)

(212) 363-7500

(Issuer's telephone number)

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2)has been subject to such filing requirements for the past 90 days. Yes X . No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (Check one):

Large Accelerated Filer . Accelerated Filer . Non-Accelerated Filer . Smaller Reporting Company X .

Indicate by check mark whether the registrant is a shell company as defined in Rule 12b-2 of the Exchange Act.

Yes . No X .

State the number of shares outstanding of each of the issuer’s classes of common equity, as of the latest practicable date: 2,500,000 shares of Common Stock, as of May ____, 2009.

GREEN MOUNTAIN RECOVERY, INC.

FORM 10-Q

March 31, 2009

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ITEM 1. Financial Information

GREEN MOUNTAIN RECOVERY, INC.

March 31, 2009 and 2008

GREEN MOUNTAIN RECOVERY, INC.

Consolidated Balance Sheets

	March 31, 2009 (Unaudited)	December 31, 2008
ASSETS		
Current Assets		
Cash	$ 21,600	$ 22,174
Purchased accounts receivable	168,075	183,693
Total Current Assets	189,675	205,867
TOTAL ASSETS	$ 189,675	$ 205,867
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accrued expenses	$ 24,123	$ 40,221
Due to officers/shareholders	211,320	211,320
Total Current Liabilities	235,443	251,541
Stockholders' Deficit		
Preferred stock: $0.0001 par value; 1,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock: $0.0001 par value; 99,000,000 shares authorized; 2,500,000 shares issued and outstanding	2,500	2,500
Additional paid-in capital	40,400	40,400
Accumulated deficit	(88,668)	(88,574)
Total Stockholders Deficit	(45,768)	(45,674)
TOTAL LIABILITIES AND STOCKHOLDERS DEFICIT	$ 189,675	$ 25,867

See accompanying notes to the financial statements.

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GREEN MOUNTAIN RECOVERY, INC.

Consolidated Statements of Operations

(Unaudited)

	For the Three Months Ended March 31, 2009	For the Three Months Ended March 31, 2008
Revenue:		
Collection revenue	$ 28,182	$ -
Total revenue	28,182	-
Operating Expenses:		
Collection fees	$ 19,019	$ -
Professional fees	4,526	3,500
General and administrative	4,731	715
Total operating expenses	28,276	4,215
Loss before income taxes	(94)	(4,215)
Provision for income taxes	-	-
Net loss	$ (94)	$ (4,215)
Net loss per common share - basic and diluted	$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding basic and diluted	2,500,000	2,500,000

See accompanying notes to the financial statements.

GREEN MOUNTAIN RECOVERY, INC.

Consolidated Statements of Cash Flows

(Unaudited)

	For the Three Months Ended March 31, 2009	For the Three Months Ended March 31, 2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (94)	$ (4,215)
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Decrease in purchased accounts receivable	15,618	-
Decrease in accounts payable and accrued expenses	(16,098)	(10,123)
Net Cash Used in Operating Activities	(574)	(14,338)
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to officer/stockholder	-	4,000
Net Cash Provided by Financing Activities	-	4,000
NET CHANGE IN CASH	(574)	(10,338)
CASH AT BEGINNING OF PERIOD	22,174	12,822
CASH AT END OF PERIOD	$ 21,600	$ 2,484
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ -	$ -
Taxes paid	$ 2,075	$ 400

See accompanying notes to the financial statements.

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GREEN MOUNTAIN RECOVERY, INC.

March 31, 2009 and 2008

Notes to the Consolidated Financial Statements

(Unaudited)

NOTE 1 - ORGANIZATION

Green Mountain Recovery, Inc. (GMR or the Company) was incorporated in the State of Delaware on May 17, 2007. The Company provides accounts receivable management and collection for purchased portfolios of receivables that have been charged off by their original holders. The Company focuses on charged-off credit card receivables. The portfolios are purchased at a discount to their face value, and then the Company uses third party collection agencies to maximize the recovery on these receivables.

On June 26, 2008, the company formed GMR Credit LLC (LLC) under the laws of the State of New York. The LLC, of which the Company is the sole member, was formed to provide the same services as GMR.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for interim financial information and with the rules and regulations of the United States Securities and Exchange Commission (SEC) to Form 10 and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The unaudited interim consolidated financial statements furnished reflect all adjustments (consisting of normal recurring accruals) which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. These financial statements should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2008 and notes thereto contained in the Company s Annual Report on Form 10-K, filed on March 30, 2009.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents.

Fair Value of Financial Instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. The carrying amounts of financial assets and liabilities, such as cash, purchased accounts receivable, accrued expenses, income taxes payable and due to officers/shareholders approximate their fair values because of the short maturity of these instruments.

Revenue Recognition

Purchased Accounts Receivable:

The Company applies American Institute of Certified Public Accountants (AICPA) Statement of Position 03-3, Accounting for Loans or Certain Securities Acquired in a Transfer (SOP 03-3). SOP 03-3 addresses accounting for differences between contractual versus expected cash flows over an investor s initial investment in certain loans when such differences are attributable, at least in part, to credit quality.

The Company uses all available information to forecast the cash flows of its purchased accounts receivable including, but not limited to, credit scores of the underlying debtors, seller s credit policies, and location of the debtor.

The Company acquired the accounts receivable in portfolios that were recorded at cost, which includes external costs of acquiring portfolios. Once a portfolio is acquired, the accounts in the portfolio are not changed, unless replaced, returned or sold. All acquired accounts receivable have experienced deterioration of credit quality between origination and the Company s acquisition of the accounts receivable, and the amount paid for a portfolio of accounts receivable reflects the Company s determination that it is probable the Company will be unable to collect all amounts due according to each loan s contractual terms. The Company considers expected collections, and estimates the amount and timing of undiscounted expected principal, interest, and other cash flows (expected at acquisition). The Company determines the nonaccretable difference, or the excess of the portfolio s contractual principal over all cash flows expected at acquisition as an amount that should not be accreted. The remaining amount represents accretable yield, or the excess of the portfolio s cash flows expected to be collected over the amount paid, and is accreted into earnings over the remaining life of the portfolio.

At acquisition, the Company derives an internal rate of return (IRR) based on the expected monthly collections over the estimated economic life of the portfolio of accounts receivable compared to the original purchase price. Collections on the portfolios are allocated to revenue and principal reduction based on the estimated IRR for each accounts receivable. Revenue on purchased accounts receivable is recorded monthly based on applying the effective IRR for the quarter to its carrying value. Over the life of a portfolio, the Company continues to estimate cash flows expected to be collected. The Company evaluates at the balance sheet date whether the present value of its portfolio determined using the effective interest rates has decreased, and if so, records an expense to establish a valuation allowance to maintain the original IRR established at acquisition. Any increase in actual or estimated cash flows expected to be collected is first used to reverse any existing valuation allowance for that portfolio, or aggregation of portfolios, and any remaining increases in cash flows are recognized prospectively through an increase in the IRR. The updated IRR then becomes the new benchmark for subsequent valuation allowance testing.

Income Taxes

The Company follows Statement of Financial Accounting Standards No. 109 *Accounting for Income Taxes* (SFAS No. 109), which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statements of income and comprehensive income in the period that includes the enactment date.

Net loss per common share

Basic net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock and potentially outstanding shares of common stock during each period. There were no potentially dilutive shares outstanding as of March 31, 2009 or 2008.

Recently issued accounting standards

In June 2003, the Securities and Exchange Commission (SEC) adopted final rules under Section 404 of the Sarbanes-Oxley Act of 2002 (Section 404), as amended by SEC Release No. 33-8934 on June 26, 2008. Commencing with its annual report for the fiscal year ending December 31, 2009, the Company will be required to include a report of management on its internal control over financial reporting. The internal control report must include a statement

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of management s responsibility for establishing and maintaining adequate internal control over its financial reporting;

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of management s assessment of the effectiveness of its internal control over financial reporting as of year end; and

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of the framework used by management to evaluate the effectiveness of the Company s internal control over financial reporting.

Furthermore, in the following fiscal year, it is required to file the auditor s attestation report separately on the Company s internal control over financial reporting on whether it believes that the Company has maintained, in all material respects, effective internal control over financial reporting.

In May 2008, the FASB issued Statement of Financial Accounting Standard No. 162 The Hierarchy of Generally Accepted Accounting Principles (SFAS 162). The purpose of this standard is to provide a consistent framework for determining what accounting principles should be used when preparing U.S. GAAP financial statements. SFAS 162 categorizes accounting pronouncements in a descending order of authority. In the instance of potentially conflicting accounting principles, the standard in the highest category must be used. This statement will be effective 60 days after the SEC approves the Public Company Accounting and Oversight Board s related amendments. The Company believes that SFAS 162 will have no impact on their existing accounting methods.

In April 2009, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) Financial Accounting Standard (FAS) 157-4 Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly . Based on the guidance, if an entity determines that the level of activity for an asset or liability has significantly decreased and that a transaction is not orderly, further analysis of transactions or quoted prices is needed, and a significant adjustment to the transaction or quoted prices may be necessary to estimate fair value in accordance with Statement of Financial Accounting Standards (SFAS) No. 157 Fair Value Measurements . This FSP is to be applied prospectively and is effective for interim and annual periods ending after June 15, 2009 with early adoption permitted for periods ending after March 15, 2009. The company will adopt this FSP for its quarter ending June 30, 2009. There is no expected impact on the financial statements.

In April 2009, the FASB issued FSP FAS 107-1 and Accounting Principles Board (APB) 28-1 Interim Disclosures about Fair Value of Financial Instruments . The FSP amends SFAS No. 107 Disclosures about Fair Value of Financial Instruments to require an entity to provide disclosures about fair value of financial instruments in interim financial information. This FSP is to be applied prospectively and is effective for interim and annual periods ending after June 15, 2009 with early adoption permitted for periods ending after March 15, 2009. The company will include the required disclosures in its quarter ending June 30, 2009.

In April 2008, the FASB issued FSP FAS 142-3, Determination of the Useful Life of Intangible Assets . The FSP states that in developing assumptions about renewal or extension options used to determine the useful life of an intangible asset, an entity needs to consider its own historical experience adjusted for entity-specific factors. In the absence of that experience, an entity shall consider the assumptions that market participants would use about renewal or extension options. This FSP is to be applied to intangible assets acquired after January 1, 2009. The adoption of this FSP did not have an impact on the financial statements.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

NOTE 3 - GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. At March 31, 2009, the Company has minimal revenues, has negative working capital and has an accumulated deficit of $88,668.

While the Company is attempting to generate sufficient revenues, the Company s cash position may not be significant enough to support the Company s daily operations. Management intends to raise additional funds by way of a public or private offering. Management believes that the actions presently being taken to further implement its business plan and generate sufficient revenues provide the opportunity for the Company to continue as a going concern. While the Company believes in the viability of its strategy to increase revenues and in its ability to raise additional funds, there can be no assurances to that effect. The Company s ability to continue as a going concern is dependent upon its ability to achieve profitable operations or obtain adequate financing. The financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

NOTE 4 INVESTMENT IN RECEIVABLE PORTFOLIOS

The Company applies American Institute of Certified Public Accountants (AICPA) Statement of Position 03-3, Accounting for Loans or Certain Securities Acquired in a Transfer (SOP 03-3). SOP 03-3 addresses accounting for differences between contractual versus expected cash flows over an investor s initial investment in certain loans when such differences are attributable, at least in part, to credit quality.

The Company uses all available information to forecast the cash flows of its purchased accounts receivable including, but not limited to, credit scores of the underlying debtors, seller s credit policies, and location of the debtor.

The Company acquires accounts receivable portfolios that are recorded at cost, which includes external costs of acquiring portfolios. Once a portfolio is acquired, the accounts in the portfolio are not changed, unless replaced, returned or sold. All acquired accounts receivable have experienced deterioration of credit quality between origination and the Company s acquisition of the accounts receivable, and the amount paid for a portfolio of accounts receivable reflects the Company s determination that it is probable the Company will be unable to collect all amounts due according to each loan s contractual terms. The Company considers expected collections, and estimates the amount and timing of undiscounted expected principal, interest, and other cash flows (expected at acquisition). The Company determines the nonaccretable difference, or the excess of the portfolio s contractual principal over all cash flows expected at acquisition as an amount that should not be accreted. The remaining amount represents accretable yield, or the excess of the portfolio s cash flows expected to be collected over the amount paid, and is accreted into earnings over the remaining life of the portfolio.

In compliance with SOP 03-3, the Company accounts for its investments in consumer receivable portfolios using either the interest method or the cost recovery method. The interest method applies an effective interest rate, or IRR based on the expected monthly collections over the estimated economic life of the portfolio of accounts receivable compared to the original purchase price. Collections on the portfolios are allocated to revenue and principal reduction based on the estimated IRR for each accounts receivable. Revenue on purchased accounts receivable is recorded monthly based on applying the effective IRR for the quarter to its carrying value. Over the life of a portfolio, the Company continues to estimate cash flows expected to be collected. The Company evaluates at the balance sheet date whether the present value of its portfolio determined using the effective interest rates has decreased, and if so, records an expense to establish a valuation allowance to maintain the original IRR established at acquisition. Any increase in actual or estimated cash flows expected to be collected is first used to reverse any existing valuation allowance for that portfolio, or aggregation of portfolios, and any remaining increases in cash flows are recognized prospectively through an increase in the IRR. The updated IRR then becomes the new benchmark for subsequent valuation allowance testing.

If the amount and timing of future cash collections on a pool of receivables are not reasonably estimable, the Company accounts for such portfolios on the cost recovery method as Cost Recovery Portfolios. The accounts in these portfolios have different risk characteristics than those included in other portfolios. Under the cost recovery method of accounting, no income is recognized until the purchase price of a Cost Recovery Portfolio has been fully recovered. As of March 31, 2009, one portfolio accounted for using the cost recovery method, consisting of $6,799 in net book value of investment in receivable portfolios. The Company no longer anticipates a sale of these receivable portfolios and has placed them with external collection agencies. Since the Company is no longer actively collecting on these accounts internally, it has classified them as Cost Recovery Portfolios. The $6,799 in net book value, reflects the value the Company expects to realize through the collection activities of the external agencies.

All collections realized after the net book value of a portfolio has been fully recovered (Zero Basis Portfolios) are recorded as revenue (Zero Basis Revenue). During the quarter ended March 31, 2009, there was no revenue recognized on portfolios for which the related cost basis has been fully recovered.

NOTE 5 DUE TO OFFICER/SHAREHOLDERS

The two officers/shareholders of the Company loaned $4,000 to the Company for working capital. The officers/shareholders also purchased portfolios of charged-off consumer debt originating from either New York or New Jersey totaling $4,967,026 and sold them to the Company for loans at their cost basis of $194,820. All loans to the officers/shareholders are payable on demand and bear no interest.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

Information set forth herein contains "forward-looking statements" which can be identified by the use of forward-looking terminology such as "believes," "expects," "may, should" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy. No assurance can be given that the future results covered by the forward-looking statements will be achieved. The Company cautions readers that important factors may affect the Company s actual results and could cause such results to differ materially from forward-looking statements made by or on behalf of the Company. These factors include the Company s lack of historically profitable operations, dependence on key personnel, the success of the Company s business, ability to manage anticipated growth and other factors identified in the Company's filings with the Securities and Exchange Commission, press releases and/or other public communications.

Plan of Operation

Our primary source of revenue is derived from cash collections on our purchased charged-off receivables portfolios. Since the credit originator, and in most cases other collection companies, have unsuccessfully attempted to collect these receivables, we are able to purchase them at a substantial discount to face value.

During 2008, the two officers/shareholders of the Company loaned $4,000 to the Company for working capital. The officers/shareholders also purchased portfolios of charged-off consumer debt originating from either New York or New Jersey totaling $4,967,026 and sold them to the Company for loans at their cost basis of $194,820. All loans to the officers/shareholders are payable on demand and bear no interest.

Beginning in the second quarter of 2008, the Company has purchased charged-off consumer debt originating from either New York or New Jersey and plans on collecting such debt using a legal collection model. In particular, in 2008, the Company purchased $4,967,025.37 of charged-off receivables at a cost of $194,819.50. The purchased debt consisted of 971 accounts of charged-off credit card debt and automobile deficiencies originating in the states of New York and New Jersey.

Under its legal collection model, the Company intends to outsource the collections of its debt portfolio to attorneys in New York and New Jersey that have experience in collecting debt. The Company will typically compensate the collection attorneys with a percentage of the amount of collections they achieve. As of March 31, 2009, the Company received $43,800 in revenues from its legal collection strategy.

The Company continues to intend to acquire portfolios of charged-off receivables to purchase that meet its criteria. Prices for charged-off accounts receivable portfolios have decreased over the past 9 months. Although we cannot give any assurances that prices will not drop further, we are determined to remain disciplined and purchase portfolios only when we believe we can achieve acceptable returns.

From time to time, we may sell previously acquired charged-off consumer receivables to third parties, retaining no claims to any of the subsequent collections. When we sell receivables prior to attempting any collection efforts, we record a gain or loss on sale by comparing the price paid for the receivables to the price received from the purchaser. If we sell receivables out of a portfolio that has received collections, we determine the basis of the sold receivables by using the pro rata share of the face amount sold to the current carrying value of the portfolio and then record the gain or the loss on sale by comparing the basis of the sold receivable to the price received from the purchaser.

We do not have sufficient resources to effectuate our business. As of March 31, 2009 we had approximately $21,600 in cash. We expect to require approximately $100,000 to fund operations over the next twelve months including general overhead expenses such as for salaries, corporate legal and accounting fees, office overhead and general working capital. Accordingly, we will have to raise the funds to pay for these expenses. We may have to borrow money from shareholders or issue debt or equity or enter into a strategic arrangement with a third party. Our officers will fund any expenses which arise until such time as the Company raises sufficient funds. There can be no assurance that additional capital will be available to us. We currently have no agreements, arrangements or understandings with any person to obtain funds through bank loans, lines of credit or any other sources. Since we have no such arrangements or plans currently in effect, our inability to raise funds for operations will have a severe negative impact on our ability to remain a viable company.

Critical Accounting Principles

Purchased Accounts Receivable:

The Company applies American Institute of Certified Public Accountants (AICPA) Statement of Position 03-3, Accounting for Loans or Certain Securities Acquired in a Transfer (SOP 03-3). SOP 03-3 addresses accounting for differences between contractual versus expected cash flows over an investor s initial investment in certain loans when such differences are attributable, at least in part, to credit quality.

The Company uses all available information to forecast the cash flows of its purchased accounts receivable including, but not limited to, credit scores of the underlying debtors, seller s credit policies, and location of the debtor.

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Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, income taxes are provided for amounts currently payable and for amounts deferred as tax assets and liabilities based on differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. Deferred income taxes are measured using the enacted tax rates that are assumed will be in effect when the differences reverse.

Recently Issued Accounting Pronouncements

In June 2003, the Securities and Exchange Commission (SEC) adopted final rules under Section 404 of the Sarbanes-Oxley Act of 2002 (Section 404), as amended by SEC Release No. 33-8934 on June 26, 2008. Commencing with its annual report for the fiscal year ending December 31, 2009, the Company will be required to include a report of management on its internal control over financial reporting. The internal control report must include a statement

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of management s responsibility for establishing and maintaining adequate internal control over its financial reporting;

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of management s assessment of the effectiveness of its internal control over financial reporting as of year end; and

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of the framework used by management to evaluate the effectiveness of the Company s internal control over financial reporting.

Furthermore, in the following fiscal year, it is required to file the auditor s attestation report separately on the Company s internal control over financial reporting on whether it believes that the Company has maintained, in all material respects, effective internal control over financial reporting.

In May 2008, the FASB issued Statement of Financial Accounting Standard No. 162 The Hierarchy of Generally Accepted Accounting Principles (SFAS 162). The purpose of this standard is to provide a consistent framework for determining what accounting principles should be used when preparing U.S. GAAP financial statements. SFAS 162 categorizes accounting pronouncements in a descending order of authority. In the instance of potentially conflicting accounting principles, the standard in the highest category must be used. This statement will be effective 60 days after the SEC approves the Public Company Accounting and Oversight Board s related amendments. The Company believes that SFAS 162 will have no impact on their existing accounting methods.

In April 2009, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) Financial Accounting Standard (FAS) 157-4 Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly . Based on the guidance, if an entity determines that the level of activity for an asset or liability has significantly decreased and that a transaction is not orderly, further analysis of transactions or quoted prices is needed, and a significant adjustment to the transaction or quoted prices may be necessary to estimate fair value in accordance with Statement of Financial Accounting Standards (SFAS) No. 157 Fair Value Measurements . This FSP is to be applied prospectively and is effective for interim and annual periods ending after June 15, 2009 with early adoption permitted for periods ending after March 15, 2009. The company will adopt this FSP for its quarter ending June 30, 2009. There is no expected impact on the financial statements.

In April 2009, the FASB issued FSP FAS 107-1 and Accounting Principles Board (APB) 28-1 Interim Disclosures about Fair Value of Financial Instruments . The FSP amends SFAS No. 107 Disclosures about Fair Value of Financial Instruments to require an entity to provide disclosures about fair value of financial instruments in interim financial information. This FSP is to be applied prospectively and is effective for interim and annual periods ending after June 15, 2009 with early adoption permitted for periods ending after March 15, 2009. The company will include the required disclosures in its quarter ending June 30, 2009.

In April 2008, the FASB issued FSP FAS 142-3, Determination of the Useful Life of Intangible Assets . The FSP states that in developing assumptions about renewal or extension options used to determine the useful life of an intangible asset, an entity needs to consider its own historical experience adjusted for entity-specific factors. In the absence of that experience, an entity shall consider the assumptions that market participants would use about renewal or extension options. This FSP is to be applied to intangible assets acquired after January 1, 2009. The adoption of this FSP did not have an impact on the financial statements.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying consolidated financial statements.

Management does not believe that any recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is subject to certain market risks, including changes in interest rates and currency exchange rates. The Company does not undertake any specific actions to limit those exposures.

Item 4. Controls and Procedures

Pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 (Exchange Act), the Company carried out an evaluation, with the participation of the Company s management, including the Company s Chief Executive Officer (CEO) and Chief Accounting Officer (CAO) (the Company s principal financial and accounting officer), of the effectiveness of the Company s disclosure controls and procedures (as defined under Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Company s CEO and CAO concluded that the Company s disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC s rules and forms, and that such information is accumulated and communicated to the Company s management, including the Company s CEO and CAO, as appropriate, to allow timely decisions regarding required disclosure.

Management s Report on Internal Controls over Financial Reporting

Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of consolidated financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. There has been no change in the Company s internal control over financial reporting during the quarter ended March 31, 2009 that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

The Company s management, including the Company s CEO and CAO, does not expect that the Company s disclosure controls and procedures or the Company s internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of the controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the company s internal control over financial reporting was effective as of March 31, 2009.

This quarterly report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this quarterly report.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Currently we are not aware of any litigation pending or threatened by or against the Company.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities.

None

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.

None

Item 6. Exhibits and Reports of Form 8-K.

(a) Exhibits

31.1 Certifications pursuant to Section 302 of Sarbanes Oxley Act of 2002

32.1 Certifications pursuant to Section 906 of Sarbanes Oxley Act of 2002

(b) Reports of Form 8-K

None.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GREEN MOUNTAIN RECOVERY, INC.

(Registrant)

/s/ Joseph Levi

Joseph Levi

Title: President and Chief Executive Officer

May 12, 2009

/s/ Eduard Korsinsky

Eduard Korsinsky

Title: Secretary and Chief Financial Officer

Principal Accounting Officer

May 12, 2009