GREEN MOUNTAIN RECOVERY, INC.
Form 10-Q
November 13, 2008

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

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

**OF 1934**

For the quarterly period ended September 30, 2008

**£ 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 S 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 S

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

Yes £ No S

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 November 10, 2008.

**GREEN MOUNTAIN RECOVERY, INC.**

**FORM 10-Q**

**September 30, 2008**

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**GREEN MOUNTAIN RECOVERY, INC.**


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**Item 1 Financial Information**

**GREEN MOUNTAIN RECOVERY, INC.**

Consolidated Balance Sheets

| | | September 30, 2008 (Unaudited) | | December 31, 2007 |
|---|---|---|---|---|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash | $ | 9,253 | $ | 12,822 |
| Purchased accounts receivable | | 194,098 | | 9,698 |
| Total current assets | | 203,123 | | 22,520 |
| TOTAL ASSETS | $ | 203,351 | $ | 22,520 |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | | | |
| Current Liabilities | | | | |
| Accrued expenses | $ | 21,031 | $ | 22,310 |
| Due to officers/shareholders | | 211,320 | | 12,500 |
| Total current liabilities | | 232,351 | | 34,810 |
| 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 | | (71,900) | | (55,190) |
| Total stockholders deficit | | (29,000) | | (12,290) |
| TOTAL LIABILITIES AND | $ | 203,351 | $ | 22,520 |

STOCKHOLDERS DEFICIT

See accompanying notes to the financial statements.

**GREEN MOUNTAIN RECOVERY, INC.**

Consolidated Statements of Operations

(Unaudited)

| | Three Months Ended September 30, 2008 | Three Months Ended September 30, 2007 |
|---|---|---|
| Revenue: | | |
| Collection Revenue | $ 1,650 | $ - |
| Total Revenue | 1,650 | - |
| | | |
| Operating Expenses: | | |
| Professional fees | 1,625 | 1,500 |
| Collection fees | 1,422 | - |
| General and administrative | 1,618 | 2,503 |
| Dues and Subscriptions | 950 | - |
| Media | 1,880 | - |
| Total operating expenses | 7,495 | 4,003 |
| | | |
| Loss before income taxes | (5,845) | (4,003) |
| | | |
| Provision for income taxes | - | - |
| | | |
| Net loss | $ (5,845) | $ (4,003) |
| | | |
| 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 Operations

(Unaudited)

| | Nine Months Ended September 30, 2008 | For the Period from May 17, 2007 Through (Inception) September 30, 2007 |
|---|---|---|
| Revenue: | | |
| Collection Revenue | $ 4,023 | $ - |
| Total Revenue | 4,023 | - |
| | | |
| Operating Expenses: | | |
| Professional fees | 11,625 | 39,372 |
| Collection fees | 3,795 | - |
| Organization costs | - | 485 |
| General and administrative | 2,483 | 2,503 |
| Dues and Subscriptions | 950 | - |
| Media | 1,880 | - |
| Total operating expenses | 20,733 | 42,360 |
| | | |
| Loss before income taxes | (16,710) | (42,360) |
| | | |
| Provision for income taxes | - | - |
| | | |
| Net loss | $ (16,710) | $ (42,360) |
| | | |
| Net loss per common share basic and diluted | | |

| | | | | |
|---|---|---|---|---|
| | | $ (0.00) | $ | (0.02) |
| Weighted average number of common shares outstanding basic and diluted | | 2,500,000 | | 2,438,051 |

See accompanying notes to the financial statements.

**GREEN MOUNTAIN RECOVERY, INC.**

Consolidated Statements of Cash Flows

(Unaudited)

| | Nine Months Ended September 30, 2008 | For the Period from May 17, 2007 (Inception) Through September 30, 2007 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | $ (16,710) | $ (42,360) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Stock compensation | - | 15,000 |
| Changes in assets and liabilities: | | |
| Decrease in purchased accounts receivables | 10,420 | - |
| Increase (decrease) in accrued expenses | (1,279) | 5,110 |
| Net Cash Used in Operating Activities | (7,569) | (22,250) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Sale of common stock | - | 7,894 |
| Contributions to capital | - | 18,206 |
| Due to officer/shareholders | 4,000 | - |
| Net Cash Provided by Financing Activities | 4,000 | 26,100 |
| NET CHANGE IN CASH | (3,569) | 3,850 |
| CASH AT BEGINNING OF PERIOD | 12,822 | - |
| CASH AT END OF PERIOD | $ 9,253 | $ 3,850 |

| | | |
|---|---|---|
| SUPPLEMENTAL SCHEDULE OF CASH FLOW ACTIVITIES: | | |
| Cash Paid For: | | |
| Income taxes | $ 400 | $ - |
| | | |
| NON-CASH INVESTING AND FINANCING | | |
| Accounts receivable purchased for debt | $ 194,820 | $ 10,001 |

See accompanying notes to the financial statements.

**GREEN MOUNTAIN RECOVERY, INC.**

Notes to the Consolidated Financial Statements

September 30, 2008 and 2007

(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 financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10 and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2008 are not necessarily indicative of the results

that may be expected for the year ending December 31, 2008. For further information, refer to the financial statements and footnotes thereto included in the Company's Transitional Report on Form 10-KSB, filed on March 31, 2008.

*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.

*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 September 30, 2008 or 2007.

*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 of management s responsibility for establishing and maintaining adequate internal control over its financial reporting; of management s assessment of the effectiveness of its internal control over financial reporting as of year end; and 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 December 2007, the FASB issued FASB Statement No. 141 (Revised 2007) *Business Combinations* ( SFAS No. 141(R) ), which requires the Company to record fair value estimates of contingent consideration and certain other potential liabilities during the original purchase price allocation, expense acquisition costs as incurred and does not permit certain restructuring activities previously allowed under Emerging Issues Task Force Issue No. 95-3 to be recorded as a component of purchase accounting. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008, except for the presentation and disclosure requirements, which shall be applied retrospectively for all periods presented. The Company has not determined the effect that the adoption of SFAS No. 141(R) will have on the financial results of the Company.

In December 2007, the FASB issued FASB Statement No. 160 *Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51* ( SFAS No. 160 ), which causes noncontrolling interests in subsidiaries to be included in the equity section of the balance sheet. SFAS No. 160 applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008, except for the presentation and disclosure requirements, which shall be applied retrospectively for all periods presented. The Company has not determined the effect that the adoption of SFAS No. 160 will have on the financial results of the Company.

In March 2008, the FASB issued FASB Statement No. 161 *Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133* ( SFAS No. 161 ), which changes the disclosure requirements for derivative instruments and hedging activities. Pursuant to SFAS No.161, Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity s financial position, financial performance, and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008 with

early application encouraged. SFAS No. 161 encourages but does not require disclosures for earlier periods presented for comparative purposes at initial adoption. In years after initial adoption, this Statement requires comparative disclosures only for periods subsequent to initial adoption. The Company does not expect the adoption of SFAS No. 161 to have a material impact on the financial results of the Company.

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 September 30, 2008, the Company has minimal revenues, has incurred losses since inception and has an accumulated deficit of $71,900.

While the Company is attempting to generate 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 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 DUE TO OFFICER/SHAREHOLDERS

During the year 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 $2,982,311 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

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 September 30, 2008, the Company had not yet received any revenues from its legal collection strategy but expects to see an increase in revenues over the next twelve months as a result of this 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.

We do not have sufficient resources to effectuate our business. As of September 30, 2008 we had approximately $9,253 in cash. We expect to require approximately $250,000 to fund operations over the next twelve months including for purchasing charged-off debt as well as for general overhead expenses such as for salaries, corporate legal

and accounting fees and office overhead. Our officers have loaned the Company $194,819.50 which the Company has used to purchase charged-off debt. Our officers may make additional loans to the Company until such time as the Company raises sufficient funds from third-parties or generates sufficient revenues to fund operations. 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.

The Company acquired the accounts receivable in a portfolio that was 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 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 of management s responsibility for establishing and maintaining adequate internal control over its financial reporting; of management s assessment of the effectiveness of its internal control over financial reporting as of year end; and 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.

On September 15, 2006, the FASB issued FASB Statement No. 157 *Fair Value Measurements* ( SFAS No. 157 ). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 is effective as of the beginning of the first fiscal year beginning after November 15, 2007. The Company does not anticipate that the adoption of this statement will have a material effect on the Company s financial condition and results of operations.

On February 15, 2007, the FASB issued FASB Statement No. 159 *The Fair Value Option for Financial Assets and Financial Liabilities: Including an amendment of FASB Statement No. 115* ( SFAS No. 159 ). SFAS No. 159 permits all entities to elect to measure many financial instruments and certain other items at fair value with changes in fair value reported in earnings. SFAS No. 159 is effective as of the beginning of the first fiscal year that begins after November 15, 2007, with earlier adoption permitted. The Company does not anticipate that the adoption of this statement will have a material effect on the Company s financial condition and results of operations.

In June 2007, the Emerging Issues Task Force of the FASB issued EITF Issue No. 07-3 *Accounting for Nonrefundable Advance Payments for Goods or Services to be Used in Future Research and Development Activities* ( EITF Issue No. 07-3 ) which is effective for fiscal years beginning after December 15, 2007. EITF Issue No. 07-3 requires that nonrefundable advance payments for future research and development activities be deferred and capitalized. Such amounts will be recognized as an expense as the goods are delivered or the related services are performed. The Company does not expect the adoption of EITF Issue No. 07-3 to have a material impact on the financial results of the Company.

In December 2007, the FASB issued FASB Statement No. 141 (Revised 2007) *Business Combinations* ( SFAS No. 141(R) ), which requires the Company to record fair value estimates of contingent consideration and certain other potential liabilities during the original purchase price allocation, expense acquisition costs as incurred and does not permit certain restructuring activities previously allowed under Emerging Issues Task Force Issue No. 95-3 to be recorded as a component of purchase accounting. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008, except for the presentation and disclosure requirements, which shall be applied retrospectively for all periods presented. The Company will adopt this standard at the beginning of the Company s fiscal year ending December 31, 2008 for all prospective business acquisitions. The Company has not determined the effect that the adoption of SFAS No. 141(R) will have on the financial results of the Company.

In December 2007, the FASB issued FASB Statement No. 160 *Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51* ( SFAS No. 160 ), which causes noncontrolling interests in subsidiaries to be included in the equity section of the balance sheet. SFAS No. 160 applies prospectively to business combinations

for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008, except for the presentation and disclosure requirements, which shall be applied retrospectively for all periods presented. The Company will adopt this standard at the beginning of the Company s fiscal year ending December 31, 2008 for all prospective business acquisitions. The Company has not determined the effect that the adoption of SFAS No. 160 will have on the financial results of the Company.

In March 2008, the FASB issued FASB Statement No. 161 *Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133* ( SFAS No. 161 ), which changes the disclosure requirements for derivative instruments and hedging activities. Pursuant to SFAS No.161, Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity s financial position, financial performance, and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008 with early application encouraged. SFAS No. 161 encourages but does not require disclosures for earlier periods presented for comparative purposes at initial adoption. In years after initial adoption, this Statement requires comparative disclosures only for periods subsequent to initial adoption. The Company does not expect the adoption of SFAS No. 161 to have a material impact on the financial results of the Company.

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.

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 September 30, 2008 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 September 30, 2008.

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.**

We are not aware of any material 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

November 13, 2008

*/s/ Eduard Korsinsky*

Eduard Korsinsky

Title: Secretary and Chief Financial Officer

Principal Accounting Officer

November 13, 2008