

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

**CASE NO.: 20-cv-81205-RAR**

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

COMPLETE BUSINESS SOLUTIONS  
GROUP, INC. d/b/a PAR FUNDING, et al.,

Defendants.

**DEFENDANTS' JOINT RESPONSE TO RECEIVER'S INTERIM STATUS REPORT  
DATED FEBRUARY 1, 2021 (DE 482)**

Defendants Joseph W. LaForte, Lisa McElhone and Joseph Cole Barleta respectfully submit this Response to the Receiver's Interim Status Report Dated February 1, 2021 (DE 482) ("the Report") regarding certain assertions made in the Report.

**POINT ONE**

**BECAUSE IT HAS FINALLY BEGUN TO RECEIVE DISCOVERY, THE DEFENSE IS PREPARING A RESPONSE TO THE DECEMBER 13, 2020 DSI REPORT AS WELL AS TO OTHER ASSERTIONS MADE BY THE RECEIVER**

On or about July 28, 2020, the Receiver took control over the books and records of Par Funding, FSP and other entities. Over the next weeks and months, the Receiver filed Status Reports with this Court making various claims as to the financial well-being of Par Funding and the integrity of its merchant clients, collateral and AR (accounts receivable). *See e.g.*, Notice of Filing Interim Status Report (ECF 83) (Aug. 04, 2020); Status Report (ECF 180) (Aug. 20, 2020); Interim Status Report Dated August 31, 2020 (ECF 215); Notice of Filing Report on Operations (ECF 240) (Sept. 8, 2020); Status Report Dated October 6, 2020 (ECF 305), Status Report Dated October 30,

2020 (ECF 359) These written Status Reports were usually closely followed by conferences with the Court wherein the Receiver and his counsel would repeat and embellish those claims. *See* August 04, 2020 (ECF 92); August 20, 2020 (ECF 192); September 2, 2020 (ECF 224); September 8, 2020 (ECF 243); October 7, 2020 (ECF 306) The Receiver codified its claims in a Report filed on December 13, 2020, which purported to be a comprehensive financial analysis of the financial wherewithal of Par Funding. (ECF 426)

Throughout this entire period and even after – from July 28, 2020 until on or about January 12, 2021 – five and one-half months - the Defense was denied the very documents that were being reviewed and used by the Receiver to make their various proclamations about Par Funding and to seek relief from the Court. Through this long-delayed production, the Receiver prevented progress from being made in the case and stymied the Defense’s ability to respond to the Receiver’s claims. Although the Defense repeatedly endeavored to address misstatements by filing responsive reports and memoranda,<sup>1</sup> the Defense did not have the underlying financial documents in the possession

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<sup>1</sup> *See* Memorandum of Law Regarding the Scope of the Receiver's Activities Pursuant to the Current TRO (ECF 84) (Aug. 4, 2020); Response to Expedited Motion to Approve Retained Professional and Defendants Joint Cross Motion to Have This Court Direct the Receiver to Immediately Engage Approximately 70 Skilled, Knowledgeable and Experienced CBSG Employees Who Know the Business and Have Been Out of Work Forced From Their Jobs Since the TRO and the Receivers Appointment (ECF 106) (Aug. 7, 2020); Joint Reply to the Receivers Response to Defendants Joint Cross Motion to Have This Court Direct the Receiver to Rehire Skilled, Knowledgeable and Experienced CBSG Employees Who Know the Business and Have Been Out of Work Since the TRO and the Receivers Appointment (ECF 115) (Aug. 9, 2020); Response in Opposition re Plaintiff's Expedited Motion To Amend Receivership Order (ECF 114) (Aug. 12, 2020); Amended response to Plaintiff's Expedited Motion To Amend Receivership Order by L.M.E. 2017 Family Trust, Lisa McElhone. (ECF 132) (Aug. 12, 2020); Joint Response to Notice [filed by the Receiver] (ECF 249) (Sept. 10, 2020); Motion for an Order Directing the Receiver to Comply with the Order Granting Receivership (ECF 304) (Oct. 06, 2020); Joint Response to Status Report (ECF 355) (Oct. 30, 2020); Response in Opposition re Motion to Expand Receivership Estate (ECF 401) (Nov. 18, 2020); Response in Opposition re Motion for Leave to File Unredacted Copies of Defendant Lisa McElhone’s Personal Financial Statements and Related Communications (ECF 435) (Dec. 15, 2020).

of the Receiver - a circumstance recognized by the Court on December 15, 2020. *See* December 15, 2020 Conf. at T. 70 (Court requesting the Defense not to file lengthy responses until such are supported by accounting and financial documents) Indeed, although the Defense engaged a top-flight accounting firm in August 2020 to conduct financial analysis, that firm did not begin to receive materials until just a few weeks ago – almost six months later. Quite evidently, the Defense could have produced accountant-verified financial information to the Court in October or November 2020 if not for the delayed production of the Receiver.

After much effort, the Defense received its first production of documents from the Receiver on January 11, 2021 at 11:18 pm. While that production included a very important QuickBooks file, the password provided by the Receiver did not work. A second production, of investor agreements and related data, was provided on or about January 24, 2021. A new QuickBooks file and password were provided on January 28, 2021. The bottom line is that the Receiver had four and a half months to review and study materials before issuing its December 13, 2020 DSI Report. The Defense accountants, hired last August, have had just weeks to review the materials produced thus far; meanwhile, much more data, still in the possession of the Receiver, has yet to be produced to the Defense.

Nonetheless, based on the materials already provided to date, it is clear that the Defense will have a substantial rebuttal to the assertions made in the December 13, 2020 DSI Report and elsewhere, including in the Receiver's February 1, 2021 Status Report. We expect a forthcoming financial analysis to show that the DSI Report failed to provide a complete analysis of the company, including revenue and accounts receivable metrics, and thus makes several erroneous claims. We look forward to providing this information to the Court.

**POINT TWO**

**THE RECEIVER'S CLAIMS REGARDING LISA MCELHONE  
AND LIBERTY EIGHT ARE INACCURATE**

The Receiver's February 1, 2021 Interim Status Report misstates the facts and circumstances related to Liberty Eight Avenue, LLC's ("Liberty 8") transfer of the property at 4309 Old Decatur Road, Fort Worth, Texas ("Old Decatur Road Property"). In essence, the Receiver suggests that Ms. McElhone transferred a property at issue in the Receiver's then-pending Motion to Expand the Receivership for her own benefit. That is simply not the case. The Old Decatur Road Property had not been a Trust asset since November 2019, several months before the instant SEC suit even was filed, and Lisa McElhone does not now, and never has, owned any percentage of Kingdom Legacy, the Par Funding merchant who purchased the Old Decatur Road Property several months before this suit was initiated. Finally, neither the sale of the Old Decatur Road Property (months before the suit), nor the transfer of the deed, diminished Par Funding's assets. In fact, the sale and transfer *increased and preserved* Par Funding's assets and value.

The Old Decatur Road Property was owned by Kingdom Logistics, a Par Funding merchant. The Receiver indicates in its Report that it was purchased by Liberty 8 with "\$4.6 million dollars of commingled investor funds." (D.E. 482.) In fact, Par Funding took the Old Decatur Road Property as collateral for a cash advance it made to Kingdom Logistics, then a Par Funding merchant client. In exchange, Kingdom Logistics agreed to pay Par Funding \$6,582,000 for the return of the property pursuant to a Lease with Purchase Option Agreement. *See* Exhibit 1, Lease with Purchase Agreement ("LPA"), dated April 18, 2019. In accordance with the agreement, Kingdom Logistics paid this amount to Par Funding between April and November 2019, benefiting Par Funding and its investors nearly two million dollars in a span of just seven months. *Id.* Liberty 8 held the deed to the property during the seven-month payment period.

The LPA makes clear that Liberty 8 had a contractual obligation that predated the Receivership by several months that required Liberty 8 to transfer title to the Old Decatur Road Property as long as Kingdom Logistics completed the required payments by November 18, 2019—the “Options Period.” *Id.* Under the clear terms of the LPA, once Kingdom Logistics made these payments within the Options Period, Kingdom Logistics “exercised its purchase option,” and a closing on the purchase option occurred “simultaneously upon payment of the Option Payment.” *Id.*, ¶¶ 4 (c), 4(e). In other words, as of November 18, 2019, when Kingdom Logistics completed its payments to Par Funding under the LPA, Kingdom Logistics had purchased and closed on the Old Decatur Road Property. It was the rightful owner of the property as of that date, and Liberty 8 had a contractual duty to transfer the deed to Kingdom Logistics as of November 18, 2019—months before this suit was initiated and *nearly a year before the expansion motion was filed.*

None of this is in dispute. There is no dispute that Kingdom Logistics made its payments to Par Funding within the Options Period. The undersigned has provided a spreadsheet of the payments to the Receiver (*see* Exhibit 2), and the Receiver has access to Par Funding’s bank accounts. There is therefore no dispute that Kingdom Logistics purchased and closed on the property nearly one year before the Receiver filed its expansion motion on October 30, 2020. (DE 357). And there is no dispute the Par Funding and its investors benefited from this transaction.

Undaunted, the Receiver nevertheless claims that the Old Decatur Road Property remained “an asset at issue in the Receivership Motion,” because of an oversight and delay in the mere formality of the transfer of a deed evidencing a purchase that was effectuated and closed nearly a year prior. None of this is necessary; there is simply no reason to argue over a property whose contractual sale nearly one year before the expansion motion benefited Par Funding and its investors by nearly two million dollars.

Moreover, Kingdom Logistics' most recent Amended and Restated Company Operating Agreement makes clear that its owners *as of the date of the transfer of the deed* were Scott Haire, Anthony Zingarelli, Robert W. Stout, and Clifford Ellery. *See* Exhibit 3, KL Operating Agreement dated January 1, 2020. This, according to Kingdom Logistics' owners, was the operative ownership document when the deed to the Old Decatur Road Property was transferred on September 30, 2020. In other words, the deed at issue here, which Liberty 8 was required to transfer or face litigation, benefited Kingdom Logistics' actual owners, Haire, Zingarelli, Stout, and Ellery—not Ms. McElhone or Mr. Laforte. And because the LPA required Liberty 8 to transfer the deed that it had no right to possess as of November 18, 2019, transferring the deed avoided litigation that could have diminished the value of the Trust. It is worth noting that one of the grounds raised by the Receiver in its expansion motion was the inaccurate claim that one of the Trust assets, an apartment complex located at 20 North 3<sup>rd</sup> Street in Philadelphia, Pennsylvania, was purportedly “subject to an action in contract” for failing to pay an assessment.<sup>2</sup> Suffice it to say that if Liberty 8 had not transferred the deed to the Old Decatur Road Property, the Receiver would likely have argued that expansion was necessary because Liberty 8 was facing a costly lawsuit for failing to comply with a clear contractual obligation.

What's more, the transfer at issue occurred on September 30, 2020—a month before the Receiver filed the expansion motion on October 30, 2020. Yet the Receiver makes the unfounded assertion that defense counsel's Motion to Stay Briefing or Enlarge the Time to Respond to the Expansion Motion was meant to somehow conceal the transfer of a deed to property that had closed by operation of contract nearly a year prior. As represented in that Motion to Stay, the Defendants

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<sup>2</sup> *See* Exhibit 4, Transcript of December 15, 2020 Status Conference at pp. 80-81. In fact, the Trust was negotiating the amount of the assessment, so there was never any risk of a foreclosure action. On information and belief, that assessment still has not paid been and no foreclosure action ever was filed.

had scrupulously maintained every dollar in every account *actually at issue* in the expansion motion and had not sold or transferred any property for either Ms. McElhone or Mr. LaForte's personal benefit. To argue that the delayed transfer of a deed that was obligated to be transferred on November 18, 2019 constitutes anything other than an oversight is just not appropriate.

Finally, the Receiver takes a passing shot at Kingdom Logistics' "legitimacy" as an independent merchant, relying on documents defense counsel does not have—a key aspect of the Receiver's playbook to date—and simply states that Ms. McElhone and Joseph LaForte own a 40% stake in Kingdom Logistics. In fact, Kingdom Logistics was owned and operated by four individuals, none of whom are Ms. McElhone or Mr. LaForte, and none of whom answer to Ms. McElhone or Mr. LaForte. (Exhibit 3, KL Operating Agreement.) Kingdom Logistics' owners, through counsel, have provided all of these documents to the Receiver. The undersigned, prior to filing this Response, did the same. And yet here we are, debating the ownership of a company whose very owners have verified was never owned by Ms. McElhone or Mr. LaForte.

This aside, the Defense looks forward to presenting its substantial rebuttal to the inaccurate assertions made in the December 13, 2020 DSI Report.

Dated: February 22, 2021

Respectfully submitted,

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## LEASE WITH PURCHASE OPTION AGREEMENT

This LEASE WITH PURCHASE OPTION AGREEMENT ("Lease"), dated as of April 18, 2019 is by and between, Liberty Eight Avenue LLC ("Landlord") and KINGDOM LOGISTICS LLC, a Texas limited liability company ("Tenant").

WITNESSETH THAT, in consideration of the rents, covenants and agreements hereinafter set forth, Landlord and Tenant agree as follows:

1. Definitions. For purposes of this Lease, the following terms shall have the following meanings:

"Alterations" shall have the meaning set forth in Section 9(a) hereof.

"Hazardous Materials" shall mean any chemical, compound, material, substance or other matter that: (a) is defined as a hazardous substance, hazardous material or waste, or toxic substance under any Hazardous Materials Law; (b) is regulated, controlled or governed by any Hazardous Materials Law or other laws; (c) is petroleum or a petroleum product; or (d) is asbestos, formaldehyde, radioactive material, drug, bacteria, virus, or other injurious or potentially injurious material (by itself or in combination with other materials).

"Hazardous Materials Laws" shall mean and include any and all present and future federal, state, or local laws, ordinances, rules, decrees, orders, regulations, or court decisions relating to hazardous substances, hazardous materials, hazardous waste, toxic substances, environmental conditions on, under, or about the Premises, the Building, or the Property, or soil and ground water conditions, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), the Resource Conservation and Recovery Act (RCRA), the Hazardous Materials Transportation Act, the Clean Air Act, the Clean Water Act, the Pennsylvania Land Recycling and Environmental Remediation Standards Act, the Pennsylvania Hazardous Sites Clean-Up Act, any other law or legal requirement concerning hazardous or toxic substances, and any amendments to the foregoing.

"Landlord's Address for Notices" shall mean 250 Arch Street, 2<sup>nd</sup> Floor, Philadelphia, PA 19106.

"Lease Commencement Date" shall mean April 18, 2019.

"Lease Expiration Date" shall mean November 18, 2019, unless extended under Section 4(d).

"Permitted Use" shall mean the current use of the Premises, including exaction and sale of cement kiln dust.

"Premises" shall mean approximately 35 acres of land located at 4309 Old Decatur Road, Ft. Worth, Texas 76106

"Rent" shall mean all amounts of Rent payable under Section 4(a) hereof.

"Tenant's Address for Notices" shall mean 8650 Freeport Parkway, Irving, TX 75063.

"Term" shall me the time between the Lease Commencement Date and the Lease Expiration Date.

2. Premises.

a. Landlord hereby leases to Tenant, and Tenant hereby rents from Landlord, the Premises for the Term.

b. **As-Is Condition.** Landlord makes no representations or warranties relating to the condition of the Premises. Tenant acknowledges and agrees that it will be leasing the Premises based solely upon its inspection and investigation of the Premises, and that it will be leasing the Premises "AS IS" and "WITH ALL FAULTS," based on the condition of the Premises as of the date of this Agreement Without limiting the foregoing, Tenant acknowledges that, neither Landlord or any of its members, managers, officers, agents or representatives has made any representations or warranties of any kind upon which Tenant is relying as to any matters concerning the Premises, including, but not limited to, the condition of the land or any improvements comprising the Premises, the existence or non-existence of any hazardous materials, economic projections or market studies concerning the Premises, any development rights, taxes, bonds, covenants, conditions, and restrictions affecting the Premises, the topography, drainage, soil, or any zoning, environmental or building laws, rules or regulations affecting the Premises, or its use by Tenant for business or other uses.

3. Rent.

a. Tenant shall pay Eighty Two Thousand Dollars (\$82,000.00) on April 18, 2019 (the "Initial Payment").

b. Commencing on April 22, 2019, Tenant shall make daily installments payments in the amount of Fifteen Thousand Dollars (\$15,000) each business day and continuing for the next thirty four (34) business days. This amounts in a total payment of Five Hundred Ten Thousand Dollars (\$510,000) (the "34 Day Payment Period").

c. Commencing on the expiration of the 34 Day Payment Period, Tenant shall make daily installments payments in the amount of Twenty Seven thousand Six Hundred Dollars (\$27,600.00) each business day and continuing for the next one hundred (100) business days. This amounts in a total payment of Two Million Seven Hundred Sixty Thousand Dollars (\$2,760,000.00) (the "100 Day Payment Period").

d. Commencing on the expiration of the period for the 100 Day Payment Period,

Tenant shall make daily installments payments in the amount of Forty Four Thousand One Hundred Sixty Dollars (\$44,160.00) each business day and continuing for the next Seventy Five (75) business days. This amounts in a total payment of Three Million Three Hundred Twelve Thousand Dollars (\$3,312,000.00) (the "75 Day Payment Period").

4. Purchase Option.

a. In the event that the Tenant exercises the Purchase Option, the Landlord will transfer title to the Premises to Tenant by quick claim deed, without any representations or warranties, and in the same AS-IS and WITH ALL FAULTS conditions as set out in Section 2(b) of this Lease.

b. During the Term of this Agreement, Seller shall have the right to purchase the Premises for Six Million Seventy Two Thousand Dollars (\$6,072,000.00) (the "Purchase Option Price"). The Purchase Option Price will be reduced by Rent previously paid to Landlord, except that Tenant will receive no credit for payment of the Initial Payment or credit for Rent paid during the 34 Day Payment Period in the event that the Purchase Option is exercised after the end of the 34 Day Payment Period.

c. In the event that Tenant pays all of the Rent set out in this Lease by November 18, 2019 (the "Options Period"), and is not in default under this Lease, Tenant will be considered to have exercised its Purchase Option.

d. Once the Tenant has paid sum of Four Million Six Hundred Thousand Dollars (\$4,600,000.00) in Rent under the periods set forth in Sections 3(b), 3(c) and 3(d) hereof, Tenant, upon written notice to Landlord, shall have the right upon payment to Landlord of the additional sum of Fifty Thousand Dollars (\$50,000.00) to extend the Option Period for sixty (60) days and the balance of the difference between the Rent previously paid in the 100 Day Payment Period plus the 75 Day Payment Period and the Purchase Option Price shall be paid in equal business day instalments determined by dividing the outstanding Purchase Option Price balance by sixty (60).

e. All payments to be made pursuant to this Section shall be made by Tenant by wire transfer of immediately available funds to an account designated by Landlord. The Closing on the Purchase Option shall take place simultaneously upon payment in full of the Option Payment.

f. Any Rent payable by Tenant to Landlord under this Lease which is not paid within five (5) days after the same is due will be considered an Event of Default under this Lease.

6. Use of Premises; Compliance with Laws; Hazardous Materials.

a. Tenant may use the Premises for Permitted Use during the Term of this Lease.

b. Tenant, at Tenant's sole cost and expense, shall comply with and shall cause all of invitees, agents, and employees (the "Tenant Parties") to comply with all applicable laws, statutes, regulations, ordinances, rules, orders, codes, directives, requirements, and regulations of federal, state, county, or municipal governmental and quasi-governmental authorities, including, without limitation, the Americans with Disabilities Act of 1990, as amended by the Americans with Disabilities Act Amendments Act of 2008 (and the regulations promulgated thereunder) applicable to the Premises or the use or occupancy of the Premises.

c. Tenant shall not cause or permit any Hazardous Materials to be generated, used, released, stored or disposed of in or about the Premises, the Building or the Property; provided, however, Tenant may use and store reasonable quantities of cleaning and office supplies and other similar materials as may be reasonably necessary for Tenant to conduct normal business operations in the Premises. Tenant shall indemnify and hold Landlord, its employees and agents, harmless from and against any damage, injury, loss, liability, charge, demand or claim based on or arising out of the presence or removal of, of failure to remove, Hazardous Materials generated, used, released, stored or disposed of by Tenant or any Tenant Party in or about the Premises, the Building or the Property, whether before or after the Lease Commencement Date.

d. Building and Equipment; Maintenance and Repairs. Tenant shall keep the Premises in good repair and condition.

e. Utilities. Tenant shall supply and pay for all utilities. Landlord makes no representation or warranty as to the suitability of the Premises for Tenant's business or other operations.

## 7. Alterations.

a. Tenant shall not make or allow to be made any alterations, additions or improvements in or to the Premises (collectively, "Alterations") without first obtaining Landlord's written consent, which consent shall be determined in Landlord's sole discretion.

b. Tenant agrees that all such work shall be done at Tenant's sole cost and expense and in a good and workmanlike manner, that the structural integrity of the Building shall not be impaired, and that no liens shall attach to all or any part of the Premises, the Building, or the Property by reason thereof. Tenant shall obtain, at its sole expense, all permits required for such work.

c. Unless otherwise elected by Landlord as hereinafter provided, all Alterations made by Tenant shall become the property of Landlord and shall be surrendered to Landlord on or before the Lease Expiration Date, except as otherwise set forth in this Lease. Notwithstanding the foregoing, movable equipment, trade fixtures, personal property, furniture, or any other items that can be removed without

material harm to the Premises will remain Tenant's property (collectively, "Tenant Owned Property") and shall not become the property of Landlord but shall be removed by Tenant, at its sole cost and expense, not later than the Lease Expiration Date. When granting consent for any Alterations, Landlord shall indicate whether it will require the removal of those Alterations prior to the Lease Expiration Date. Tenant shall repair at its sole cost and expense all damage caused to the Premises or the Building by the removal of any Alterations that Tenant is required to remove or by the removal of Tenant Owned Property. Landlord may remove any Tenant Owned Property or Alterations that Tenant is required but fails to remove at the Lease Expiration Date and Tenant shall pay to Landlord the Landlord's cost of removal. Tenant releases Landlord from any damage caused to Tenant Owned Property of Alterations so removed. Tenant's obligations under this Section 9 shall survive the expiration or earlier termination of this Lease.

8. Insurance.

a. Tenant shall procure at its cost and expense, and keep in effect during the Term, insurance coverage for all risks of physical loss or damage insuring the full replacement value of the Premises, and of any Alterations and all items of Tenant Owned Property. Landlord shall not be liable for any damage or damages of any nature whatsoever to persons or property caused by explosion, fire, theft or breakage, vandalism, falling plaster, by sprinkler, drainage or plumbing systems, or air conditioning equipment, by the interruption of any public utility or service, by steam, gas, electricity, water, rain or other substances leaking, issuing or flowing into any part of the Premises, by natural occurrence, acts of the public enemy, riot, strike, insurrection, war, court order, requisition or order of governmental body or authority, or by anything done or omitted to be done by any Tenant, it being agreed that Tenant shall be responsible for obtaining appropriate insurance to protect its interests.

b. Tenant shall procure at its cost and expense, and maintain throughout the Term, comprehensive commercial general liability insurance applicable to the Premises in the same limits it maintains before this Lease commences, statutory worker's compensation insurance, and employer's liability insurance in each event with a minimum limit of Three Million Dollars (\$3,000,000.00) covering all of the Tenant Parties. Such liability insurance shall include, without limitation, products and completed operations liability insurance, fire and legal liability insurance, and such other coverage as Landlord may reasonably require from time to time. During the Lease Term at Landlord's request, Tenant shall increase such insurance coverage to a level that is commercially reasonably required by Landlord, at Landlord's sole discretion.

c. Tenant's insurance shall be issued by companies authorized to do business in the State of Texas. Tenant shall have the right to provide insurance coverage pursuant to blanket policies obtained by Tenant if the blanket policies expressly afford the coverage required by this Section. All insurance policies required to be carried by Tenant under this Lease (except for worker's compensation insurance) shall: (i) name Landlord as additional insured and loss payee, (ii) as to liability

coverages, be written on an "occurrence" basis; (iii) provide that Landlord shall receive thirty (30) days' notice from the insurer before any cancellation or change in coverage; and (iv) contain a provision that no act or omission of Tenant shall affect or limit the obligation of the insurer to pay the amount of any loss sustained. Each such policy shall contain a provision that such policy and the coverage evidenced thereby shall be primary and non-contributing with respect to any policies carried by Landlord. Tenant shall deliver reasonably satisfactory evidence of such insurance to Landlord on or before the date Tenant first enters or occupies the Premises, and thereafter at least thirty (30) days' notice in writing before the termination or expiration of any of the policies. Notwithstanding the foregoing, if any such insurance expires without having been renewed by Tenant or is cancelled or reduced, Landlord shall have the option, at its sole discretion, in addition to Landlord's other remedies, to procure such insurance for the account of Tenant, immediately and without notice to Tenant, and the cost thereof shall be paid to Landlord by Tenant. The limits of the insurance required under this Lease shall not limit Tenant's liability.

9. Indemnification.

(a) Tenant shall indemnify, defend and hold Landlord harmless from and against any and all claims, losses, costs, liabilities, damages and expenses including, without limitation, penalties, fines and reasonable attorneys' fees, to the extent incurred in connection with or arising from the use or occupancy or manner of use or occupancy of the Premises or any injury or damage caused by Tenant, Tenant Parties or any person occupying the Premises through Tenant.

(b) The terms of this Section shall survive the expiration or sooner termination of this Lease.

10. Damage and Destruction.

a. If the Premises or any of the Common Areas are destroyed or damaged by fire or other casualty so that Tenant is unable to occupy the Premises for its Permitted Use and, in Landlord's judgment reasonably exercised within thirty (30) days after the destruction or damage, repairs cannot be made within an additional sixty (60) days after the date of the damage or destruction, Landlord may terminate this Lease effective as of the date of the damage or destruction by giving Tenant written notice within thirty (30) days of the date of the damage or destruction.

b. If Landlord does not terminate this Lease as provided in Section, Landlord shall promptly rebuild, repair and restore the Premises to its former condition, provided, however, that if Landlord has not completed such restoration within ninety (90) days after the date of the damage or destruction, Tenant may, at its option, terminate this Lease upon written notice to Landlord.

11. Assignment and Subletting.

a. During the Term of this Lease, Landlord shall not assign, encumber, mortgage, pledge or otherwise transfer or hypothecate all or any part of the Premises and Tenant shall not sublet the Premises or any portion thereof or permit the Premises to be occupied by anyone other than Tenant

b. Notwithstanding the foregoing, provided that: (i) Tenant is not in default under this Lease; and (ii) no such transaction is undertaken with the intent of circumventing Tenant's liability under this Lease, Tenant may assign this Lease to any affiliate or subsidiary of Tenant or in connection with a merger or other consolidation of Tenant and may sublease all or some portion of the Premises to an affiliate or subsidiary of Tenant without Landlord's consent provided

12. Tenant's Default. Each of the following events shall be an "Event of Default" hereunder:

a. Tenant's failure to pay when due any installment of Rent and such failure continues for a period of five (5) days after the due date. Notice of Tenant's default or demand for payment is not required of Landlord.

b. Tenant's failure to perform or observe any other covenant, condition or other obligation of Tenant and such failure continues for a period of five (5) days after Landlord gives Tenant written notice thereof.

c. The Premises become vacant and abandoned for greater than five (5) days.

d. Tenant's willful acts causing destruction, damage, or injury to the Premises or the Property.

e. Default under the Royalty Agreement Cement Kiln Dust between Landlord and Kingdom Logistics, LLC dated April 18, 2019.

f. At Landlord's option, the occurrence of any of the following:

(i) the appointment of a receiver to take possession of all or substantially all of the assets of Tenant or the Premises;

(ii) an assignment by Tenant for the benefit of creditors;

(iii) the filing of any voluntary petition in bankruptcy by Tenant, or the filing of any involuntary petition by Tenant's creditors, which involuntary petition remains undischarged for a period of thirty (3) days;

(iv) the attachment, execution or other judicial seizure of all or substantially all of Tenant's assets or the Premises, if such attachment or other



seizure remains undismissed or undischarged for a period of ten (10) days after the levy thereof;

(v) the admission of Tenant in writing of its inability to pay its debts as they become due;

(vi) the filing by Tenant of any answer admitting or failing timely to contest a material allegation of a petition filed against Tenant in any proceeding seeking reorganization, arrangement, composition, readjustment, liquidation or dissolution of Tenant or similar relief;

(vii) if within thirty (30) days after the commencement of any proceeding against Tenant seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceeding shall not have been dismissed; or

(viii) the occurrence of any of the foregoing with respect to any guarantor of Tenant's obligations under this Lease.

13. Landlord's Remedies. Upon the occurrence of an Event of Default by Tenant that is not cured by Tenant within the applicable grace periods specified in Section 12 above, Landlord shall have all of the following rights and remedies in addition to all other rights and remedies available to Landlord at law or in equity:

a. The right to terminate this Lease;

b. The right to terminate Tenant's right to possession of the Premises;

c. The right to take possession of the Premises:

d. The right and power, to the extent permitted by law, to enter the Premises and remove therefrom all persons and property, to store such property in a public warehouse or elsewhere at the cost of and for the account of Tenant, and to sell such property and apply the proceeds therefrom pursuant to applicable law. Tenant hereby waives any claim to damage caused to such property.

e. The right to have a receiver appointed for Tenant, upon application by Landlord, to take possession of the Premises

f. CONFESSON OF JUDGMENT FOR POSSESSION OF REAL PROPERTY.

TENANT COVENANTS AND AGREES THAT IF THIS LEASE SHALL BE TERMINATED (EITHER BECAUSE OF CONDITION BROKEN DURING THE TERM OF THIS LEASE OR ANY EXTENSION THEREOF) THEN, AND IN THAT EVENT, LANDLORD MAY, AT ITS DISCRETION, CAUSE A JUDGMENT IN EJECTMENT TO

BE ENTERED AGAINST TENANT FOR POSSESSION OF THE PREMISES, AND FOR THAT PURPOSE TENANT HEREBY AUTHORIZES AND EMPOWERS ANY PROTHONOTARY, CLERK OF COURT OR ATTORNEY OF ANY COURT OF RECORD TO APPEAR FOR TENANT AND TO CONFESS JUDGMENT AGAINST TENANT IN EJECTMENT FOR POSSESSION OF THE PREMISES, AND AGREES THAT LANDLORD MAY COMMENCE AN ACTION FOR THE ENTRY OF AN ORDER IN EJECTMENT FOR POSSESSION OF REAL PROPERTY AND TENANT FURTHER AGREES THAT A WRIT OF POSSESSION PURSUANT THERETO MAY ISSUE FORTHWITH, FOR WHICH AUTHORIZATION TO CONFESS JUDGMENT AND FOR THE ISSUANCE OF A WRIT OR WRITS OF POSSESSION PURSUANT THERETO, THIS LEASE, OR A TRUE AND CORRECT COPY THEREOF, SHALL BE SUFFICIENT WARRANT. TENANT FURTHER COVENANTS AND AGREES, THAT IF FOR ANY REASON WHATSOEVER, AFTER SAID ACTION SHALL HAVE COMMENCED THE ACTION SHALL BE TERMINATED AND THE POSSESSION OF THE LEASED SPACE SHALL REMAIN IN OR BE RESTORED TO TENANT, LANDLORD SHALL HAVE THE RIGHT UPON ANY SUBSEQUENT DEFAULT OR DEFAULTS, OR UPON THE TERMINATION OF THIS LEASE AS ABOVE SET FORTH TO COMMENCE SUCCESSIVE ACTIONS FOR POSSESSION OF REAL PROPERTY AND TO CAUSE THE ENTRY OF SUCCESSIVE JUDGMENTS BY CONFESSION IN EJECTMENT FOR POSSESSION OF THE LEASED SPACE.

TENANT ACKNOWLEDGES AND AGREES THAT (A) THE FOREGOING WARRANT OF ATTORNEY TO CONFESS JUDGMENT IS BEING EXECUTED IN CONNECTION WITH A COMMERCIAL TRANSACTION; (B) LANDLORD'S CONFESSION OF JUDGMENT FOLLOWING AN EVENT OF DEFAULT AND IN ACCORDANCE WITH THE FOREGOING WARRANT OF ATTORNEY WOULD BE IN ACCORDANCE WITH TENANT'S REASONABLE EXPECTATIONS; AND (C) LANDLORD DOES NOT AND, IN REGARDS TO THE LEASE, SHALL NOT HAVE ANY OF THE DUTIES TO TENANT, AND THE SAME ARE HEREBY IRREVOCABLY WAIVED BY TENANT.

TENANT: Kingdom Logistics, LLL  
By: [Signature]  
Name: SCOTT A HUIE  
Its: MANAGER

14. Miscellaneous Provisions.

a. Landlord and Tenant each represents and warrants to the other that neither of them has employed or dealt with any broker, agent, or finder in connection with this Lease. Tenant shall indemnify and hold harmless Landlord from and against any claim or claims for any broker's fee or commission asserted by any broker, agent, or finder employed by Tenant. The provisions of this Section shall survive the expiration or other termination of this Lease.

b. Landlord, its agents, employees and independent contractors shall have the right to enter the Premises upon not less than twenty four (24) hours' notice to

inspect the Premises. Notwithstanding the foregoing, Landlord shall not be required to provide prior notice to Tenant in the event of an emergency. Tenant waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, any right to abatement of Rent, or any other loss occasioned by Landlord's exercise of any of its rights under this Section. To the extent reasonably practicable, any entry shall occur during normal business hours.

c. If any provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall remain in effect and shall be enforceable to the full extent permitted by law.

d. The terms of this Lease are intended by the parties as a final expression of their agreement with respect to such terms as are included in this Lease and may not be contradicted by evidence of any prior or contemporaneous agreement, arrangement, understanding or negotiation (whether oral or written). The parties further intend that this Lease constitutes the complete and exclusive statement of its terms, and no extrinsic evidence whatsoever may be introduced in any judicial proceeding involving this Lease. Neither Landlord nor Landlord's agents have made any representations or warranties with respect to the Premises or this Lease except as expressly set forth herein. The language in all parts of this Lease shall in all cases be construed as a whole and in accordance with its fair meaning and not construed for or against any party by reason of such party having drafted such language.

e. The Laws of the State of Texas shall govern the validity, performance, and enforcement of this Lease.

f. This Lease may only be amended, modified, or supplemented by an agreement in writing duly executed by both Landlord and Tenant.

g. LANDLORD AND TENANT KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY EITHER PARTY AGAINST THE OTHER IN ANY MATTER ARISING OUT OF THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES OR ANY CLAIM OF INJURY OR DAMAGE.

h. Arbitration. Any disputes arising out of this Agreement, including, but not limited to, its enforcement, interpretation and creation, shall be subject to Arbitration upon three (3) days notice given by either Party to this contract, subject to rules and procedures set forth by the American Arbitration Association. This clause shall expire November 29, 2019.

i. **Attorney's Fees.** If any party shall bring an action or proceeding (including, without limitation, any cross-complaint, counterclaim or third party claim) against any other party by reason of the breach or alleged violation of any covenant, term or obligation hereof, or for the enforcement of any provision hereof, or otherwise arising out of this Agreement, the Prevailing Party in such action or proceeding shall be entitled to its costs and expenses of suit, including, but not limited to, reasonable attorney's fees (including paralegal fees) which shall be payable whether or not such action is prosecuted to judgment and including proceedings at all trial and appellate levels. "Prevailing Party" within the meaning of this Section shall include, without limitation, a party who dismisses an action for recovery hereunder in exchange for payment of the sums allegedly due, performance of covenants allegedly breached or consideration substantially equal to the relief sought in the action.

j. **Business Days.** If any date on which a party is required to make a payment or a delivery pursuant to the terms hereof is not a Business Day, then such party shall make such payment or delivery on the next succeeding Business Day.

k. **Notices.** Any notice or other communication under the provisions of this Agreement shall be in writing, and shall be given by postage prepaid, registered or certified mail, return receipt requested, by hand delivery with an acknowledgment copy requested, or by the Express Mail service offered by the United States Post Office, by any reputable overnight courier service or by electronic mail, directed to the addresses set forth above, or to any new address of which any party hereto shall have informed the others by the giving of notice in the manner provided herein. Such notice or communication shall be effective, if sent by mail, three (3) days after it is mailed within the continental United States; if sent by Express Mail service or overnight courier service, one day after it is mailed; or by hand delivery or electronic mail, upon receipt.

To Seller: KINGDOM LOGISTICS, LLC  
8650 Freeport Parkway  
Irving, TX 75063

With a copy to: Gregory Frost, Esq.  
Frost & Miller, LLP  
260 Madison Avenue, 17th Floor  
New York, New York 10016

To Purchaser: Liberty Eight Avenue LLC  
250 Arch Street, 2<sup>nd</sup> Floor  
Philadelphia, PA 19106

With a copy to: Daniel Ring, Esq.  
20 N 3<sup>rd</sup> Street  
Philadelphia, PA 19106

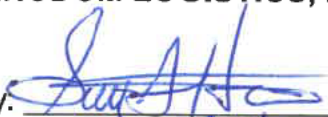
Any notice required or permitted to be given by Seller or Purchaser under this contract may be given by such party's counsel and such counsel may agree to adjournments of closing on behalf of their respective clients.

I. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same instrument.

(Signature pages to follow)

Landlord and Tenant by their execution below, indicate their consent to the terms of this Agreement.

**TENANT:  
KINGDOM LOGISTICS, LLC**

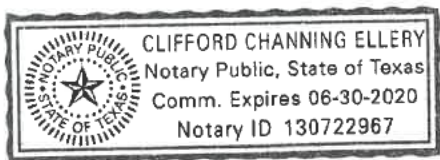
By:   
Name: SCOTT A HAIRE  
Title: MANAGER

STATE OF TEXAS

COUNTY OF Dallas


PERSONALLY appeared before me, the undersigned authority in and for the county and state aforesaid, the within named SCOTT A. HAIRE, who acknowledged that he signed and delivered the foregoing Contract For Sale Of Real Estate on the day and year therein stated.

GIVEN under my hand and official seal this 18<sup>th</sup> day of April, 2019



  
Notary Public

**LANDLORD:  
LIBERTY EIGHT AVENUE LLC**

By:   
Name:  
Title: OWNER/PRESIDENT

STATE OF PENNSYLVANIA

COUNTY OF Phila

PERSONALLY appeared before me, the undersigned authority in and for the county and state aforesaid, the within named Lisa McElhone, who acknowledged that he signed and delivered the foregoing Contract For Sale Of Real Estate on the day and year therein stated.

GIVEN under my hand and official seal this 18 day of April, 2019

  
Notary Public

COMMONWEALTH OF PENNSYLVANIA  
NOTARIAL SEAL  
JAMIE McELHONE, Notary Public  
City of Philadelphia, Phila. County  
My Commission Expires September 24, 2021

## LAND DESCRIPTION

Being a tract of land situated in the W.Y. Allen Survey, Abstract No. 15, the J. Bowman Survey, Abstract No. 80, the C.E.P.I. & M. Co. Survey, Abstract No. 383, the J.T. Hobbs Survey, Abstract No. 806, the R. Loyd Survey, Abstract No. 986 and the I. & G.R.R. Co. Survey, Abstract No. 1955, Tarrant County, Texas and being a portion of those certain tracts of land as described in deed to **KEP-RMA, LLC**, as recorded in County Clerk's Document No. D214247043 of the Deed Records of Tarrant County, Texas and being more particularly described by metes and bounds as follows:

**COMMENCING** at a pk nail found in asphalt at the intersection of the approximate centerline of Old Decatur Road (a variable width right-of-way) and the southerly right-of-way line of Northwest Loop 820 (a variable width right-of-way);

**THENCE** South 00 degrees 29 minutes 04 seconds East, departing the southerly right-of-way line of said Northwest Loop 820 and along the approximate centerline of Old Decatur Road, a distance of 1,556.96 feet to a pk nail found in asphalt at the southwesterly corner of Lot 1, Block 1, Quarry Falls Industrial Growth Center No. 1, an addition to the City of Fort Worth as recorded in Document No. D212150170 of the Deed Records of Tarrant County, Texas and also being the northwesterly corner of a 40 foot wide right-of-way dedication to the City of Fort Worth as recorded in Document No. D215258763 of the Deed Records of Tarrant County, Texas;

**THENCE** North 89 degrees 30 minutes 56 seconds East, departing the approximate centerline of said Old Decatur Road and along the southerly line of said Quarry Falls Industrial Growth Center No. 1 and also being the northerly line of said 40 foot wide right-of-way dedication, a distance of 40.00 feet to the **POINT OF BEGINNING**;

**THENCE**, along the southerly and easterly lines of said Lot 1, Block 1, Quarry Falls Industrial Growth Center No. 1 the following courses:

North 89 degrees 30 minutes 56 seconds East, a distance of 359.67 feet to a 1/2 inch iron rod with cap stamped "RLS" set for a corner;

North 04 degrees 23 minutes 22 seconds West, a distance of 467.57 feet to a 5/8 inch iron rod with cap stamped "RPLS 5539" found for a corner;

North 39 degrees 54 minutes 10 seconds East, a distance of 178.62 feet to a 5/8 inch iron rod with cap stamped "RPLS 5539" found for a corner;

South 55 degrees 32 minutes 21 seconds East, a distance of 846.60 feet to a 5/8 inch iron rod with cap stamped "RPLS 5539" found for a corner;

North 06 degrees 18 minutes 20 seconds East, a distance of 534.66 feet to a 5/8 inch iron rod with cap stamped "RPLS 5539" found at the southwesterly corner of that certain tract of land as described in deed to the Brown-Lewisville Railroad Family First Limited Partnership as recorded in Document No. 212293503 of the Deed Records of Tarrant County, Texas;

**THENCE** East, along the southerly line of said Brown-Lewisville tract, a distance of 1,137.00 feet to a 5/8 inch iron rod with cap stamped "RPLS 5539" found at the southeasterly corner of said Brown-Lewisville tract and being on a westerly line of that certain tract of land as described in deed to Keystone Equity Partners, as recorded in Volume 15441, Page 37 of the Deed Records of Tarrant County, Texas;

**THENCE**, along the westerly lines of said Keystone Equity Partners tract, the following courses:

South 04 degrees 47 minutes 35 seconds East, a distance of 308.14 feet to a 1/2 inch iron rod with cap stamped "RLS" found at the beginning of a non-tangent curve to the left, having a central angle of 19 degrees 58 minutes 05 seconds, a radius of 1,326.51 feet and being subtended by a chord bearing South 14 degrees 02 minutes 40 seconds East, 459.96 feet;

Along said curve in a southeasterly direction, an arc distance of 462.30 feet to a 1/2 inch iron rod with cap stamped "RLS" found for a corner at the end of said curve;

South 24 degrees 45 minutes 40 seconds East, a distance of 227.07 feet to a 1/2 inch iron rod with cap stamped "RLS" found for a corner;



**·THENCE**, departing the westerly lines of said Keystone Equity Partners tract and across the aforementioned KEP-RMA tract the following courses:

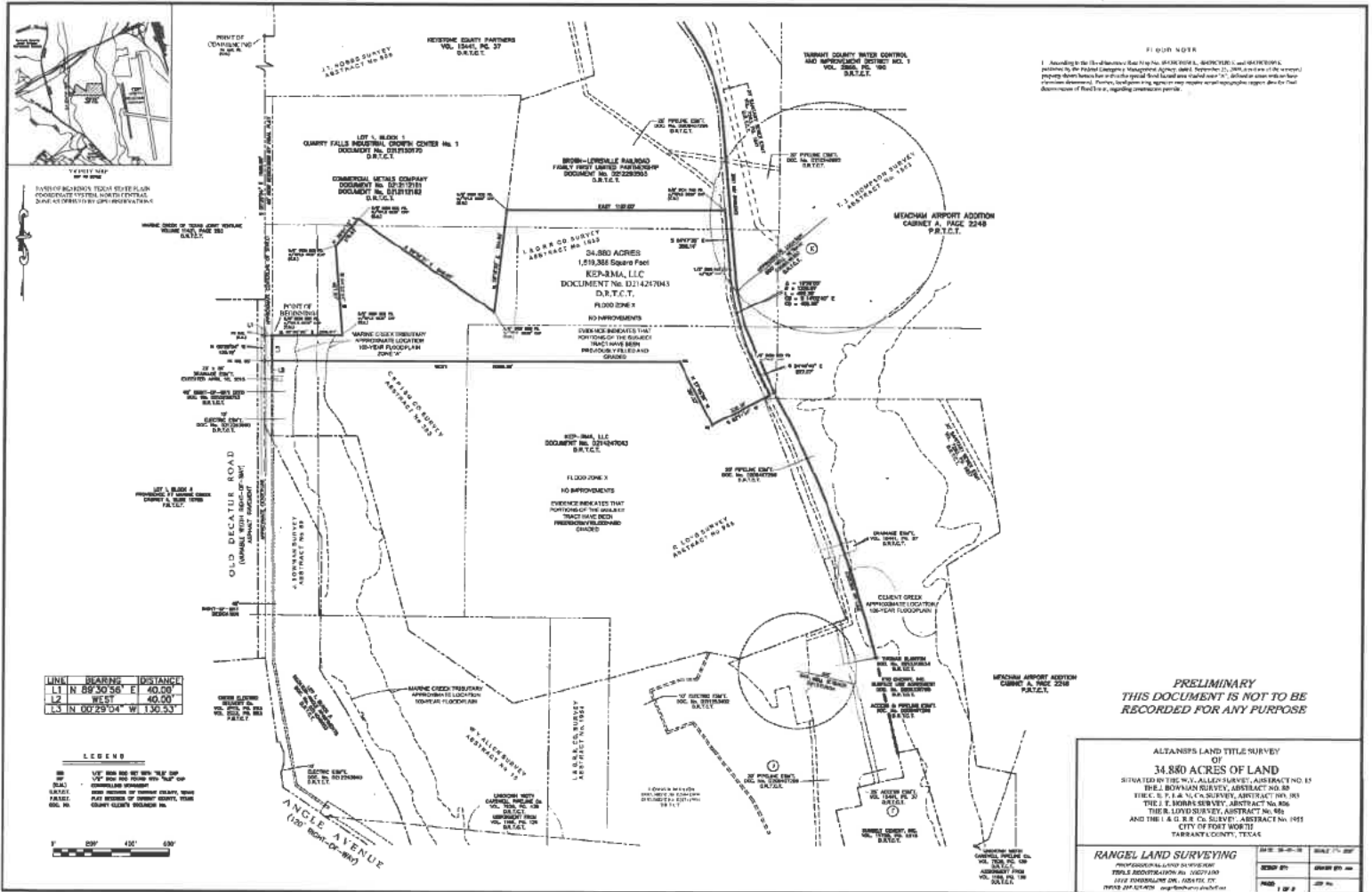
South 62 degrees 14 minutes 34 seconds West, a distance of 332.36 feet to a 1/2 inch iron rod with "RLS" cap set for a corner;

North 27 degrees 45 minutes 26 seconds West, a distance of 367.37 feet to a 1/2 inch iron rod with "RLS" cap set for a corner;

WEST, a distance of 2,098.38 feet to a point for corner at the southwesterly corner of the aforementioned 40 foot wide right-of-way dedication from which a pk nail found on the approximate centerline of the aforementioned Decatur Road bears West, 40.00 feet;

**THENCE** North 00 degrees 29 minutes 04 seconds West, along the easterly line of said 40 foot wide right-of-way dedication, a distance of 130.59 feet to the **POINT OF BEGINNING** and Containing 1,519,386 Square Feet or 34.880 acres of land, more or less.





1. According to the Landowners' Book No. 2018-0018, SECTION 1, and SECTION 2, as well as the Public Information Agency dated September 22, 2018, in which the surveyor properly shows the location of the proposed flood zone and flood zone "X" (flood zone) and the Public Information Agency, the surveyor has no way to verify the accuracy of the Public Information Agency's flood zone data for the Meacham Airport Addition, regarding construction.

**PRELIMINARY**  
THIS DOCUMENT IS NOT TO BE RECORDED FOR ANY PURPOSE

ALTANISPS LAND TITLE SURVEY  
OF  
34,880 ACRES OF LAND  
SITUATED IN THE W. 1/4, ALLEN SURVEY, ABSTRACT NO. 13  
IN THE BROWN SURVEY, ABSTRACT NO. 80  
IN THE S. F. & C. A. SURVEY, ABSTRACT NO. 80  
IN THE J. E. HOBBS SURVEY, ABSTRACT NO. 806  
IN THE L. L. SURVEY, ABSTRACT NO. 84  
AND THE I. A. G. R. C. SURVEY, ABSTRACT NO. 1411  
CITY OF FORT WORTH  
TARRANT COUNTY, TEXAS

**RANGEL LAND SURVEYING**  
PROFESSIONAL LAND SURVEYOR  
TITLE: SURVEYOR NO. 10071140  
1102 FORBESLUM DR., SUITE 101  
FORT WORTH, TEXAS 76104  
OFFICE: 817.339.9200 cell: 817.339.9200

DATE: 08-03-20	SHEET 7 OF 207
SCALE: AS SHOWN	
BY: [Signature]	
CHECKED BY: [Signature]	
DATE: 08-03-20	

[Handwritten signature]



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
04/17/2019

**THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.**

**IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).**

<b>PRODUCER</b> First Universal Management Company 716 Dove Circle Coppell, TX 75019	<b>CONTACT NAME:</b> David A. Bertus <b>PHONE (A/C, No, Ext):</b> (412) 377-8500 <b>FAX (A/C, No):</b> N/A <b>E-MAIL ADDRESS:</b> bertus.ins@gmail.com														
<b>INSURED</b> KEP-RMA, LLC 8650 Freeport Parkway, Suite 100  Irving TX 75063	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left;">INSURER(S) AFFORDING COVERAGE</th> <th style="text-align: left;">NAIC #</th> </tr> <tr> <td>INSURER A : Houston Casualty (Imperium Ins Co)</td> <td>18694</td> </tr> <tr> <td>INSURER B :</td> <td></td> </tr> <tr> <td>INSURER C :</td> <td></td> </tr> <tr> <td>INSURER D :</td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : Houston Casualty (Imperium Ins Co)	18694	INSURER B :		INSURER C :		INSURER D :		INSURER E :		INSURER F :	
INSURER(S) AFFORDING COVERAGE	NAIC #														
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INSURER B :															
INSURER C :															
INSURER D :															
INSURER E :															
INSURER F :															

**COVERAGES**      **CERTIFICATE NUMBER:**      **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			██████████3401	01/01/2019	01/01/2020	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A	<input type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY			██████████3601	01/01/2019	01/01/2020	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ 50,000
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED    RETENTION \$ 10,000			██████████3701	01/01/2019	01/01/2020	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						PER STATUTE    OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Inland Marine Equipment (PD)			██████████685-01	01/01/2019	01/01/2020	Total Insured Value \$ 30,996,869

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)  
 Liberty Eight Avenue, LLC, 250 Arch Street, 2nd Floor, Philadelphia, PA 19106 As Additional Insured & Loss Payee As Their Interest May Appear.

<b>CERTIFICATE HOLDER</b> Liberty Eight Avenue, LLC 250 Arch Street, 2nd Floor Philadelphia, PA 19106	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE 
--	--

## PAYMENTS

Cleared	DATE	CK #	RECIPIENT	DESCRIPTION	CREDITS	DEBITS	TOTALS
	<b>CBSSG - PAYMENT FROM BB&amp;T</b>						
C	04/19/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	15,000.00
C	04/22/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	30,000.00
C	04/22/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	45,000.00
C	04/23/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	60,000.00
C	04/23/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	75,000.00
C	04/23/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	90,000.00
C	04/24/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	105,000.00
C	04/24/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	120,000.00
C	04/24/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	135,000.00
C	04/25/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	150,000.00
C	04/25/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	165,000.00
C	04/26/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	180,000.00
C	04/26/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	195,000.00
C	04/29/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	210,000.00
C	04/29/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	225,000.00
C	04/30/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	240,000.00
C	04/30/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	255,000.00
C	05/01/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	270,000.00
C	05/01/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	285,000.00
C	05/02/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	300,000.00
C	05/02/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	315,000.00
C	05/03/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	330,000.00
C	05/03/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	345,000.00
C	05/06/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	360,000.00
C	05/06/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	375,000.00
C	05/07/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	390,000.00
C	05/07/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	405,000.00
C	05/08/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	420,000.00
C	05/08/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	435,000.00
C	05/09/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	450,000.00
C	05/09/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	465,000.00
C	05/10/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	480,000.00
C	05/10/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	495,000.00
C	05/10/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	510,000.00
C	05/13/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	525,000.00
C	05/13/19	ACH	CBSSG - Kingdom Logistics	Loan Payment	\$	15,000.00	540,000.00

Cleared	DATE	CK #	RECIPIENT	DESCRIPTION	CREDITS	DEBITS	TOTALS
c	05/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 555,000.00
c	05/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 570,000.00
c	05/20/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 585,000.00
c	05/20/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 600,000.00
c	05/21/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 615,000.00
c	05/22/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 630,000.00
c	05/22/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 645,000.00
c	05/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,200.00	\$ 650,200.00
c	05/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	4,480.00	\$ 654,680.00
c	05/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,200.00	\$ 657,880.00
c	05/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,760.00	\$ 660,640.00
c	05/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,500.00	\$ 663,140.00
c	05/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,550.00	\$ 665,690.00
c	05/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,760.00	\$ 668,450.00
c	05/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,300.00	\$ 670,750.00
c	05/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,500.00	\$ 673,250.00
c	05/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,550.00	\$ 675,800.00
c	05/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,760.00	\$ 678,560.00
c	05/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,200.00	\$ 681,760.00
c	05/28/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 696,760.00
c	05/28/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 711,760.00
c	05/28/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,657.14	\$ 717,417.14
c	05/28/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,380.43	\$ 722,797.57
c	05/28/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	4,285.71	\$ 727,083.28
c	05/29/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 742,083.28
c	05/29/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 757,083.28
c	05/30/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 772,083.28
c	05/30/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 787,083.28
c	05/31/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 802,083.28
c	05/31/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 817,083.28
c	06/03/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 832,083.28
c	06/03/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 847,083.28
c	06/04/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 862,083.28
c	06/04/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 877,083.28
c	06/05/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 892,083.28
c	06/05/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 907,083.28
c	06/05/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	4,285.71	\$ 911,368.99
c	06/05/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,696.00	\$ 915,064.99

Cleared	DATE	CK #	RECIPIENT	DESCRIPTION	CREDITS	DEBITS	TOTALS
c	06/05/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,970.00	\$ 918,034.99
c	06/05/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,727.27	\$ 919,762.26
c	06/06/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	9,355.67	\$ 929,117.93
c	06/06/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	8,937.50	\$ 938,055.43
c	06/06/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	6,671.74	\$ 944,727.17
c	06/06/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	6,428.57	\$ 951,155.74
c	06/06/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,657.14	\$ 956,812.88
c	06/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,380.43	\$ 962,193.31
c	06/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 977,193.31
c	06/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 992,193.31
c	06/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 1,007,193.31
c	06/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	9,722.73	\$ 1,016,916.04
c	06/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	9,355.67	\$ 1,026,271.71
c	06/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	8,937.50	\$ 1,035,209.21
c	06/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	6,671.74	\$ 1,041,880.95
c	06/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	6,428.57	\$ 1,048,309.52
c	06/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,657.14	\$ 1,053,966.66
c	06/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,380.43	\$ 1,059,347.09
c	06/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	4,285.71	\$ 1,063,632.80
c	06/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	4,285.71	\$ 1,067,918.51
c	06/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	4,285.71	\$ 1,072,204.22
c	06/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,696.00	\$ 1,075,900.22
c	06/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,970.00	\$ 1,078,870.22
c	06/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,727.27	\$ 1,080,597.49
c	06/10/19	Wire	CBSG - Kingdom Logistics	Loan Payment	\$	72,222.73	\$ 1,152,820.22
c	06/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	17,500.00	\$ 1,170,320.22
c	06/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 1,185,320.22
c	06/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 1,200,320.22
c	06/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 1,215,320.22
c	06/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	9,722.73	\$ 1,225,042.95
c	06/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	9,355.67	\$ 1,234,398.62
c	06/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	8,937.50	\$ 1,243,336.12
c	06/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	6,671.74	\$ 1,250,007.86
c	06/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	6,428.57	\$ 1,256,436.43
c	06/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,000.00	\$ 1,261,436.43
c	06/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,657.14	\$ 1,267,093.57
c	06/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,380.43	\$ 1,272,474.00
c	06/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	4,285.71	\$ 1,276,759.71

Cleared	DATE	CK #	RECIPIENT	DESCRIPTION	CREDITS	DEBITS	TOTALS
c	06/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	4,285.71	\$ 1,281,045.42
c	06/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	4,285.71	\$ 1,285,331.13
c	06/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,696.00	\$ 1,289,027.13
c	06/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,970.00	\$ 1,291,997.13
c	06/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,727.27	\$ 1,293,724.40
c	06/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	17,500.00	\$ 1,311,224.40
c	06/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 1,326,224.40
c	06/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 1,341,224.40
c	06/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 1,356,224.40
c	06/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	9,722.73	\$ 1,365,947.13
c	06/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	9,355.67	\$ 1,375,302.80
c	06/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	8,937.50	\$ 1,384,240.30
c	06/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	6,671.74	\$ 1,390,912.04
c	06/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	6,428.57	\$ 1,397,340.61
c	06/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,000.00	\$ 1,402,340.61
c	06/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,657.14	\$ 1,407,997.75
c	06/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,380.43	\$ 1,413,378.18
c	06/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	4,285.71	\$ 1,417,663.89
c	06/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	4,285.71	\$ 1,421,949.60
c	06/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	4,285.71	\$ 1,426,235.31
c	06/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,696.00	\$ 1,429,931.31
c	06/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,970.00	\$ 1,432,901.31
c	06/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,727.27	\$ 1,434,628.58
c	06/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	27,600.00	\$ 1,462,228.58
c	06/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	17,500.00	\$ 1,479,728.58
c	06/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 1,494,728.58
c	06/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 1,509,728.58
c	06/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	9,722.73	\$ 1,519,451.31
c	06/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	9,355.67	\$ 1,528,806.98
c	06/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	8,937.50	\$ 1,537,744.48
c	06/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	6,671.74	\$ 1,544,416.22
c	06/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	6,428.57	\$ 1,550,844.79
c	06/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,000.00	\$ 1,555,844.79
c	06/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,657.14	\$ 1,561,501.93
c	06/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,380.43	\$ 1,566,882.36
c	06/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	4,285.71	\$ 1,571,168.07
c	06/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	4,285.71	\$ 1,575,453.78
c	06/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	4,285.71	\$ 1,579,739.49



Cleared	DATE	CK #	RECIPIENT	DESCRIPTION	CREDITS	DEBITS	TOTALS
c	06/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,696.00	\$ 1,583,435.49
c	06/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,970.00	\$ 1,586,405.49
c	06/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,727.27	\$ 1,588,132.76
c	06/13/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	6,671.74	\$ 1,594,804.50
c	06/13/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	6,428.57	\$ 1,601,233.07
c	06/13/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,000.00	\$ 1,606,233.07
c	06/13/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,657.14	\$ 1,611,890.21
c	06/13/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,380.43	\$ 1,617,270.64
c	06/13/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	4,285.71	\$ 1,621,556.35
c	06/13/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	4,285.71	\$ 1,625,842.06
c	06/13/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	4,285.71	\$ 1,630,127.77
c	06/13/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,696.00	\$ 1,633,823.77
c	06/13/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,970.00	\$ 1,636,793.77
c	06/14/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,727.27	\$ 1,638,521.04
c	06/14/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 1,653,521.04
c	06/14/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 1,668,521.04
c	06/17/19	Wire	CBSG - Kingdom Logistics	Loan Payment	\$	1,727.27	\$ 1,670,248.31
c	06/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	148,215.90	\$ 1,818,464.21
c	06/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	27,600.00	\$ 1,846,064.21
c	06/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	27,600.00	\$ 1,873,664.21
c	06/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	9,722.73	\$ 1,883,386.94
c	06/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	9,355.67	\$ 1,892,742.61
c	06/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	8,937.50	\$ 1,901,680.11
c	06/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	27,600.00	\$ 1,929,280.11
c	06/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 1,944,280.11
c	06/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,657.14	\$ 1,949,937.25
c	06/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,380.43	\$ 1,955,317.68
c	06/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,000.00	\$ 1,960,317.68
c	06/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,696.00	\$ 1,964,013.68
c	06/20/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	27,600.00	\$ 1,991,613.68
c	06/20/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	6,428.57	\$ 1,998,042.25
c	06/20/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,657.14	\$ 2,003,699.39
c	06/20/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,380.43	\$ 2,009,079.82
c	06/20/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,000.00	\$ 2,014,079.82
c	06/20/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,696.00	\$ 2,017,775.82
c	06/21/19	Wire	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 2,032,775.82
c	06/27/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,000.00	\$ 2,033,775.82
c	06/27/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,000.00	\$ 2,036,775.82

Cleared	DATE	CK #	RECIPIENT	DESCRIPTION	CREDITS	DEBITS	TOTALS
c	06/27/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,000.00	\$ 2,039,775.82
c	06/27/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,000.00	\$ 2,042,775.82
c	06/27/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,000.00	\$ 2,045,775.82
c	06/27/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,000.00	\$ 2,050,775.82
c	06/27/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 2,060,775.82
c	06/27/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 2,070,775.82
c	06/27/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 2,082,775.82
c	06/27/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	25,000.00	\$ 2,107,775.82
c	06/28/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,900.00	\$ 2,110,675.82
c	06/28/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,050.00	\$ 2,113,725.82
c	06/28/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,200.00	\$ 2,116,925.82
c	06/28/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,500.00	\$ 2,120,425.82
c	06/28/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,550.00	\$ 2,123,975.82
c	07/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,700.00	\$ 2,127,675.82
c	07/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,000.00	\$ 2,128,675.82
c	07/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,200.00	\$ 2,129,875.82
c	07/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,500.00	\$ 2,131,375.82
c	07/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,700.00	\$ 2,133,075.82
c	07/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,300.00	\$ 2,135,375.82
c	07/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,400.00	\$ 2,137,775.82
c	07/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,900.00	\$ 2,140,675.82
c	07/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,050.00	\$ 2,143,725.82
c	07/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,200.00	\$ 2,146,925.82
c	07/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,500.00	\$ 2,150,425.82
c	07/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,550.00	\$ 2,153,975.82
c	07/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,700.00	\$ 2,157,675.82
c	07/02/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,000.00	\$ 2,158,675.82
c	07/02/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,200.00	\$ 2,159,875.82
c	07/02/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,500.00	\$ 2,161,375.82
c	07/02/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,400.00	\$ 2,163,775.82
c	07/02/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,900.00	\$ 2,166,675.82
c	07/02/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,050.00	\$ 2,169,725.82
c	07/02/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,200.00	\$ 2,172,925.82
c	07/02/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,500.00	\$ 2,176,425.82
c	07/02/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,550.00	\$ 2,179,975.82
c	07/02/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,700.00	\$ 2,183,675.82
c	07/03/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,000.00	\$ 2,184,675.82
c	07/03/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,700.00	\$ 2,186,375.82

Cleared	DATE	CK #	RECIPIENT	DESCRIPTION	CREDITS	DEBITS	TOTALS
c	07/03/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,300.00	\$ 2,188,675.82
c	07/03/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,400.00	\$ 2,191,075.82
c	07/03/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,900.00	\$ 2,193,975.82
c	07/03/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,050.00	\$ 2,197,025.82
c	07/03/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,200.00	\$ 2,200,225.82
c	07/03/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,500.00	\$ 2,203,725.82
c	07/03/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,550.00	\$ 2,207,275.82
c	07/05/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,700.00	\$ 2,210,975.82
c	07/05/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,500.00	\$ 2,212,475.82
c	07/05/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,700.00	\$ 2,214,175.82
c	07/05/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,300.00	\$ 2,216,475.82
c	07/05/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,400.00	\$ 2,218,875.82
c	07/05/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,900.00	\$ 2,221,775.82
c	07/05/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,050.00	\$ 2,224,825.82
c	07/05/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,200.00	\$ 2,228,025.82
c	07/05/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,500.00	\$ 2,231,525.82
c	07/05/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,550.00	\$ 2,235,075.82
c	07/08/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,700.00	\$ 2,238,775.82
c	07/08/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,000.00	\$ 2,239,775.82
c	07/09/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,200.00	\$ 2,240,975.82
c	07/09/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,000.00	\$ 2,241,975.82
c	07/09/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,500.00	\$ 2,243,475.82
c	07/09/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,700.00	\$ 2,245,175.82
c	07/09/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,300.00	\$ 2,247,475.82
c	07/09/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,400.00	\$ 2,249,875.82
c	07/09/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,900.00	\$ 2,252,775.82
c	07/09/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,050.00	\$ 2,255,825.82
c	07/09/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,200.00	\$ 2,259,025.82
c	07/09/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,500.00	\$ 2,262,525.82
c	07/09/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,550.00	\$ 2,266,075.82
c	07/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,700.00	\$ 2,269,775.82
c	07/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,300.00	\$ 2,272,075.82
c	07/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,400.00	\$ 2,274,475.82
c	07/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,900.00	\$ 2,277,375.82
c	07/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,050.00	\$ 2,280,425.82
c	07/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,200.00	\$ 2,283,625.82
c	07/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,500.00	\$ 2,287,125.82
c	07/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,550.00	\$ 2,290,675.82

Cleared	DATE	CK #	RECIPIENT	DESCRIPTION	CREDITS	DEBITS	TOTALS
c	07/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,700.00	\$ 2,294,375.82
c	07/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,700.00	\$ 2,296,075.82
c	07/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,300.00	\$ 2,298,375.82
c	07/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,400.00	\$ 2,300,775.82
c	07/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,900.00	\$ 2,303,675.82
c	07/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,050.00	\$ 2,306,725.82
c	07/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,200.00	\$ 2,309,925.82
c	07/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,500.00	\$ 2,313,425.82
c	07/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,550.00	\$ 2,316,975.82
c	07/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,700.00	\$ 2,320,675.82
c	07/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,000.00	\$ 2,321,675.82
c	07/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,200.00	\$ 2,322,875.82
c	07/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,500.00	\$ 2,324,375.82
c	07/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,400.00	\$ 2,326,775.82
c	07/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,900.00	\$ 2,329,675.82
c	07/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,050.00	\$ 2,332,725.82
c	07/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,500.00	\$ 2,336,225.82
c	07/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,550.00	\$ 2,339,775.82
c	07/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,700.00	\$ 2,343,475.82
c	07/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,700.00	\$ 2,345,175.82
c	07/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,000.00	\$ 2,346,175.82
c	07/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,200.00	\$ 2,347,375.82
c	07/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,300.00	\$ 2,349,675.82
c	07/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,400.00	\$ 2,352,075.82
c	07/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,900.00	\$ 2,354,975.82
c	07/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,050.00	\$ 2,358,025.82
c	07/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,200.00	\$ 2,361,225.82
c	07/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,500.00	\$ 2,364,725.82
c	07/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,550.00	\$ 2,368,275.82
c	07/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,700.00	\$ 2,371,975.82
c	07/15/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,000.00	\$ 2,372,975.82
c	07/15/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,700.00	\$ 2,374,675.82
c	07/15/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,300.00	\$ 2,376,975.82
c	07/15/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,400.00	\$ 2,379,375.82
c	07/15/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,900.00	\$ 2,382,275.82
c	07/15/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,050.00	\$ 2,385,325.82
c	07/15/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,200.00	\$ 2,388,525.82
c	07/15/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,500.00	\$ 2,392,025.82

Cleared	DATE	CK #	RECIPIENT	DESCRIPTION	CREDITS	DEBITS	TOTALS
c	07/15/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,550.00	\$ 2,395,575.82
c	07/15/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,700.00	\$ 2,399,275.82
c	07/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,000.00	\$ 2,400,275.82
c	07/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,200.00	\$ 2,401,475.82
c	07/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,500.00	\$ 2,402,975.82
c	07/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,700.00	\$ 2,404,675.82
c	07/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,300.00	\$ 2,406,975.82
c	07/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,400.00	\$ 2,409,375.82
c	07/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,900.00	\$ 2,412,275.82
c	07/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,050.00	\$ 2,415,325.82
c	07/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,200.00	\$ 2,418,525.82
c	07/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,500.00	\$ 2,422,025.82
c	07/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,550.00	\$ 2,425,575.82
c	07/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,700.00	\$ 2,429,275.82
c	07/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,000.00	\$ 2,430,275.82
c	07/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,200.00	\$ 2,431,475.82
c	07/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,500.00	\$ 2,432,975.82
c	07/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,700.00	\$ 2,434,675.82
c	07/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,300.00	\$ 2,436,975.82
c	07/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,400.00	\$ 2,439,375.82
c	07/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,900.00	\$ 2,442,275.82
c	07/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,050.00	\$ 2,445,325.82
c	07/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,200.00	\$ 2,448,525.82
c	07/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,500.00	\$ 2,452,025.82
c	07/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,550.00	\$ 2,455,575.82
c	07/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,700.00	\$ 2,459,275.82
c	07/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,000.00	\$ 2,460,275.82
c	07/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,200.00	\$ 2,461,475.82
c	07/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,500.00	\$ 2,462,975.82
c	07/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,700.00	\$ 2,464,675.82
c	07/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,300.00	\$ 2,466,975.82
c	07/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,400.00	\$ 2,469,375.82
c	07/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,900.00	\$ 2,472,275.82
c	07/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,050.00	\$ 2,475,325.82
c	07/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,200.00	\$ 2,478,525.82
c	07/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,500.00	\$ 2,482,025.82
c	07/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,550.00	\$ 2,485,575.82
c	07/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,700.00	\$ 2,489,275.82

Cleared	DATE	CK #	RECIPIENT	DESCRIPTION	CREDITS	DEBITS	TOTALS
c	07/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,000.00	\$ 2,490,275.82
c	07/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,200.00	\$ 2,491,475.82
c	07/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,500.00	\$ 2,492,975.82
c	07/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,700.00	\$ 2,494,675.82
c	07/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,300.00	\$ 2,496,975.82
c	07/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,400.00	\$ 2,499,375.82
c	07/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,900.00	\$ 2,502,275.82
c	07/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,050.00	\$ 2,505,325.82
c	07/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,200.00	\$ 2,508,525.82
c	07/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,500.00	\$ 2,512,025.82
c	07/22/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,700.00	\$ 2,515,725.82
c	07/22/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,000.00	\$ 2,516,725.82
c	07/22/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,200.00	\$ 2,517,925.82
c	07/22/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,500.00	\$ 2,519,425.82
c	07/22/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,700.00	\$ 2,521,125.82
c	07/22/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,300.00	\$ 2,523,425.82
c	07/22/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,400.00	\$ 2,525,825.82
c	07/22/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,900.00	\$ 2,528,725.82
c	07/22/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,050.00	\$ 2,531,775.82
c	07/22/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,200.00	\$ 2,534,975.82
c	07/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,700.00	\$ 2,538,675.82
c	07/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,000.00	\$ 2,539,675.82
c	07/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,200.00	\$ 2,540,875.82
c	07/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,500.00	\$ 2,542,375.82
c	07/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,700.00	\$ 2,544,075.82
c	07/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,300.00	\$ 2,546,375.82
c	07/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,400.00	\$ 2,548,775.82
c	07/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,900.00	\$ 2,551,675.82
c	07/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,050.00	\$ 2,554,725.82
c	07/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,000.00	\$ 2,555,725.82
c	07/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,550.00	\$ 2,559,275.82
c	07/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,700.00	\$ 2,562,975.82
c	07/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,000.00	\$ 2,563,975.82
c	07/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,200.00	\$ 2,565,175.82
c	07/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,500.00	\$ 2,566,675.82
c	07/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,700.00	\$ 2,568,375.82
c	07/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,300.00	\$ 2,570,675.82
c	07/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,400.00	\$ 2,573,075.82

Cleared	DATE	CK #	RECIPIENT	DESCRIPTION	CREDITS	DEBITS	TOTALS
c	07/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,900.00	\$ 2,575,975.82
c	07/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,050.00	\$ 2,579,025.82
c	07/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,550.00	\$ 2,582,575.82
c	07/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,700.00	\$ 2,586,275.82
c	07/25/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,000.00	\$ 2,587,275.82
c	07/25/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,200.00	\$ 2,588,475.82
c	07/25/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,500.00	\$ 2,589,975.82
c	07/25/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,000.00	\$ 2,592,975.82
c	07/25/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,050.00	\$ 2,596,025.82
c	07/25/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,200.00	\$ 2,599,225.82
c	07/25/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,500.00	\$ 2,602,725.82
c	07/25/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,550.00	\$ 2,606,275.82
c	07/26/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,700.00	\$ 2,609,975.82
c	07/26/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	1,200.00	\$ 2,611,175.82
c	07/26/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,000.00	\$ 2,614,175.82
c	07/26/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,050.00	\$ 2,617,225.82
c	07/26/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,200.00	\$ 2,620,425.82
c	07/26/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,500.00	\$ 2,623,925.82
c	07/26/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,550.00	\$ 2,627,475.82
c	07/26/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	4,700.00	\$ 2,632,175.82
c	07/26/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,500.00	\$ 2,637,675.82
c	07/30/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	6,000.00	\$ 2,643,675.82
c	07/30/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,400.00	\$ 2,646,075.82
c	07/30/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	2,900.00	\$ 2,648,975.82
c	07/30/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,050.00	\$ 2,652,025.82
c	07/30/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,200.00	\$ 2,655,225.82
c	07/30/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	4,700.00	\$ 2,659,925.82
c	07/30/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	5,500.00	\$ 2,665,425.82
c	07/30/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	6,000.00	\$ 2,671,425.82
c	08/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 2,686,425.82
c	08/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 2,696,425.82
c	08/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 2,708,425.82
c	08/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 2,723,425.82
c	08/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 2,738,425.82
c	08/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 2,753,425.82
c	08/08/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 2,763,425.82
c	08/08/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 2,775,425.82
c	08/08/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 2,790,425.82

Cleared	DATE	CK #	RECIPIENT	DESCRIPTION	CREDITS	DEBITS	TOTALS
c	08/08/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 2,805,425.82
c	08/08/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 2,820,425.82
c	08/09/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 2,830,425.82
c	08/09/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 2,842,425.82
c	08/09/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 2,857,425.82
c	08/09/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 2,872,425.82
c	08/09/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 2,887,425.82
c	08/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 2,897,425.82
c	08/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 2,909,425.82
c	08/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 2,924,425.82
c	08/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 2,939,425.82
c	09/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 2,949,425.82
c	09/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 2,961,425.82
c	09/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 2,976,425.82
c	09/13/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 2,991,425.82
c	09/13/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 3,001,425.82
c	09/13/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 3,011,425.82
c	09/13/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 3,023,425.82
c	09/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 3,035,425.82
c	09/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,050,425.82
c	09/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,065,425.82
c	09/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,080,425.82
c	09/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,095,425.82
c	09/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 3,105,425.82
c	09/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 3,115,425.82
c	09/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 3,127,425.82
c	09/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,075.00	\$ 3,139,500.82
c	09/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,154,500.82
c	09/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,169,500.82
c	09/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,184,500.82
c	09/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,075.00	\$ 3,199,575.82
c	09/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 3,209,575.82
c	09/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 3,221,575.82
c	09/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,236,575.82
c	09/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,251,575.82
c	09/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 3,261,575.82
c	09/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 3,273,575.82
c	09/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,288,575.82



Cleared	DATE	CK #	RECIPIENT	DESCRIPTION	CREDITS	DEBITS	TOTALS
C	09/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,303,575.82
C	09/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 3,313,575.82
C	09/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 3,325,575.82
C	09/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,340,575.82
C	09/20/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,355,575.82
C	09/20/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 3,365,575.82
C	09/20/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 3,377,575.82
C	09/20/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,392,575.82
C	09/20/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,407,575.82
C	09/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 3,417,575.82
C	09/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 3,429,575.82
C	09/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,444,575.82
C	09/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,459,575.82
C	09/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 3,469,575.82
C	09/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 3,481,575.82
C	09/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,496,575.82
C	09/25/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,511,575.82
C	09/25/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 3,521,575.82
C	09/25/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 3,533,575.82
C	09/25/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,548,575.82
C	09/26/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,563,575.82
C	09/26/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 3,573,575.82
C	09/26/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 3,585,575.82
C	09/26/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,600,575.82
C	09/26/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,615,575.82
C	09/27/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 3,625,575.82
C	09/27/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 3,637,575.82
C	09/27/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,652,575.82
C	09/27/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,667,575.82
C	09/30/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 3,677,575.82
C	09/30/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 3,689,575.82
C	09/30/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,704,575.82
C	10/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,719,575.82
C	10/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 3,729,575.82
C	10/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 3,741,575.82
C	10/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,756,575.82
C	10/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,771,575.82
C	10/02/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 3,781,575.82

Cleared	DATE	CK #	RECIPIENT	DESCRIPTION	CREDITS	DEBITS	TOTALS
c	10/02/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 3,793,575.82
c	10/02/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,808,575.82
c	10/02/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,823,575.82
c	10/04/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 3,833,575.82
c	10/04/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 3,845,575.82
c	10/04/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,860,575.82
c	10/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,875,575.82
c	10/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 3,885,575.82
c	10/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 3,897,575.82
c	10/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,912,575.82
c	10/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 3,927,575.82
c	10/07/19	Wire	CBSG - Kingdom Logistics	Loan Payment	\$	52,000.00	\$ 3,979,575.82
c	10/08/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 3,989,575.82
c	10/08/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 4,001,575.82
c	10/08/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,016,575.82
c	10/08/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,031,575.82
c	10/09/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 4,041,575.82
c	10/09/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 4,053,575.82
c	10/09/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,068,575.82
c	10/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,083,575.82
c	10/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 4,093,575.82
c	10/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 4,105,575.82
c	10/10/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,120,575.82
c	10/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,135,575.82
c	10/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 4,145,575.82
c	10/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 4,157,575.82
c	10/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,172,575.82
c	10/11/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,187,575.82
c	10/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 4,197,575.82
c	10/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 4,209,575.82
c	10/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,224,575.82
c	10/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,239,575.82
c	10/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 4,249,575.82
c	10/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 4,261,575.82
c	10/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,276,575.82
c	10/16/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,291,575.82
c	10/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 4,301,575.82
c	10/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 4,313,575.82

Cleared	DATE	CK #	RECIPIENT	DESCRIPTION	CREDITS	DEBITS	TOTALS
C	10/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,328,575.82
C	10/17/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,343,575.82
C	10/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 4,353,575.82
C	10/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 4,365,575.82
C	10/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,380,575.82
C	10/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,395,575.82
C	10/21/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 4,405,575.82
C	10/21/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 4,417,575.82
C	10/21/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,432,575.82
C	10/21/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,447,575.82
C	10/22/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 4,457,575.82
C	10/22/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 4,469,575.82
C	10/22/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,484,575.82
C	10/22/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,499,575.82
C	10/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 4,509,575.82
C	10/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 4,521,575.82
C	10/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,536,575.82
C	10/23/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,551,575.82
C	10/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 4,561,575.82
C	10/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 4,573,575.82
C	10/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,588,575.82
C	10/24/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,603,575.82
C	10/25/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 4,613,575.82
C	10/25/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 4,625,575.82
C	10/25/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,640,575.82
C	10/25/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,655,575.82
C	10/28/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 4,665,575.82
C	10/28/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 4,677,575.82
C	10/28/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,692,575.82
C	10/28/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,707,575.82
C	10/28/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 4,717,575.82
C	10/29/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 4,729,575.82
C	10/29/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,744,575.82
C	10/29/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,759,575.82
C	10/29/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 4,769,575.82
C	10/30/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 4,781,575.82
C	10/30/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,796,575.82
C	10/30/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,811,575.82

Cleared	DATE	CK #	RECIPIENT	DESCRIPTION	CREDITS	DEBITS	TOTALS
c	10/31/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 4,821,575.82
c	10/31/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 4,833,575.82
c	10/31/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,848,575.82
c	10/31/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,863,575.82
c	11/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 4,873,575.82
c	11/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 4,885,575.82
c	11/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,900,575.82
c	11/01/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,915,575.82
c	11/04/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 4,925,575.82
c	11/04/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 4,937,575.82
c	11/04/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,952,575.82
c	11/04/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 4,967,575.82
c	11/05/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 4,977,575.82
c	11/05/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 4,989,575.82
c	11/05/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 5,004,575.82
c	11/05/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 5,019,575.82
c	11/06/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 5,029,575.82
c	11/06/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 5,041,575.82
c	11/06/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 5,056,575.82
c	11/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 5,071,575.82
c	11/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 5,081,575.82
c	11/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 5,093,575.82
c	11/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 5,108,575.82
c	11/07/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 5,123,575.82
c	11/08/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 5,133,575.82
c	11/08/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 5,145,575.82
c	11/08/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 5,160,575.82
c	11/08/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 5,175,575.82
c	11/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	3,750.00	\$ 5,179,325.82
c	11/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 5,189,325.82
c	11/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 5,201,325.82
c	11/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 5,216,325.82
c	11/12/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 5,231,325.82
c	11/13/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 5,241,325.82
c	11/13/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	\$ 5,253,325.82
c	11/13/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 5,268,325.82
c	11/13/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	\$ 5,283,325.82
c	11/14/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	\$ 5,293,325.82

Cleared	DATE	CK #	RECIPIENT	DESCRIPTION	CREDITS	DEBITS	TOTALS
C	11/14/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	5,305,325.82
C	11/14/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	5,320,325.82
C	11/14/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	5,335,325.82
C	11/15/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	5,345,325.82
C	11/15/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	5,357,325.82
C	11/15/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	5,372,325.82
C	11/15/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	5,387,325.82
C	11/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	5,397,325.82
C	11/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	5,409,325.82
C	11/18/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	5,424,325.82
C	11/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	5,439,325.82
C	11/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	10,000.00	5,449,325.82
C	11/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	12,000.00	5,461,325.82
C	11/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	5,476,325.82
C	11/19/19	ACH	CBSG - Kingdom Logistics	Loan Payment	\$	15,000.00	5,491,325.82
<b>TOTAL PAYMENTS:</b>							<b>\$ 5,491,325.82</b>

**CBSG - PAYMENTS FROM TD Bank**

C	08/13/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	15,000.00
C	08/13/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	30,000.00
C	08/13/19	Debit	CBSG AutoPay	Loan Payment	\$	12,000.00	42,000.00
C	08/13/19	Debit	CBSG AutoPay	Loan Payment	\$	10,000.00	52,000.00
C	08/14/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	67,000.00
C	08/14/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	82,000.00
C	08/14/19	Debit	CBSG AutoPay	Loan Payment	\$	12,000.00	94,000.00
C	08/15/19	Debit	CBSG AutoPay	Loan Payment	\$	10,000.00	104,000.00
C	08/15/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	119,000.00
C	08/15/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	134,000.00
C	08/15/19	Debit	CBSG AutoPay	Loan Payment	\$	12,000.00	146,000.00
C	08/15/19	Debit	CBSG AutoPay	Loan Payment	\$	10,000.00	156,000.00
C	08/16/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	171,000.00
C	08/16/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	186,000.00
C	08/16/19	Debit	CBSG AutoPay	Loan Payment	\$	12,000.00	198,000.00
C	08/16/19	Debit	CBSG AutoPay	Loan Payment	\$	10,000.00	208,000.00
C	08/19/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	223,000.00
C	08/19/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	238,000.00

Cleared	DATE	CK #	RECIPIENT	DESCRIPTION	CREDITS	DEBITS	TOTALS
c	08/19/19	Debit	CBSG AutoPay	Loan Payment	\$	12,000.00	\$ 250,000.00
c	08/19/19	Debit	CBSG AutoPay	Loan Payment	\$	10,000.00	\$ 260,000.00
c	08/20/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 275,000.00
c	08/20/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 290,000.00
c	08/20/19	Debit	CBSG AutoPay	Loan Payment	\$	12,000.00	\$ 302,000.00
c	08/20/19	Debit	CBSG AutoPay	Loan Payment	\$	10,000.00	\$ 312,000.00
c	08/21/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 327,000.00
c	08/21/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 342,000.00
c	08/21/19	Debit	CBSG AutoPay	Loan Payment	\$	12,000.00	\$ 354,000.00
c	08/22/19	Debit	CBSG AutoPay	Loan Payment	\$	10,000.00	\$ 364,000.00
c	08/22/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 379,000.00
c	08/22/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 394,000.00
c	08/22/19	Debit	CBSG AutoPay	Loan Payment	\$	12,000.00	\$ 406,000.00
c	08/22/19	Debit	CBSG AutoPay	Loan Payment	\$	10,000.00	\$ 416,000.00
c	08/23/19	Debit	CBSG AutoPay	Loan Payment	\$	10,000.00	\$ 426,000.00
c	08/23/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 441,000.00
c	08/23/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 456,000.00
c	08/23/19	Debit	CBSG AutoPay	Loan Payment	\$	12,000.00	\$ 468,000.00
c	08/26/19	Debit	CBSG AutoPay	Loan Payment	\$	10,000.00	\$ 478,000.00
c	08/26/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 493,000.00
c	08/26/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 508,000.00
c	08/26/19	Debit	CBSG AutoPay	Loan Payment	\$	12,000.00	\$ 520,000.00
c	08/27/19	Debit	CBSG AutoPay	Loan Payment	\$	10,000.00	\$ 530,000.00
c	08/27/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 545,000.00
c	08/27/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 560,000.00
c	08/27/19	Debit	CBSG AutoPay	Loan Payment	\$	12,000.00	\$ 572,000.00
c	08/28/19	Debit	CBSG AutoPay	Loan Payment	\$	10,000.00	\$ 582,000.00
c	08/28/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 597,000.00
c	08/28/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 612,000.00
c	08/28/19	Debit	CBSG AutoPay	Loan Payment	\$	12,000.00	\$ 624,000.00
c	08/29/19	Debit	CBSG AutoPay	Loan Payment	\$	10,000.00	\$ 634,000.00
c	08/29/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 649,000.00
c	08/29/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 664,000.00
c	08/29/19	Debit	CBSG AutoPay	Loan Payment	\$	12,000.00	\$ 676,000.00
c	08/30/19	Debit	CBSG AutoPay	Loan Payment	\$	10,000.00	\$ 686,000.00
c	08/30/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 701,000.00
c	08/30/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 716,000.00
c	08/30/19	Debit	CBSG AutoPay	Loan Payment	\$	12,000.00	\$ 728,000.00

Cleared	DATE	CK #	RECIPIENT	DESCRIPTION	CREDITS	DEBITS	TOTALS
c	09/03/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 743,000.00
c	09/03/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 758,000.00
c	09/03/19	Debit	CBSG AutoPay	Loan Payment	\$	12,000.00	\$ 770,000.00
c	09/03/19	Debit	CBSG AutoPay	Loan Payment	\$	10,000.00	\$ 780,000.00
c	9/4/2020	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 795,000.00
c	09/04/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 810,000.00
c	09/04/19	Debit	CBSG AutoPay	Loan Payment	\$	12,000.00	\$ 822,000.00
c	09/04/19	Debit	CBSG AutoPay	Loan Payment	\$	10,000.00	\$ 832,000.00
c	09/05/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 847,000.00
c	09/05/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 862,000.00
c	09/05/19	Debit	CBSG AutoPay	Loan Payment	\$	12,000.00	\$ 874,000.00
c	09/05/19	Debit	CBSG AutoPay	Loan Payment	\$	10,000.00	\$ 884,000.00
c	09/06/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 899,000.00
c	09/06/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 914,000.00
c	09/06/19	Debit	CBSG AutoPay	Loan Payment	\$	12,000.00	\$ 926,000.00
c	09/06/19	Debit	CBSG AutoPay	Loan Payment	\$	10,000.00	\$ 936,000.00
c	09/09/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 951,000.00
c	09/09/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 966,000.00
c	09/09/19	Debit	CBSG AutoPay	Loan Payment	\$	12,000.00	\$ 978,000.00
c	09/09/19	Debit	CBSG AutoPay	Loan Payment	\$	10,000.00	\$ 988,000.00
c	09/10/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 1,003,000.00
c	09/10/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 1,018,000.00
c	09/10/19	Debit	CBSG AutoPay	Loan Payment	\$	12,000.00	\$ 1,030,000.00
c	09/10/19	Debit	CBSG AutoPay	Loan Payment	\$	10,000.00	\$ 1,040,000.00
c	09/11/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 1,055,000.00
c	09/11/19	Debit	CBSG AutoPay	Loan Payment	\$	15,000.00	\$ 1,070,000.00
c	09/11/19	Debit	CBSG AutoPay	Loan Payment	\$	12,000.00	\$ 1,082,000.00
c	09/11/19	Debit	CBSG AutoPay	Loan Payment	\$	10,000.00	\$ 1,092,000.00

TOTAL PAYMENTS: \$ 1,092,000.00

FROM BB&T: \$ 5,491,325.82  
 FROM TD BANK: \$ 1,092,000.00  
**\$ 6,583,325.82**

## AMENDED AND RESTATED COMPANY OPERATING AGREEMENT

OF

### KINGDOM LOGISTICS, LLC

This Amended and Restated Company Operating Agreement (this “Agreement”) of Kingdom Logistics, LLC (the “Company”) is hereby amended and restated in its entirety by the Company and by the Members listed on the signature page attached hereto.

The Articles of Organization of the Company (the “Articles of Organization”), was filed in the Office of the Secretary of State of Wyoming, and the Secretary of State of Wyoming issued the Articles of Organization for Kingdom Logistics, LLC on October 13, 2015.

#### ARTICLE I DEFINITIONS

1.1 **Definitions.** The following terms used in this Agreement shall have the following meanings (unless otherwise expressly provided herein):

“Capital Account” means the account established for each Member pursuant to Section 7.2 hereof.

“Capital Contribution” means the amount of money and the fair market value of other property (net of liabilities secured thereby which the Company is treated as having assumed or taken subject to under Code Section 752) contributed by a Member (or a Member’s predecessors in interest) to the capital of the Company.

“Code” means the Internal Revenue Code of 1986, as amended and superseded from time to time.

“Company Interest” means all of a Member’s interests in the Company including, without limitation, rights to distributions, allocations of Income, Loss, Net Income, Net Loss (or items thereof), information and reports, and to vote on, consent to or approve any matter required or permitted to be submitted to the vote, consent or approval of the Members or any class thereof.

“Distributable Cash” means, with respect to the Company for a period of time, all funds of the Company on hand or in bank accounts of the Company as, in the discretion of the Managers, is available for distribution to the Member after provision has been made for (i) payment of all operating expenses of the Company as of such time, (ii) payment of all outstanding and unpaid current obligations of the Company as of such time, and (iii) such reserves as the Managers deem necessary or appropriate for Company operations.

“Effective Date” means the date set forth on the signature page to this Agreement.

“Interest” means, as to any Member, the percentage set forth opposite such Member’s name on Schedule I attached hereto.



“Majority” means, with respect to any referenced group of Managers, a combination of any of such Managers constituting more than fifty percent (50%) of the number of Managers of such referenced group who are then elected and qualified.

“Majority in Interest” means, with respect to any referenced group of Members, a combination of any of such Members who, in the aggregate, own more than fifty percent (50%) of the Interests owned by all of such referenced group of Members.

“Manager” means each of the managers designated as such in Section 3.2, or any other person or persons that succeeds him in his capacity as a manager or is elected to act as additional managers of the Company as provided herein. “Managers” refers to such persons as a group.

“Member” means each person or entity designated as a member on Schedule I, any successor or successors to all or any part of any such person or entity’s Company Interest, or any additional member admitted as a member of the Company in accordance with Article IX, each in the capacity as a member of the Company. “Members” refers to such persons or entities as a group.

“Participation Threshold” means, as of the date on which any Profits Interests Units are issued and granted, an amount equal to the fair market value of the Company’s assets or equity interests, less the amount of any liabilities of the Company, which are outstanding as of the date on which such Profits Interests Unit are issued and granted.

“Regulations” means temporary and final Income Tax Regulations promulgated under the Code, as amended and superseded from time to time.

“Unrecovered Capital Contribution” means, with respect to a Member, the excess, if any, of (i) the amount of its Capital Contribution, over (ii) the cumulative sum of money and the net fair market value of any other property previously distributed to it pursuant to Sections 8.5 and 10.3.

“WLLCA” shall mean the Wyoming Limited Liability Company Act, as the same may be amended from time to time.

## **ARTICLE II FORMATION OF THE COMPANY**

**2.1 Name and Formation.** The business and affairs of the Company shall be conducted in the name Kingdom Logistics, LLC. The rights and obligations of the parties and the administration and termination of the Company shall be governed by this Agreement, the Articles of Organization and the WLLCA.

**2.2 Principal Place of Business.** The principal place of business of the Company shall be 8650 Freeport Parkway, Suite 100, Irving, Texas 75063. The Company may locate its place(s) of business at any other place or places as the Managers may from time to time deem necessary or advisable.

2.3 **Registered Agent.** The Company's initial registered agent shall be as set forth in the Company's Articles of Organization. The Managers may, from time to time, change the registered office and registered agent of the Company.

2.4 **Purposes and Powers.**

(a) The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, engaging in any lawful act or activity for which limited liability companies may be formed under the WLLCA.

(b) The Company shall have any and all powers which are necessary or desirable to carry out the purposes of the Company, to the extent the same may be legally exercised by limited liability companies under the WLLCA. The Company shall carry out the foregoing activities pursuant to the arrangements set forth in the Articles of Organization and this Agreement.

2.5 **Nature of Members' Interests.** The interests of the Members in the Company shall be personal property for all purposes. Legal title to all Company assets shall be held in the name of the Company. Neither any Member nor its successors, representatives or assigns, shall have any right, title or interest in or to any Company property or the right to seek a partition of any Company property. Company Interests may be evidenced by a certificate of membership interest issued by the Company, in such form as the Managers may determine.

2.6 **Profits Interests.** A Profits Interests in the Company entitles the owner of such Profits Interests (each a "Profits Interests Holder") to the economic rights provided for in this Agreement, subject to the terms and conditions of this Agreement.

(a) Profits Interests issued hereunder are intended to qualify as (and shall be treated under this Agreement as) "profits interests" within the meaning of Revenue Procedure 93-27, as clarified by Revenue Procedure 2001-43. As such, (1) none of the Profits Interests Holders shall be obligated to make Capital Contributions in respect of any Profits Interests Units so qualifying, (2) the Company shall treat such Profits Interests Holders as holding "profits interests" for all purposes of this Agreement with respect to such Profits Interests so issued and (3) if the Company were liquidated immediately after issuance of any Profits Interests (before the Company made any earnings and before any appreciation occurred in the value of the Company's assets) and the Company's assets were sold at fair market value and the proceeds distributed pursuant to Section 10.3, the Profits Interests Holders would not be entitled to receive any share of the proceeds distributed pursuant to Section 10.3 with respect to such Profits Interests.

(b) Each time any Profits Interests are issued, the Company shall determine the applicable Participation Threshold for such Profits Interests issued and granted as of the date of such issuance and grant. Notwithstanding anything to the contrary in this Agreement, (1) a Profits Interests Holder shall not be allocated any portion of the Participation Threshold that is ultimately realized by the Company from the sale or exchange of assets that were owned directly or indirectly by the Company on the date when the Profits Interests were issued and (2) the amount of distributions made by the Company to a Profits Interests Holder (exclusive of amounts

paid or distributed to the Profits Interests Holder as guaranteed payments or compensation for services) shall be no greater than the sum of (I) the Profits Interests Holder's pro rata interest in the Net Profits and Net Loss arising from the ordinary operations of the Company after the date such Profits Interests Units were issued and (II) the Profits Interests Holder's pro rata interest in any appreciation in the fair market value of the Company's assets, net of any liabilities of the Company, in excess of the applicable Participation Threshold.

### **ARTICLE III RIGHTS AND DUTIES OF MANAGERS AND OFFICERS**

3.1 **Management.** Except as specifically set forth herein, all responsibility for management and control of the business and affairs of the Company shall be vested in the Managers. In addition to the powers and authorities expressly conferred by this Agreement upon the Managers, the Managers may exercise all such powers of the Company and do all such lawful acts and things as are not directed or required to be exercised or done by the Members by the WLLCA, the Articles of Organization or this Agreement, including, but not limited to, contracting for or incurring debts, liabilities and other obligations on behalf of the Company.

3.2 **Number, Tenure and Qualifications.** The number of Managers is hereby set at three (3), but the number of Managers may, from time to time be expanded or reduced by the Managers from time to time. As of the Effective Date, the Managers are Scott Haire, Cliff Ellery and Robert Stout. Each Manager shall hold office until whichever of the following occurs first: his or her successor is elected and qualified, his or her resignation, his or her removal from office by the Members or his or her death. Managers shall be elected by the affirmative vote of a Majority in Interest of all the Members.

3.3 **Resignation.** Any Manager may resign at any time by giving written notice to the Members. The resignation of any Manager shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

3.4 **Removal.** Notwithstanding Sections 3.2 and 3.7 hereof, at a meeting called expressly for that purpose, any Manager may be removed at any time, with or without cause, by the affirmative vote of a Majority in Interest of the Members.

3.5 **Vacancies.** Any vacancy occurring for any reason in the number of Managers of the Company may be filled by the affirmative vote of a Majority in Interest of the Members who designated such Manager. Any Manager's position to be filled by reason of an increase in the number of Managers shall be filled by the affirmative vote of a Majority in Interest of all the Members at an annual meeting or at a special meeting of Members called for that purpose. A Manager elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office and shall hold office until the expiration of such term and until his successor shall be elected and shall qualify or until his earlier death, resignation or removal. A Manager chosen to fill a position resulting from an increase in the number of Managers shall hold office until the next annual meeting of Members and until his successor shall be elected and shall qualify, or until his earlier death, resignation or removal.

3.6 **Place of Meeting.** Regular and special meetings of the Managers shall be held at any place within or without the State of Wyoming which has been designated from time to time by resolution of the Managers or by the affirmative vote of a Majority in Interest of all the Members then entitled to vote at a meeting of Members. In the absence of such designation, all meetings shall be held at the principal place of business of the Company.

3.7 **Special Meetings.** Special meetings of the Managers for any purpose or purposes shall be called at any time by the President or, if the President is absent or unable or refuses to act, by the Secretary or by any Manager. Notice of such special meetings, unless waived by attendance thereat or by written consent to the holding of the meeting, shall be given by written notice mailed at least three (3) days before the date of such meeting or be hand delivered or sent by facsimile at least one (1) day before the date such meeting is to be held.

3.8 **Notice of Adjournment.** Notice of the time and place of holding an adjourned meeting need not be given to absent Managers if the time and place be fixed at the meeting adjourned.

3.9 **Waiver of Notice.** The transactions approved or the actions taken at any meeting of the Managers, however called and noticed or wherever held, shall be as valid as though such transactions had been approved or such other actions taken at a meeting duly held after regular call and notice, if (a) a quorum be present and (b) either before or after the meeting, each of the Managers not present signs a written waiver of notice, or a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the Company records or made a part of the minutes of the meeting.

3.10 **Action by Managers; Quorum; Voting; Action Without a Meeting.**

(a) A Majority of the total number of Managers shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a Majority of the total number of Managers shall be regarded as the act of the Company, unless a greater number be required by law or by the Articles of Organization. The Managers present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Managers to have less than a quorum.

(b) All votes required of Managers hereunder may be by voice vote or show of hands, unless a written ballot is requested, which request may be made by any one Manager. Each Manager shall have one vote. Every reference to a Majority or other proportion of Managers shall refer to a Majority or other proportion of the votes of such Managers.

(c) Any action which under any provision of this Agreement may be taken at a meeting of the Managers may be taken without a meeting if authorized by a writing signed by a Majority of Managers who would be entitled to vote upon such action at a meeting, which writing shall be filed with the Secretary of the Company.

3.11 **Meetings by Telephone.** Managers, or any committee designated by the Managers, may participate in a meeting of the Managers by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting

can hear one another, and such participation in a meeting shall constitute presence in person at the meeting.

3.12 **Adjournment.** A Majority of the Managers present may adjourn any Managers' meeting to meet again at a stated day and hour or until the time fixed for the next regular meeting of the Managers.

3.13 **Inspection of Books and Records.** Any Manager shall have the right to examine the list of its Members entitled to vote and its other books and records for a purpose reasonably related to such Manager's position as a Manager.

3.14 **Major Decisions.** Any action that under the provisions of the WLLCA is, but for this Section 3.14, required to be authorized by the unanimous vote or consent of all of the Members of the Company will under this Agreement only require the approval of a Majority in Interest of the Members entitled to vote on that matter, including, but not limited to:

- (a) taking any action in contravention of the provisions of this Agreement;
- (b) filing any bankruptcy petition or similar action on behalf of the Company or admit, confess or acquiesce to any involuntary bankruptcy filing or similar action against the Company;
- (c) effecting a merger, dissolution, conversion, consolidation or other reorganization of the Company;
- (d) guarantying the payment of any money or debt of any other person or entity, or guaranty the performance of any other person or entity;
- (e) materially modifying the organizational documents of the Company; or
- (f) changing the name of the Company.

#### **ARTICLE IV OFFICERS**

4.1 **Election of Officers, Titles and Term of Office.** The Managers may appoint such other officers as the business of the Company may require, each of whom shall have authority and perform such duties as are provided in this Agreement or as the Managers may from time to time specify, and shall hold office until he or she shall resign or shall be removed or otherwise be disqualified to serve. Officers need not be Managers.

4.2 **Removal and Resignation.** Any officer may be removed, either with or without cause, by the Managers at any regular or special meeting, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer may resign at any time upon written notice to the Company.

4.3 **Vacancies.** A vacancy in the office of any officer, whether as a result of death, resignation, removal, disqualification or any other cause, may be filled by the Managers at any regular or special meeting.

## **ARTICLE V INDEMNIFICATION OF MANAGERS AND OFFICERS**

5.1 **Exculpation.** No Manager shall be liable to the Company or the Members for monetary damages for an act or omission in such person's capacity as a Manager, except for liability for (a) a breach of a such Manager's duty of loyalty to the Company or its Members, (b) an act or omission not in good faith that constitutes a breach of duty of such Manager to the Company or an act or omission that involves intentional misconduct or a knowing violation of the law, (c) a transaction from which such Manager received an improper benefit, whether or not the benefit resulted from an action taken within the scope of such Manager's position, or (d) an act or omission for which the liability of a Manager is expressly provided for by an applicable statute. If the WLLCA, or other applicable law is amended to authorize action further eliminating or limiting the liability of Managers, then the liability of a Manager shall be eliminated or limited to the fullest extent permitted by the WLLCA or other applicable law, as so amended. Any repeal or modification of this paragraph by the Members or the Managers shall not adversely affect the right or protection of a Manager existing at the time of such repeal or modification.

### **5.2 Right to Indemnification.**

(a) The Company shall indemnify any officer or Manager (each hereinafter referred to as "Indemnitee") who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative, or investigative, by reason of the fact that such Indemnitee is or was a Manager or officer of the Company, or is or was serving at the request of the Company as a manager, director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another corporation, partnership, joint venture, trust, sole proprietorship, employee benefit plan or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such Indemnitee in connection therewith to the extent that such Indemnitee has been wholly successful on the merits or otherwise in defense of such action, suit or proceeding.

(b) The Company shall indemnify any Indemnitee who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative, or investigative, by reason of the fact that such Indemnitee is or was a Manager or officer of the Company, or is or was serving at the request of the Company as a manager, director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another corporation, partnership, joint venture, trust, sole proprietorship, employee benefit plan or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such Indemnitee, and against judgments, penalties (including excise and similar taxes), fines, and amounts paid in settlement by such Indemnitee in connection therewith, if such Indemnitee acted in good faith and in a manner such Indemnitee reasonably believed, in the case of conduct in his official capacity, to be in the best

interests of the Company; or, in all other cases, to be not opposed to the best interests of the Company; and, with respect to any criminal action or proceeding, if such Indemnitee had no reasonable cause to believe his conduct was unlawful; provided however, if such Indemnitee is found liable to the Company or is found liable on the basis that personal benefit improperly was received by him, the indemnification provided pursuant to this Section 5.2(b) (i) is limited to expenses actually and reasonably incurred by such Indemnitee in connection with the proceeding and (ii) shall not be made in respect of any proceeding in which such Indemnitee shall have been found liable for willful or intentional misconduct in the performance of his duty to the Company. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Indemnitee did not act in good faith and in a manner which such Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, or, with respect to any criminal action or proceeding, that such Indemnitee had reasonable cause to believe that his conduct was unlawful. An Indemnitee shall have been deemed to have been found liable in respect of any claim, issue or matter only after the Indemnitee shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom.

(c) Notwithstanding the foregoing provisions of this Article, the Company shall approve indemnification of any Indemnitee to the fullest extent then permitted by law.

**5.3 Procedure to be Followed.** Any indemnification under Section 5.2(b) above (unless ordered by a court or made pursuant to a determination by a court) shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the Indemnitee is proper in the circumstances because such Indemnitee has met the applicable standard of conduct set forth in such Section 5.2(b). Such determination shall be made:

(a) by a majority vote of a quorum consisting of Managers who at the time of the vote are not named defendants or respondents in the proceeding;

(b) if such quorum cannot be obtained, by a majority vote of a committee of the Managers, designated to act in the matter by a majority vote of all Managers, consisting solely of two or more Managers who at the time of the vote are not named defendants or respondents in the proceeding;

(c) by special legal counsel selected by the Managers by vote as set forth in (a) or (b) above, or, if such a quorum cannot be obtained and such a committee cannot be established, by a majority vote of all Managers; or

(d) by the Members in a vote that excludes the Company Interests held by Managers or officers who are named defendants or respondents in the proceeding.

**5.4 Payment of Expenses in Advance.** Expenses incurred in defending an action, suit or proceeding referred to in Section 5.1 above shall be paid by the Company in advance of the final disposition of such action, suit or proceeding, without any of the determinations specified in Section 5.3 above, upon receipt of a written affirmation by the Indemnitee of his good faith belief that such Indemnitee has met the standard of conduct necessary for indemnification under applicable law and a written undertaking by or on behalf of the

Indemnitee to repay such amount unless it ultimately shall be determined that such Indemnitee is entitled to be indemnified by the Company as authorized in this Article V. The written undertaking must be an unlimited general obligation of the Indemnitee but need not be secured. It may be accepted without reference to financial ability to make repayment.

**5.5 Other Rights.** The indemnification provided by this Agreement shall be deemed exclusive of any other rights to which an Indemnitee seeking indemnification may be entitled under any statute, agreement, vote of Members or disinterested Managers, or otherwise both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to an Indemnitee who has ceased to be a Manager or officer and shall inure to the benefit of the estate, heirs, executors, administrators or other successors of such an Indemnitee and shall not be deemed to create any rights for the benefit of any other person or entity.

**5.6 Insurance.** The Company may purchase and maintain such insurance and/or another arrangement as approved by the Managers on behalf of any person against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Company would have the power to indemnify such person against such liability under the provisions of this Agreement. If the insurance or other arrangement is with a person or entity that is not regularly engaged in the business of providing insurance coverage, the insurance or arrangement may provide for payment of a liability with respect to which the Company would not have the power to indemnify the person only if including coverage for the additional liability has been approved by a Majority in Interest of all of the Members. Without limiting the power of the Company to procure or maintain any kind of insurance or other arrangement, the Company may, for the benefit of Indemnitees indemnified by the Company: (a) create a trust fund; (b) establish any form of self insurance; (c) secure its indemnity obligation by grant of a security interest or other lien on the assets of the Company; or (d) establish a letter of credit, guarantee or surety arrangement. The insurance or other arrangement may be procured, maintained or established within the Company or with any insurer or other person deemed appropriate by the Managers regardless of whether all or part of the stock or other securities of the insurer or other persons are owned in whole or part by the Company. In the absence of fraud, the judgment of the Managers as to the terms and conditions of the insurance or other arrangement or the identity of the insurer or other person participating in an arrangement shall be conclusive and the insurance or arrangement shall not be voidable and shall not subject the Managers approving the insurance or arrangement to liability, on any grounds, regardless of whether Managers participating in the approval are beneficiaries of the insurance or arrangement.

**5.7 Severability.** In the event that any part or portion of this Article V shall be judicially determined to be invalid or unenforceable, such determination shall not in any way affect the remaining portions of this Article V, but the same shall be divisible and the remainder shall continue in full force and effect.

**5.8 Appearance as a Witness or Otherwise.** Notwithstanding any other provision of this Article, the Company may pay or reimburse expenses incurred by a Manager, officer or other person in connection with appearance as a witness or other participation in a proceeding at a time when he is not a named defendant or respondent in the proceeding.



5.9 **Report to Members.** Any indemnification or advance of expenses in accordance with this Article V shall be reported in writing to the Members with or before the notice or waiver of notice of the next Members' meeting or with or before the next submission to Members of a consent to action without a meeting and, in any case, within the 12-month period immediately following the date of the indemnification or advance.

## **ARTICLE VI MEETINGS OF MEMBERS**

6.1 **Place of Meetings.** All meetings of the Members shall be held at the principal office of the Company or at such other place within or without the State of Wyoming as may be determined by the Managers and set forth in the respective notice or waivers of notice of such meeting.

6.2 **Annual Meetings of Members.** An annual meeting of the Members will be held at such time and date as shall be designated by the Managers from time to time and stated in the notice of the meeting. Such annual meeting shall be called in the same manner as provided in this Agreement for special meetings of the Members, except that the purposes of such meeting need be enumerated in the notice of such meeting only to the extent required by law in the case of annual meetings.

6.3 **Special Meetings of Members.** Special meetings of the Members may be called by the Managers or by the holders of not less than twenty percent (20%) of all the Interests. Business transacted at all special meetings shall be confined to the purposes stated in the notice.

6.4 **Notice of Meetings of Members.** Written or printed notice stating the place, day and hour of the meeting and, in the case of special meetings, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the Managers or person calling the meeting, to each Member of record entitled to vote at such meeting. Such notice shall be deemed to be delivered as provided in Section 11.2.

6.5 **Quorum.** A Majority in Interest of the Members shall constitute a quorum at all meetings of the Members, except as otherwise provided by law or the Articles of Organization. Once a quorum is present at the meeting of the Members, the subsequent withdrawal from the meeting of any Member prior to adjournment or the refusal of any Member to vote shall not affect the presence of a quorum at the meeting. If, however, such quorum shall not be present at any meeting of the Members, the Members entitled to vote at such meeting shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until the holders of the requisite amount of Interests shall be present or represented.

6.6 **Voting on Matters Other Than the Election of Managers.** For purposes of voting on matters other than the election of Managers or a matter for which the affirmative vote of the holders of a specified portion of the Interests entitled to vote is required by law, the Articles of Organization or this Agreement, at any meeting of the Members at which a quorum is present, the act of Members shall be the affirmative vote of the holders of a Majority in Interest of all the Members.

6.7 **Voting in the Election of Managers.** For purposes of voting on the election of Managers, Managers shall be elected at any meeting of the Members at which a quorum is present.

6.8 **List of Members Entitled to Vote.** The Managers shall make, at least ten (10) days before each meeting of Members, a complete list of the Members entitled to vote at such meeting, or any adjournment of such meeting, arranged in alphabetical order, with the address of and the Interest held by each, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the registered office of the Company and shall be subject to inspection by any Member at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection of any Member during the whole time of the meeting. However, failure to comply with the requirements of this Section shall not affect the validity of any action taken at such meeting.

6.9 **Registered Members.** The Company shall be entitled to treat the holder of record of any Interest as the holder in fact of such Interest for all purposes, and accordingly shall not be bound to recognize any equitable or other claim to or interest in such Interest on the part of any other person, whether or not it shall have express or other notice of such claim or interest, except as expressly provided by this Agreement or the laws of the State of Wyoming.

6.10 **Actions Without a Meeting and Telephone Meetings.** Notwithstanding any provision contained in this Article VI, all actions of the Members provided for herein may be taken by written consent without a meeting, or any meeting thereof may be held by means of a conference telephone. Any such action which may be taken by the Members without a meeting shall be effective only if the written consent or consents are in writing, set forth the action so taken, and are signed by the holder or holders of Interests constituting not less than the minimum amount of Interests that would be necessary to take such action at a meeting at which the holders of all Interests entitled to vote on the action were present and voted.

## ARTICLE VII CONTRIBUTIONS TO CAPITAL; CAPITAL ACCOUNTS; LOANS

7.1 **Capital Contributions; Loans.** Each Member has made a capital contribution to the Company in the amount set forth in the attached Schedule I. No Member shall be entitled to be paid any interest in respect of its Capital Account or Capital Contributions. Subject to the approval of the terms thereof by the Managers, any Member may make a loan to the Company upon commercially reasonable terms. Loans by a Member to the Company shall not be considered Capital Contributions.

7.2 **Capital Accounts.** A separate capital account shall be maintained for each Member (each a "Capital Account") in accordance with the provisions set forth in Exhibit A.

Notwithstanding anything in this Agreement to the contrary, to the extent allowed under the Treasury Regulations promulgated under Section 704 of the Code, the fair market values of all Company assets shall be adjusted to equal their respective gross fair market values (taking Section 7701(g) of the Code into account) immediately prior to the issuance of any Interest that is a Profits Interest.

**7.3 Withdrawal or Reduction of Members' Contributions to Capital.**

(a) No Member shall have the right to withdraw all or any part of its Capital Contributions or to receive any return on any portion of its Capital Contributions, except as may be otherwise specifically provided in this Agreement. Under circumstances involving a return of any Capital Contribution, no Member shall have the right to receive property other than cash.

(b) Except as otherwise specifically provided in this Agreement, no Member shall have priority over any other Member, either as to the return of Capital Contributions or as to Net Income, Net Losses or distributions; provided that this subsection shall not apply to loans (as distinguished from Capital Contributions) which a Member has made to the Company.

**7.4 Liability of Members.** No Member shall be liable for the debts, liabilities or obligations of the Company beyond any Capital Contribution made by such Member. Except as otherwise expressly provided herein, no Member shall be required to contribute to the capital of, or to loan any funds to, the Company.

**ARTICLE VIII  
ALLOCATIONS, DISTRIBUTIONS, ELECTIONS AND REPORTS**

**8.1 Allocations for Book Purposes.** Allocations of the Company's items of income, gain, loss, deduction and credit shall be made in accordance with the provisions of Exhibit A.

**8.2 Interim Distributions.**

(a) Prior to the dissolution of the Company as provided in Section 10.2 and except as provided in Section 8.2(b) below, the Managers may distribute Distributable Cash or other property to the Members of record on the date of the distribution at such times and in such amounts as they may, in their sole discretion, determine, and in the following order and priority:

- (i) First, to the Capital Members in proportion to and to the extent of each such Member's Unrecovered Capital Contribution; and
- (ii) Next, to the Members in accordance with their Interests; provided, however, that distribution with respect to Profits Interests shall not be made until the aggregate distributions under this Section 8.2(a)(ii) equal the Participation Threshold for such Profit Interests.

(b) Prior to the dissolution of the Company as provided in Section 10.2 and within a reasonable time after the end of each Fiscal Year, the Managers shall, to the extent the Company has legally available funds therefor, cause the Company to make cash distributions to the Members in an amount equal reasonably estimated to be sufficient for the Members to pay state and federal income taxes on taxable income generated by the Company.

### 8.3 Tax Status and Tax Matters Partner.

(a) It is the intent of the Company and the Member this entity be treated as an entity disregarded as separate from its owner in accordance with the Regulations Section 301.7701-3(b)(1)(ii).

(b) When required by Section 6231(a)(7) of the IRS Code, the Managers who are Members shall designate one Manager that is a Member to be the “tax matters partner” of the Company or, if there is no Manager that is a Member, the “tax matters partner” shall be a Member designated by the action of a Majority Interest of the Members. The tax matters partner shall cause each other Member to become a “notice partner” within the meaning of Section 6223 of the Code. The tax matters partner shall inform each Member of all significant matters that may come to its attention in its capacity as tax matters partner by giving notice thereof on or before the tenth business day after becoming aware thereof and, within such time, shall forward to each Member copies of all significant written communications it may receive in such capacity. The tax matters partner shall not take any action contemplated by Sections 6222 through 6234 of the Code without the consent of the Members. This provision is not intended to authorize the tax matters partner to take any action left to the determination of an individual Member under Sections 6222 through 6234 of the Code. All costs and expenses incurred by the tax matters partner in the performance of his or her duties and privileges as the tax matters partner shall be borne by the Company.

8.4 **Records and Reports.** At the expense of the Company, the Managers shall maintain records and accounts of all operations and expenditures of the Company. At a minimum, the Company shall keep at its principal place of business the records required by the WLLCA to be maintained there and shall maintain at its registered office, and make available to Members upon reasonable request, the street address of its principal office in which such records are maintained or will be made available.

### 8.5 Books of Account.

(a) The Treasurer shall maintain the Company’s books and records and, except as otherwise provided in this Agreement, shall determine all items of Income, Loss, Net Income and Net Loss in accordance with the method of accounting selected by the Managers, consistently applied. All of the records and books of account of the Company, in whatever form maintained, shall at all times be maintained at the principal office of the Company and shall be open to the inspection and examination of the Members or their representatives during reasonable business hours. Such right may be exercised through any agent or employee of a Member designated by it or by an attorney or independent certified public accountant designated by such Member. Such Member shall bear all expenses incurred in any examination made on behalf of such Member.

(b) All expenses in connection with the keeping of the books and records of the Company and the preparation of audited or unaudited financial statements required to implement the provisions of this Agreement or otherwise needed for the conduct of the Company’s business shall be borne by the Company as an ordinary expense of its business.

**8.6 Company Tax Returns and Annual Statement.** The Managers shall cause the Company to file a Federal income tax return and all other tax returns required to be filed by the Company for each Fiscal Year or part thereof, and shall provide to each person who at any time during the Fiscal Year was a Member with an audited annual statement (including a copy of Schedule K-1 to Internal Revenue Service Form 1065) indicating such Member's share of the Company's income, gain, loss, expense, deduction and other items relevant for Federal income tax purposes.

**8.7 Bank Accounts.** The bank account or accounts of the Company shall be maintained in the bank approved by the Managers. The terms governing such accounts shall be determined by the Managers and withdrawals from such bank accounts shall only be made by the treasurer, the assistant treasurer or such other parties as may be approved by the Managers.

## **ARTICLE IX TRANSFERABILITY**

### **9.1 Restrictions on Transfer of Company Interests.**

(a) Except as otherwise provided in this Section 9.1, no Member shall have the right to sell, transfer or assign all or any portion of its Company Interests without the prior written consent of a Majority in Interest of the other Members, which consent may be withheld in the sole discretion of each of such other Members.

(b) Subject to the terms and provisions of this Article IX, if a Member (the "Selling Member") shall at any time or times receive a bona fide noncollusive offer (the "Offer") from any non-Member (the "Third Party") to purchase all of the Company Interests owned by the Selling Member, the Selling Member shall either refuse the Offer or shall first provide to the Company written notice setting forth the full details of the Offer, including the name of the Third Party, the purchase price offered, the terms of payment (including, if the Offer is other than for cash, the terms of any proposed credit relating to such proposed purchase), any and all other consideration to be received in connection with the proposed transaction, and all other terms, conditions and details of such Offer. The Selling Member shall provide to each non-selling Member a copy of the written notice provided to the Company at the same time that the notice is provided to the Company.

The Company, for a period of thirty (30) days after receipt of such written notice, shall have the exclusive right and option to redeem all or any part of the Company Interests subject to the Offer at the price and on the terms and conditions set forth therein. The determination of whether the Company shall exercise its option shall be made upon the affirmative vote of the holders of a Majority in Interest of the Members then entitled to vote (other than Company Interests held by the Selling Member), after the Company shall have received an opinion of counsel to the Company that the Company is at such time permitted by law to redeem such Company Interests. If the Company determines to exercise its option, in whole or in part, it shall give written notice to the Selling Member, stating the Company Interests being redeemed and the terms and conditions of such redemption. If the Company fails to give such notice or if satisfactory opinion of counsel cannot be obtained, it shall be deemed to have declined to exercise the option to redeem such Company Interests. If the Company determines to exercise

the option but does not have the financial means to do so, then the non-selling Members shall have the right, but not the duty, to provide to the Company sufficient funding, in such form and amount and on such terms as agreed between the Company and such non-selling Members, to enable the Company to exercise the option.

If the Company does not elect to exercise its option in full, the Selling Member shall provide a written notice to the other Members to that effect. Upon receipt of such written notice, the non-selling Members shall, for a period of ten (10) days, have the right to purchase the Company Interests of the Selling Member covered by the Offer, except for any Company Interests to be redeemed by the Company, at the same price per Company Interest and on the same terms as set forth in the Offer. Each of the non-selling Members shall have the right to purchase his pro rata portion of the Company Interests not purchased by the Company in the same proportion as the number of Company Interests owned by such Member shall bear to the total number of Company Interests owned by all Members, other than the Selling Member, it being acknowledged and agreed that a non-selling Member may elect to purchase less than his pro rata portion of the offered Company Interests. Such right to purchase shall be exercised by any non-selling Member by giving notice in writing to the Selling Member of his election to exercise his right to purchase his proportionate part of the Company Interests offered for sale. Any Member who fails to give such notice shall be deemed to have declined to exercise his rights hereunder.

If any Member declines to exercise his right to purchase his proportionate part of the Company Interests offered for sale, the Selling Member offering the Company Interests for sale, shall, within ten (10) days after the expiration of the non-selling Members' ten (10) day acceptance period, as provided above, offer in writing to sell all Company Interests which remain unpurchased to the non-selling Members who elected to purchase hereunder, and such purchasing Members shall have the right, for an additional ten (10) day period after receipt of such notice, to purchase such unsold Company Interests. If the demand for such unsold Company Interests among the purchasing Members exceeds the number of Company Interests available, such unsold Company Interests shall be allocated among the purchasing Members who desire to purchase such unsold Company Interests pro rata in the same proportion as the number of Company Interests then owned by each of such purchasing Members bears to the number of Company Interests then owned by all such purchasing Members. Such right to purchase such unsold Company Interests shall be exercised by any purchasing Member who shall elect to purchase hereunder by giving notice in writing to the Selling Member of his election to exercise his right to purchase his proportionate part of such unsold Company Interests within ten (10) days after receipt of the written notice of the Offer to sell such unsold Company Interests. Any purchasing Member who fails to give such notice shall be deemed to have declined to exercise his right to purchase his proportionate part of such unsold Company Interests.

In the event the Company elects to redeem or the non-selling Members elect to purchase the Company Interests offered by the Selling Member pursuant to the Offer, the closing of such sale and purchase shall occur on or before the expiration of forty-five (45) days after the last notice is given by the Company or the non-selling Members (as the case may be) of this election. At such closing, the Selling Member shall execute and deliver such documents or instruments as may be reasonably necessary to evidence the transfer and/or sale of such Company Interests to the company or the non-selling Members (as the case may be) and the Company or the non-

selling Members (as the case may be) shall likewise pay for the Company Interests pursuant to the terms of the Offer.

Notwithstanding anything herein to the contrary, if the Company and the non-selling Members decline to redeem and/or purchase all of the Company Interests offered pursuant to this Section 9.1(b), the Selling Member shall be free, for a period of forty-five (45) days thereafter, to transfer all of such offered Company Interests to the Third Party who made the Offer, but only upon the exact terms and conditions contained in the Offer and subject to the remaining provisions of this Agreement.

## 9.2 Transfers Generally.

(a) Upon any transfer of a Company Interest permitted under this Article IX, the Company Interest so transferred shall remain subject to all terms and provisions of this Agreement, and the transferee shall be deemed, by accepting the Company Interest so transferred, to have assumed all the liabilities and unperformed obligations, under this Agreement or otherwise, which are appurtenant to the Company Interest so transferred; shall hold such Company Interest subject to all unperformed obligations of the transferor Member; and shall agree in writing to the foregoing if requested by the Manager or the Members. Notwithstanding any transfer of a Company Interest under this Article IX, the transferor Member shall remain jointly and severally liable with his transferee for all liabilities and unperformed obligations under this Agreement appurtenant to the Company Interest transferred unless the transferor Member is released in writing from such obligations or liabilities by each of the other Members. The grant of any release by any Member shall be made in the sole discretion of such Member. In the case of a transferee who is not already a Member and until such transferee has been admitted as a Substituted Member (as defined in Section 9.3 below), such transferee shall be entitled only to share in Company income, deductions, credits, gains, losses and distributions in accordance with the Company Interest and Capital Account appurtenant to the Company Interest so transferred and shall only have the rights of an assignee of a membership interest under the WLLCA.

(b) Any Member making or offering to make a transfer of all or any part of its Company Interest shall indemnify, defend and hold harmless the Company and all other Members from and against any losses, expenses, judgment, fines, settlements or damages, suffered or incurred by the Company or any such other Member arising out of or resulting from any claims by the transferee of such Company Interest or any offerees of such Company Interest in connection with such transfer or offer, including without limitation costs, expenses and attorney's fees expended in the settlement or defense of any such claim, and shall advance such expenses and attorneys' and accountants' fees as incurred in defending such proceeding.

9.3 **Substituted Members.** No Member shall have the right to substitute in its place a purchaser, assignee, transferee, donee or other recipient of all or any portion of the Company Interest of such Member. A transferee (other than an existing Member) of a Company Interest of a Member may be admitted as a substitute member ("Substitute Member"), and a transferor Member who has transferred its entire Company Interest may withdraw from the Company as a Member, on the terms specified by and only with the written consent of a Majority of the Managers. The Managers shall reflect any admission of a transferee as a Substituted Member by

preparing an amendment to this Agreement, dated as of the date of such admission and withdrawal, and by executing and delivering it pursuant to the provisions of Section 11.4 below. Upon any such admission, a Substituted Member shall be subject to all provisions of this Agreement as if the Substituted Member originally was a party to this Agreement.

**9.4 Admission of Additional Members.** The Company may issue additional Company interests, and subscribers thereto may be admitted as new Members (each an “Additional Member”), if approved by a Majority of the Managers and a Majority in Interest of the Members (which terms of admission shall specify the impact of such admission on the Additional Member and all other Members). Any such admission shall be effective immediately following the receipt by the Company of an Additional Member’s Capital Contribution and execution and delivery by the Additional Member of the amendment to this Agreement contemplated in this Section 9.4. Upon the admission of an Additional Member as provided herein, the Company Interests of the existing Members (in effect prior to such admission) shall be adjusted to reflect the admission of such Additional Member and the Managers shall reflect the admission of such Additional Member by preparing an amendment to this Agreement, dated as of the date of such admission, and by executing and delivering it pursuant to the provisions of Section 11.4 hereof. Upon any such admission, an Additional Member shall be subject to all provisions of this Agreement as if the Additional Member originally was a party to this Agreement.

**9.5 Other Conditions to Transfers.** Notwithstanding any other provision of this Article IX, no transfer of all or part of a Company Interest shall be permitted or recognized by the Company, and no transferee of a Company Interest shall be admitted as a Member, unless (a) the offer and transfer have been registered or qualified under the United States Securities Act of 1933 and any applicable state, local, or foreign securities laws, or the Managers have been provided a written opinion, satisfactory in content to the Managers from counsel satisfactory to the Managers, to the effect that the offer and transfer of the Company Interest is exempt from registration and qualification under such laws; (b) the Managers, in their sole discretion, conclude that the transfer will not: (i) impair the ability of the Company to continue to be classified as a partnership under the Code; (ii) result in a termination of the Company under section 708(b)(1)(B) of the Code; (iii) cause the Company to be in breach or default of any instrument or agreement to which it is bound; (iv) violate or cause a violation by the Company or any Member or Manager of any applicable federal or state law; (v) cause the Company to forfeit any of its rights, privileges, franchises, licenses, permits, or similar rights; or (vi) cause the Company to be a “publicly traded partnership” within the meaning of Section 7704 of the Code; or (c) the Managers have received, in form and content satisfactory to them: (i) a true and complete copy of the documents effecting or evidencing the transfer; (ii) the written agreement of the transferee adopting and agreeing to be bound by this Agreement and setting forth the notice address of the transferee; (iii) the written representation and warranty of the transferee that the transfer was made in accordance with all applicable laws; (iv) if the transferee is to be admitted to the Company, the written representation and warranty of the transferee that the representations and warranties in Section 11.1 are true and correct with respect to the transferee as of the date of admission; (v) all information required by Section 6050K of the Code and the Treasury Regulations thereunder; and (vi) reimbursement for all expenses incurred by the Company in connection with the transfer or admission. The Managers may, in their reasonable discretion, waive compliance with any or all of the conditions of this Section 9.5.



**ARTICLE X  
DISSOLUTION AND TERMINATION**

10.1 **Withdrawal.** Except as otherwise specifically provided in this Agreement, no Member shall at any time be entitled to withdraw from the Company or to withdraw any portion of its Capital Account or Capital Contributions. Any Member withdrawing in contravention of this Section 10.1 shall indemnify, defend and hold harmless the Company and all other Members (other than a Member who is, at the time of such withdrawal, in default under this Agreement) from and against any losses, expenses, judgments, fines, settlements or damages suffered or incurred by the Company or any such other Member arising out of or resulting from such withdrawal.

10.2 **Dissolution.**

(a) The Company shall be dissolved upon the first of the following to occur:

- (i) Upon the election to dissolve the Company by a Majority in Interest of the Members;
- (ii) The entry of a decree of judicial dissolution under the WLLCA; or
- (iii) The sale or other disposition of all or substantially all of the assets of the Company.

(b) Upon the occurrence of an event of dissolution with respect to the Company, the business and affairs of the Company shall cease and the assets of the Company shall be liquidated, applied and distributed as hereinafter provided in this Article X.

(c) Notwithstanding the occurrence of an event of dissolution with respect to the Company, the Company shall not terminate until there has been a winding up of the Company's business and affairs, and the assets of the Company have been applied and distributed as provided in Section 10.3 below.

(d) Upon the occurrence of an event of dissolution of the Company, the Managers shall cause any part or all of the assets of the Company to be sold in such manner as they may determine in an effort to obtain the best prices for such assets; provided, however, that the Managers may distribute assets of the Company in kind to the Members to the extent practicable.

10.3 **Distribution of Assets Upon Dissolution.** In settling accounts after the occurrence of an event of dissolution, the assets of the Company shall be applied and distributed, as soon as is reasonably practicable, in the following order and priority:

(a) First, to pay, satisfy, or discharge all of the debts, liabilities, and obligations of the Company (including, without limitation, expenses of liquidation and liabilities to Members other than for distributions) or otherwise make adequate provision for payment and discharge thereof (including, without limitation, establishment of adequate reserves and escrows for contingent liabilities);

(b) Second, to the Members in proportion to and to the extent of each such Member's Unrecovered Capital Contribution; and

(c) The balance, if any, to the Members in accordance with Section 8.2(a)(ii).

**10.4 Articles of Dissolution.** When all liabilities and obligations of the Company have been paid or discharged, or adequate provision has been made therefor, and all of the remaining property and assets of the Company have been distributed to the Members according to their respective rights and interests, the Articles of Dissolution shall be executed on behalf of the Company by the Managers or an authorized Member and shall be filed with the Secretary of State of Wyoming, and the Managers and Members shall execute, acknowledge and file any and all other instruments necessary or appropriate to reflect the dissolution and termination of the Company.

## **ARTICLE XI MISCELLANEOUS PROVISIONS**

**11.1 Member Representations and Agreements.** Notwithstanding anything contained in this Agreement to the contrary, each Member hereby represents and warrants to the Company, each officer of the Company, and each other Member that: (a) the Company Interest of such Member is acquired for investment purposes only for its own account and not with a view to or in connection with any distribution, reoffer, resale or other disposition not in compliance with the Securities Act of 1933, as amended, and the rules and regulations thereunder (the "Securities Act") and applicable state securities laws; (b) such Member is aware that such Member must bear the economic risk of such Member's investment in the Company for an indefinite period of time because Company Interests have not been registered under the Securities Act or under the securities laws of various states and, therefore, cannot be sold unless such Company Interests are subsequently registered under the Securities Act and any applicable state securities laws or an exemption from registration is available; (c) such Member is aware that this Agreement provide restrictions on the ability of a Member to sell, transfer, assign, mortgage, hypothecate or otherwise encumber such Member's Company Interest; (d) such Member, alone or together with his or its representatives, possesses such expertise, knowledge and sophistication in financial and business matters, that he or it is capable of evaluating the merits and economic risks of acquiring and holding his or its Company Interest and he or it is able to bear all such economic risks now and in the future; (e) such Member has had access to all of the information with respect to the Company Interest acquired by him or it under this Agreement that he or it deems necessary to make a complete evaluation thereof and has had the opportunity to question the Managers concerning the Company and the Company Interests; (f) such Member's decision to acquire his or its Company Interest for investment has been based solely upon the evaluation made by him or it; and (g) such Member agrees that he or it will truthfully and completely answer all questions, and make all covenants, that the Company or the Managers may, contemporaneously or hereafter, ask or demand for the purpose of establishing compliance with the Securities Act and applicable state securities laws.

**11.2 Outside Interests.** The Members and their respective affiliates may at any time and from time to time engage in and possess interests in other business ventures which are competitive with the business of the Company, including, without limitation, the ownership,

operation, financing, and management of real estate, independently or with others. Neither the Company nor any Member shall by virtue of this Agreement have any right, title or interest in or to such independent ventures.

**11.3 Notice.**

(a) All notices, demands, consents or requests provided for or permitted to be given pursuant to this Agreement must be in writing.

(b) All notices, demands, consents and requests to be sent to a Manager or Member pursuant to this Agreement shall be deemed to have been properly given or served if addressed to such person at the address as it appears on the Company records and (i) personally delivered, (ii) deposited for next day delivery by Federal Express, or other similar overnight courier services, (iii) deposited in the United States mail, prepaid and registered or certified with return receipt requested or (iv) transmitted via telecopier or other similar device to the attention of such person

(c) All notices, demands, consents and requests so given shall be deemed received: (i) when personally delivered, (ii) twenty-four (24) hours after being deposited for next day delivery with an overnight courier, (iii) three (3) days after being deposited in the United States mail or (iv) twelve (12) hours after being telecopied or otherwise transmitted if receipt has been confirmed.

(d) The Managers and Members shall have the right from time to time, and at any time during the term of this Agreement, to change their respective addresses and each shall have the right to specify as his or its address any other address within the United States of America by giving to the other parties written notice thereof, in the manner prescribed in Section 11.2(b); provided, however, that to be effective, any such notice must be actually received (as evidenced by a return receipt or similar proof).

(e) All distributions to any Member shall be made at the address at which notices are sent unless otherwise specified in writing by any such Member.

**11.4 Amendments.** Except as specifically provided elsewhere in this Agreement, this Agreement and the Articles of Organization may be amended or modified only with the consent of a Majority of the Managers and a Majority in Interest of the Members.

**11.5 Powers of Attorney.** Each Member hereby constitutes and appoints each Manager, with full power of substitution, as his or its true and lawful attorney-in-fact and empowers and authorizes such attorney, in the name, place and stead of such Member, to make, execute, swear to, acknowledge and file in all necessary or appropriate places the following documents (and all amendments or supplements to or restatements of such documents necessitated by valid amendments to or actions permitted under this Agreement): (a) any amendments to this Agreement authorized in this Agreement, (b) the Articles of Organization and any amendments thereto, (c) any applications, forms, certifications, reports or other documents, or amendments thereto, which may be requested or required by any federal, regulations, governmental agency, securities exchange, institution and which are deemed necessary or advisable by such Manager, (d) any other instrument which may be required to be

filed or recorded in any state or county or by any governmental agency, or which such Manager deems advisable to file or record, including, without limitation, certificates of assumed name, documents to qualify the Company in other jurisdictions, and articles of dissolution, (e) any documents which may be necessary or appropriate to effect the purposes of or otherwise properly reflect any valid amendments to or actions permitted under this Agreement, (f) making certain elections contained in the Code or state law governing taxation of partnerships, and (g) performing any and all other ministerial duties or functions necessary for the conduct of the business of the Company. Each Member hereby ratifies, confirms and adopts as his own, all actions that may be taken by such attorney-in-fact pursuant to this Section 11.4. Each Member acknowledges that this Agreement permit certain amendments to this Agreement to be made and approved by the Managers. This power of attorney is coupled with an interest and shall continue notwithstanding the subsequent incapacity or death of the Member. Each Member shall execute and deliver to the Managers an executed and appropriately notarized power of attorney in such form consistent with the provisions of this Section 11.4 as the Managers may request.

**11.6 Governing Laws.** THE RIGHTS AND OBLIGATIONS OF THE MEMBERS HEREUNDER SHALL BE INTERPRETED, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF WYOMING.

**11.7 Entire Agreement.** This Agreement, including all schedules to this Agreement and, if any, schedules to such schedules, contains the entire agreement amount the parties relative to the matters contained in this Agreement.

**11.8 Waiver.** No consent or waiver, express or implied, by any Member to or for any breach or default by any other Member in the performance by such other Member of his or its obligations under this Agreement shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other Member of the same or any other obligations of such other Member under this Agreement. Failure on the part of any Member to complain of any act or failure to act of any of the other Members or to declare any of the other Members in default, regardless of how long such failure continues, shall not constitute a waiver by such Member of his or its rights hereunder.

**11.9 Severability.** If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to other persons or circumstances shall not be affected thereby, and the intent of this Agreement shall be enforced to the greatest extent permitted by law.

**11.10 Binding Agreement.** Subject to the restrictions on transfers and encumbrances set forth in this Agreement, this Agreement shall inure to the benefit of and be binding upon the undersigned Members and their respective legal representatives, successors and assigns. Whenever, in this Agreement, a reference to any party or Member is made, such reference shall be deemed to include a reference to the legal representatives, successors and assigns of such party or Member.

**11.11 Tense and Gender.** Unless the context clearly indicates otherwise, the singular shall include the plural and vice versa. Whenever the masculine, feminine or neuter gender is

used inappropriately in this Agreement, this Agreement shall be read as if the appropriate gender was used.

11.12 **Captions.** Captions are included solely for convenience of reference and if there is any conflict between captions and the text of this Agreement, the text shall control.

11.13 **Benefits of this Agreement.** Nothing in this Agreement expressed or implied, is intended or shall be construed to give to any creditor of the Company or any creditor of any Member or any other person or entity whatsoever, other than the Members and the Company, any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenant, condition or provisions herein contained, and such provisions are and shall be held to be for the sole and exclusive benefit of the Members and the Company.

11.14 **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original for all purposes and all of which when taken together shall constitute a single counterpart instrument. Executed signature pages to any counterpart instrument may be detached and affixed to a single counterpart, which single counterpart with multiple executed signature pages affixed thereto constitutes the original counterpart instrument. All of these counterpart pages shall be read as though one and they shall have the same force and effect as if all of the parties had executed a single signature page.

IN WITNESS WHEREOF, the initial Manager of the Company has caused this Agreement to be duly adopted by the Company, and the Members have executed this Agreement, as of January 1, 2020.

Kingdom Logistics, LLC  
By:   
Scott Haire, Manager

**MEMBERS:**

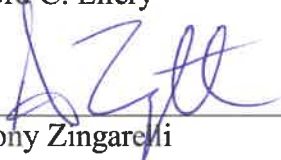


\_\_\_\_\_  
Scott A. Haire



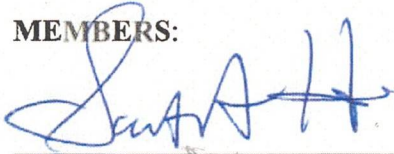
\_\_\_\_\_  
Robert W. Stout

\_\_\_\_\_  
Clifford C. Ellery

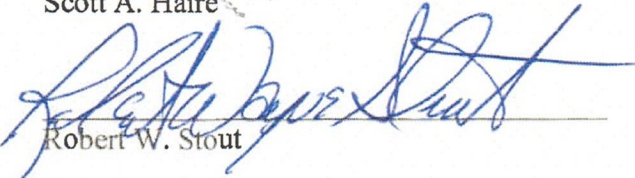


\_\_\_\_\_  
Anthony Zingarelli

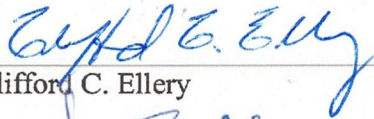
**MEMBERS:**



\_\_\_\_\_  
Scott A. Haire



\_\_\_\_\_  
Robert W. Stout



\_\_\_\_\_  
Clifford C. Ellery



\_\_\_\_\_  
Anthony Zingarelli

**SCHEDULE I**

<b><u>Members</u></b>	<b><u>Interest</u></b>
Scott A. Haire	20%
Robert W. Stout	25%
Clifford C. Ellery	25%
Anthony Zingarelli	30%*

\* Designates a Profits Interest



**EXHIBIT A**  
**ALLOCATIONS OF PROFITS AND LOSSES**  
**AND**  
**OTHER TAX MATTERS**

This Exhibit A (this "Exhibit") sets forth certain provisions addressing the allocation of Company profits and losses and other tax matters, as well as relevant definitions, for purposes of the Company Operating Agreement of Kingdom Logistics, LLC (the "Agreement").

**ARTICLE ONE**

**DEFINITIONS**

1.1 Certain Definitions. All capitalized terms used herein shall have the meanings assigned to them in the Agreement or as follows:

"Adjusted Capital Account" means the balance in each Member's Capital Account as of the end of each Fiscal Year, after making the following adjustments: (i) increase the Capital Account by any amounts that a Member is unconditionally obligated to restore or is deemed obligated to restore pursuant to the penultimate sentences of Regulations §§ 1.704-2(g)(1) and 1.704-2(i)(5), and (ii) decrease the Capital Account by the amount of any items described in Regulations §§ 1.704-1(b)(2)(ii)(d)(4), (5) and (6). The foregoing definition is intended to comply with Regulations § 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in that Member's Adjusted Capital Account.

"Adjustment Period" means any period of time that begins on the effective date of the initial filing of the initial Articles of Organization of the Company with the Secretary of State of the State of Wyoming (in the case of the first Adjustment Period) or the day following the end of the immediately preceding Adjustment Period (with respect to each subsequent Adjustment Period) and ends on the first to occur of: (a) the last day of a Fiscal Year, (b) the day immediately preceding the date of the "liquidation" of a Member's interest in the Company (within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Regulations), or (c) the date on which the Company is terminated under Article VIII of the Agreement.

"Capital Account" means the account established for each Member pursuant to Section 2.1 of this Exhibit.

"Code" means the Internal Revenue Code of 1986, as amended and superseded from time to time.

"Company Minimum Gain" has the meaning set forth in Section 1.704-2(b)(2) of the Regulations and the amount of Company Minimum Gain, as well as any net increase or decrease

in Company Minimum Gain, for an Adjustment Period shall be determined in accordance with the rules of Section 1.704-2(d) of the Regulations.

"Depreciation" means, for any asset for any Fiscal Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable for federal income tax purposes with respect to an asset for a Fiscal Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year. In such case, Depreciation shall be an amount that bears the same ratio to the Gross Asset Value of that asset at the beginning of such Fiscal Year as the federal income tax depreciation, amortization, or other cost recovery deduction allowable for that asset for such year bears to the adjusted tax basis of that asset at the beginning of such year. If the federal income tax depreciation, amortization, or other cost recovery deduction allowable for any asset for such year is zero, then Depreciation for that asset shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Board of Managers.

"Fiscal Year" means the period commencing on January 1 of each year and ending on December 31 of such year.

"Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as set forth below:

(i) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of the asset on the date of determination, as determined by the contributing Member and the Company.

(ii) The Gross Asset Values of all Company assets shall be adjusted to equal their gross fair market values, as determined by the Board of Managers, as of the following times: (A) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a *de minimis* contribution of money or other property to the capital of Company; (B) the distribution by the Company to a retiring or continuing Member of more than a *de minimis* amount of property as consideration for an interest in the Company; (C) the liquidation of the Company within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Regulations; and (D) upon the occurrence of any other event described in Regulation Section 1.704-1(b)(2)(iv)(f)(5); provided, however, that adjustments pursuant to clauses (A) and (B) above shall be made only if the Board of Managers reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company.

(iii) The Gross Asset Value of any Company asset distributed to any Member shall be the gross fair market value of such asset on the date of distribution.

(iv) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustment to the adjusted basis of such assets pursuant to Code Section 732(d), Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Section 1.704-1(b)(2)(iv)(m) of the Regulations and Section 3.2(g) of this Exhibit; provided,

however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (iv) to the extent the Board of Managers determines that an adjustment pursuant to subparagraph (ii) above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (iv).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to clauses (i), (ii) or (iv) above, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

"Gross Income" means, for each Adjustment Period, an amount equal to the Company's gross income as determined for federal income tax purposes for the Adjustment Period but computed with the adjustments in paragraphs (a) through (f) of the definition of "Profits" and "Losses" in this Section 1.1.

"Member Nonrecourse Debt" means any nonrecourse debt of the Company for which any Member bears the economic risk of loss as determined under Section 1.704-2(b)(4) and 1.752-2 of the Regulations.

"Member Nonrecourse Debt Minimum Gain" means the minimum gain attributable to Member Nonrecourse Debt as determined under Section 1.704-2(i)(3) of the Regulations.

"Member Nonrecourse Deductions" means any loss, deduction, or Code Section 705(a)(2)(B) expenditure, or item thereof, that is attributable to a Member Nonrecourse Debt as determined under Section 1.704-2(i)(2) of the Regulations.

"Nonrecourse Deductions" means any loss, deduction, or Code Section 705(a)(2)(B) expenditure, or item thereof, that is attributable to nonrecourse liabilities of the Company as defined in Section 1.752-1(a)(2) of the Regulations.

"Partially Adjusted Capital Account" means, with respect to any Member as of the close of business on the last day of any Adjustment Period, the Capital Account of such Member as of the beginning of such Adjustment Period, after giving effect to all allocations of items of income, gain, loss, or deduction not included in Profits and Losses and all Capital Contributions and distributions during such period but before giving effect to any allocations of Profits and Losses for such period pursuant to Section 3.1 of this Exhibit, increased by (a) such Member's share of Company Minimum Gain, as determined pursuant to Regulations Section 1.704-(2)(d), as of the end of such Adjustment Period and (b) such Member's share of Member Nonrecourse Debt Minimum Gain, as determined pursuant to Regulations Section 1.704-(2)(i), as of the end of such Adjustment Period.

"Profits" and "Losses" mean, for each Fiscal Year or other period, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), but with the following adjustments for such Fiscal Year or other period:

(a) Any income of the Company that is exempt from federal income tax as described in Code Section 705(a)(1)(B) and not otherwise taken into account in computing Profits and Losses pursuant to this definition of "Profits" and "Losses" shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i) and not otherwise taken into account in computing Profits and Losses pursuant to this definition of "Profits" and "Losses" shall be subtracted from such taxable income or loss;

(c) If the Gross Asset Value of any Company asset is adjusted pursuant to this Exhibit, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(d) Gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of the property differs from the Gross Asset Value of the property;

(e) In lieu of the deduction for depreciation, cost recovery, or amortization taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year or other period; and

(f) Notwithstanding any other provision of this Exhibit, any items that are specially allocated pursuant to Section 3.2 of this Exhibit shall not be taken into account as taxable income or loss for purposes of computing Profits and Losses.

"Regulations" means temporary and final Income Tax Regulations promulgated under the Code, as amended and superseded from time to time.

"Target Capital Account" means, with respect to any Member as of the close of business on the last day of any Adjustment Period, an amount (which may be either a positive or a deficit balance) equal to the amount such Member would receive as a distribution if all assets of the Company as of such date were sold for cash equal to the Gross Asset Value of such assets, all the Company liabilities were satisfied to the extent required by their terms, and the net proceeds were distributed pursuant to Section 8.4(b) of the Agreement.

## ARTICLE TWO

### CAPITAL ACCOUNTS

2.1 Capital Accounts. The Company shall establish and maintain a separate Capital Account for each Member. Each Capital Account shall be maintained in accordance with the following provisions:

(a) Each Member's Capital Account shall be increased by (i) the amount of cash and the Gross Asset Value of property contributed by such Member to the Company (net of liabilities secured by the contributed property that the Company is considered to assume or take subject to under Section 752 of the Code), (ii) such Member's distributive share of Profits and (iii) any items in the nature of income or gain that are specially allocated to such Member.

(b) Each Member's Capital Account shall be decreased by (i) the amount of cash and the Gross Asset Value of any other property distributed to such Member pursuant to any provision of the Agreement or this Exhibit (net of liabilities secured by the distributed property that the Member is considered to assume or take subject to under Section 752 of the Code), (ii) such Member's distributive share of Losses and (iii) items of loss and deduction that are specially allocated to such Member.

(c) Each Member shall have a single Capital Account that reflects all of its interests in Company, regardless of the class of interest owned by such Member and regardless of the time or manner in which such interests were acquired.

(d) If all or a portion of an interest in the Company is transferred in accordance with the terms of the Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent the Capital Account relates to the transferred interest.

The foregoing provisions and the other provisions of the Agreement and this Exhibit relating to the maintenance of Capital Accounts are intended to comply with Section 1.704-1(b)(2)(iv) of the Regulations and shall be interpreted and applied in a manner consistent with such Regulations.

### **ARTICLE THREE**

#### **ALLOCATIONS**

3.1 Allocations of Profit and Loss. Profits and Losses shall be allocated among the Members (after giving effect to the special allocations contained in Section 3.2) so as to reduce the differences between their respective Partially Adjusted Capital Accounts and their Target Capital Accounts for the period under consideration, with such allocations being made between the Members in proportion to such differences. To the extent possible, each Member shall be allocated a pro rata share of all Company items allocated.

(a) If the Company has Profits for any Fiscal Year (determined prior to giving effect to this Section 3.1(a)), any Member whose Partially Adjusted Capital Account is greater than its Target Capital Account shall to the extent determined necessary or desirable by the Board of Managers be specially allocated items of expense or loss for such Fiscal Year equal to the difference between its Partially Adjusted Capital Account and Target Capital Account. If the Company has insufficient items of expense or loss for such Fiscal Year to satisfy the previous sentence with respect to all such Members and the respective differences between their Partially Adjusted Capital Accounts and Target

Accounts, the available items of expense or loss shall be divided among such Members in proportion to such differences.

(b) If the Company has Losses for any Fiscal Year (determined prior to giving effect to this Section 3.1(b)), any Member whose Partially Adjusted Capital Account is less than its Target Capital Account shall to the extent determined necessary or desirable by the Board of Managers be specially allocated items of Company gain or income for such Fiscal Year equal to the difference between its Partially Adjusted Capital Account and Target Capital Account. If the Company has insufficient items of income or gain for such Fiscal Year to satisfy the previous sentence with respect to all such Members and the respective differences between their Partially Adjusted Capital Accounts and Target Accounts, the available items of income or gain shall be divided among such Members in proportion to such differences.

3.2 Special Allocations. For each Fiscal Year, the following special allocations shall be made in the following order and priority:

(a) Company Minimum Gain Chargeback. Notwithstanding any other provision of this Agreement to the contrary, if in any Adjustment Period there is a net decrease in Company Minimum Gain, then each Member will first be allocated items of Gross Income for the Adjustment Period (and, if necessary, subsequent Adjustment Periods) in an amount equal to the portion of such Member's share of the net decrease in Company Minimum Gain, determined in accordance with the provisions of Section 1.704-2(g) of the Regulations, that is attributable to the disposition of Company property subject to one or more nonrecourse liabilities of the Company that are not Member Nonrecourse Debts; provided, however, if there is insufficient Gross Income in an Adjustment Period to make the above allocation for all Members for the Adjustment Period, the Gross Income will be allocated among the Members in proportion to the respective amounts they would have been allocated had there been an unlimited amount of Gross Income for the Adjustment Period.

(b) Minimum Gain Chargeback for Member Nonrecourse Debt. Notwithstanding any other provision of this Exhibit to the contrary other than Section 3.2(b), if in any Adjustment Period there is a net decrease in Member Nonrecourse Debt Minimum Gain, then each Member will first be allocated items of Gross Income for the Adjustment Period (and, if necessary, subsequent Adjustment Periods) in an amount equal to the portion of such Member's share of the net decrease in the Member Nonrecourse Debt Minimum Gain during the Adjustment Period (as determined in accordance with Section 1.704-2(i) of the Regulations) attributable to the disposition of Company property subject to one or more Member Nonrecourse Debts; provided, however, if there is insufficient Gross Income in an Adjustment Period to make the above allocation for all Members for the year, the Gross Income will be allocated among the Members in proportion to the respective amounts they would have been allocated had there been an unlimited amount of Gross Income for the Adjustment Period.

(c) Qualified Income Offset. If a Member unexpectedly receives any adjustment, allocation or distribution described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-

1(b)(2)(ii)(d)(5) or 1.704-1(b)(2)(ii)(d)(6) of the Regulations, items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the deficit balance in each such Member's Adjusted Capital Account as quickly as possible; provided, that an allocation pursuant to this Section 3.2(c) of the Exhibit shall be made only if and to the extent that such Member would have a deficit balance in its Adjusted Capital Account after all other allocations provided for in Article 3 of the Exhibit have been tentatively made as if this Section 3.2(c) were not in the Exhibit.

(d) Gross Income Allocation. If any Member has an Adjusted Capital Account Deficit at the end of any Fiscal Year, each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 3.2(d) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in Article 3 have been made as if Section 3.2(c) above and this Section 3.2(d) were not in the Exhibit.

(e) Nonrecourse Deductions. Nonrecourse Deductions for any Adjustment Period shall be allocated to the Members pro rata in proportion to their respective Percentage Interests. If the Board of Managers determines in its good faith discretion that the Company Nonrecourse Deductions must be allocated in a different ratio to satisfy the safe harbor requirements of the Regulations promulgated under Section 704(b) of the Code, the Board of Managers is authorized, upon notice to the Members, to revise the prescribed ratio to the numerically closest ratio that does satisfy such requirements.

(f) Member Nonrecourse Deductions. Member Nonrecourse Deductions for any Adjustment Period or other period will be allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable.

(g) Basis Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Sections 734(b) or 743(b) is required, pursuant to Section 1.704-1(b)(2)(iv)(m) of the Regulations, to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Regulations.

(h) Reallocation. Subject to Section 3.3, to the extent Losses allocated to a Member would cause such Member to have an Adjusted Capital Account Deficit at the end of any Fiscal Year, the Losses will be reallocated to the other Members with positive Adjusted Capital Account balances in accordance with and to the extent of such positive Adjusted Capital Account balances. If any Member receives an allocation of Losses in accordance with this Section, such Member shall be allocated Profits in subsequent Fiscal Years necessary to reverse the effect of such allocation of Losses. Such allocation of

Profits (if any) shall be made after any allocations under this Section 3.2 but prior to any other allocations of Profits under this Section 3.1.

(i) Depreciation Recapture. In the event there is any recapture of Depreciation or investment tax credit, the allocation of gain or income attributable to such recapture shall be shared by the Members in the same proportion as the deduction for such Depreciation or investment tax credit was shared.

(j) Interest in Company. Notwithstanding any other provision of this Agreement, no allocation of Profit or Loss or item of Profit or Loss will be made to a Member if the allocation would not have "economic effect" under Regulations Section 1.704-1(b)(2)(ii) or otherwise would not be in accordance with the Member's interest in the Partnership within the meaning of Regulations Section 1.704-1(b)(3) or 1.704-1(b)(4)(iv). The Board of Managers will have the authority to reallocate any item in accordance with this Section 3.2(j).

(k) Curative Allocations. The allocations set forth in Sections 3.2(a) through (i) hereof (the "Regulatory Allocations") are intended to comply with certain requirements of Section 1.704-1(b) of the Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section. Accordingly, the Board of Managers is hereby authorized and directed to make such offsetting allocations of Company income, gain, loss or deduction in any manner that the Board of Managers deems appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance will be, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not a part of this Exhibit and all Company items had been allocated to the Members solely pursuant to Section 3.1 hereof.

3.3 Compliance with Code. The provisions of the Agreement and this Exhibit relating to the allocation of Profits, Losses and other items for federal income tax purposes are intended to comply with Regulations Sections 1.704-1(b) and 1.704-2, and shall be interpreted in a manner consistent therewith.

3.4 Section 704(c). In accordance with Section 704(c) of the Code and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and the initial Gross Asset Value of such property. If the Gross Asset Value of any Company asset is adjusted pursuant to subparagraph (ii) of the definition of Gross Asset Value set forth in this Exhibit, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and the Gross Asset Value of such asset in the same manner as such variations are taken into account under Section 704(c) of the Code and the Regulations thereunder with respect to property contributed to the Company. Any elections or other decisions relating to such allocation shall be made by the Board of Managers in



any manner that reasonably reflects the purpose and intention of the Agreement and this Exhibit. Allocations pursuant to this Section 3.4 of the Exhibit are solely for purposes of federal, state, and local taxes and shall not affect or be taken into account in computing any Member's Capital Account or share of Profits, Losses, other items, or distributions pursuant to the Agreement or this Exhibit.

3.5 Other Allocations. The following rules will apply to the calculation and allocation of Profits, Losses and other items:

(a) For purposes of determining the Profits, Losses, or any other item allocable to any period (including periods before and after the admission of a new Member), Profits, Losses, and any such other item shall be determined on a daily, monthly, or other basis, as determined and allocated by the Board of Managers using any permissible method under Section 706 of the Code and the Regulations thereunder.

(b) The Members are aware of the federal income tax consequences of the allocations made by this Exhibit and hereby agree to be bound by the provisions of this Exhibit in reporting their shares of Company income and loss for federal income tax purposes.

(c) The Members agree that their Percentage Interests represent their interests in Company profits for purposes of allocating excess nonrecourse liabilities pursuant to Section 1.752-3(a)(3) of the Regulations.

(d) Subject to the provisions of Section 704(c) of the Code and the Regulations thereunder, for federal income tax purposes, every item of income, gain, loss, and deduction shall be allocated among the Members in the same manner as each correlative item of income, gain, loss and deduction was allocated among the Members for book purposes pursuant to Sections 3.1 and 3.2 of this Exhibit.

3.6 Special Allocation in Disposition Year and Subsequent Years. Notwithstanding Sections 3.1 and 3.2 (but subject to Section 3.2(h)), in connection with the dissolution of the Company, to the maximum extent permitted by applicable law, Profits (or items thereof), Losses (or items thereof), and Gross Income (or items thereof) shall be allocated among the Members in such a manner that the Capital Account balance of each Member shall be, the same amount as the liquidation proceeds to be distributed to such Members pursuant to Section 10.3 of the Agreement.

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IN THE UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA  
**WEST PALM BEACH**  
CASE NO. 20-CV-81205-RAR

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**SECURITIES AND EXCHANGE  
COMMISSION,**  
Plaintiff **December 15, 2020**  
vs.  
**COMPLETE BUSINESS SOLUTIONS  
GROUP, INC., ET AL.,**  
Defendants.

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**STATUS VIDEOCONFERENCE**  
**BEFORE THE HONORABLE RODOLFO A. RUIZ, II,**  
UNITED STATES DISTRICT COURT JUDGE

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**A P P E A R A N C E S**

FOR THE PLAINTIFF: **AMIE RIGGLE BERLIN, ESQ**  
SECURITIES AND United States Securities and Exchange  
EXCHANGE COMMISSION Commission  
801 Brickell Avenue, Suite 1800  
Miami, FL 33131  
(305) 982-6300  
Berlina@sec.gov

FOR THE DEFENDANTS: **(see receiver info)**  
Complete Business  
Solutions Group, INC.,  
ET AL.; Full Spectrum  
Processing, INC.

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P R O C E E D I N G S

*(The following proceedings were held in open court via Zoom teleconference.)*

**THE COURT:** Good afternoon, everybody. If everyone would start making their way into the virtual jury room, go ahead and turn off your video. Please keep everything on mute now and we'll get started in just a few minutes.

If I call up Case No. 20-CV-81205, the matter of Securities and Exchange Commission versus Complete Business Solutions Group doing business as Par Funding, et al.

Let's go ahead and get everyone's appearances for the record, please, if we could.

On behalf of the Securities and Exchange Commission, who do I have on our hearing today?

**MS. WEINKRANZ:** Allison and Steven Weinkranz.

**THE COURT:** Do I have Ms. Berlin on today on behalf of the SEC?

**MR. SCHIFF:** Your Honor, this is Andrew Schiff from the SEC. Ms. Berlin had something in another courtroom at 1:30, she must still be involved in that matter. I'll be out until she's available.

**THE COURT:** Thank you for covering for us, and if you want, let me know when she joins so she can state her appearance. Okay, Mr. Schiff. Thank you for that.

On behalf of a number of defendants, I'll see if I can

1 try to go through them in an orderly fashion.

2 On behalf of Lisa McElhone, who do I have joining us  
3 today?

4 **THE DEFENSE:** Good afternoon, Your Honor, Alan  
03:03 5 Futerfas for Lisa McElhone.

6 **THE COURT:** On behalf of defendant Joseph Cole  
7 Barletta, who do I have on today.

8 **MS. SCHEIN:** Good morning, Judge Ruiz. Bettina Schein  
9 for Joseph Cole Barleta.

03:03 10 **THE COURT:** On behalf of Mr. Joseph LaForte.

11 **MR. FROCARRO:** Good afternoon, Judge, James Focarro  
12 for Joe LaForte.

13 **MR. FERGUSON:** Your Honor, David Ferguson for Joseph  
14 LaForte as well. How are you, sir?

03:03 15 **THE COURT:** Good, thank you.

16 And on behalf of Mr. Perry Abbonizio?

17 **MR. MARCUS:** Good afternoon, Your Honor, Jeff Marcus.

18 **THE COURT:** On behalf of defendant Dean Vagnozzi.

19 **MR. MILLER:** Good afternoon, Your Honor, Brian Miller  
03:04 20 from Akerman on behalf of Mr. Vagnozzi.

21 **THE COURT:** On behalf of the LME 2017 Family Trust?

22 **MR. SOTO:** Good afternoon, Your Honor, Alex Soto on  
23 behalf of the trust.

24 **THE COURT:** On behalf of Michael C. Furman?

03:04 25 **MR. COX:** Good afternoon, Your Honor Jeffrey Cox on

1 behalf of Mr. Furman.

2 **THE COURT:** Before I move on to appearances by the  
3 receiver and receiver's counsel, any other defendants that have  
4 I may have missed?

03:04 5 **MS. KERNISKY:** Yes, good morning, Your Honor. This is  
6 Allison Kernisky from Holland and Knight on behalf of  
7 defendant, John Gissas.

8 **THE COURT:** Oh, thank you, on behalf of Mr. Gissas. I  
9 left him out.

03:04 10 Anyone else that I may have missed from the defense  
11 side?

12 I don't think I have anybody else that I have missed,  
13 so turning to the receiver, counsel on behalf of the receiver  
14 joining us today?

03:04 15 **THE DEFENSE:** Yes, good afternoon, Your Honor, Gaetan  
16 Alfano, along with Timothy Kolaya on behalf of the receiver as  
17 well as the receiver Ryan Stumphauzer.

18 **THE COURT:** All right. And anyone else? Obviously, I  
19 know we have a number of investors that joined us on the calls.  
03:05 20 And I recognize all of them and thank you to the investors that  
21 have been following along with litigation for joining us.  
22 Please make sure you keep your audio on mute here while we  
23 discuss a couple of things and do some case management, but,  
24 obviously, we have had a lot of third parties come in and come  
03:05 25 out of this action, so I don't know if anyone else needs to



1 state their appearance at this time.

2 So anyone else that I may have missed that is  
3 representing any other interests in this case?

4 **MR. SIMON:** Your Honor, this is Scott Simon. I would  
03:05 5 like to make my appearance for Lead Funding II, LLC, which I  
6 filed a motion to intervene but then subsequently withdrew it.

7 **THE COURT:** Thank you, thanks for being here.

8 Anyone else similar to Lead Funding, someone like that  
9 that may have either had an interest in intervenor or is  
03:06 10 another third party caught up in anything in this litigation,  
11 please state your appearance. Anyone else?

12 **MR. MIYAR:** Yes, Your Honor, Alejandro Miyar of Berger  
13 Singerman on behalf of nonparty Capital Source 2000, Inc.

14 **THE COURT:** Anyone else?

03:06 15 Okay. I think that should about do it. So as I'm  
16 sure everyone saw yesterday in the Court's somewhat lengthy  
17 paperless order, my goal today is to do a little bit of  
18 housekeeping and to try to take stock, if you will, in pending  
19 motions what needs to be done, what needs to be addressed, get  
03:06 20 as much needed update from my receiver who, as I stated in my  
21 paperless order, is an officer of the Court and, therefore, it  
22 was incumbent upon me to routinely check -- okay, whoever that  
23 is. Okay, let's go ahead and wait if we can mute. I don't  
24 know if we have any investors that don't have it on mute,  
03:06 25 you're more than welcome to join us, but I need to make sure

1 you're muted, please.

2           So as I was saying, Mr. Stumphauzer is joining us  
3 today in order to -- through, not only himself, but through his  
4 counsel, Mr. Kolaya and Mr. Alfano, to give us a little bit of  
03:07 5 an update on how things are going in the litigation. We get a  
6 lot of updates by way of status reports but think it's always  
7 good to have a frank discussion, and there are some questions  
8 that I wanted to inquire and check in with my receiver on.

9           And so I think it's in everyone's best interest to be  
03:07 10 flies on the wall, if you will. I believe, as I think is  
11 essential in a case like this, that we have a lot of sunshine  
12 as the best disinfectant when it comes to making sure we know  
13 what is going on in the case, not only for the benefit of the  
14 investing public, but also for all the defendants and their  
03:07 15 counsels to see what the Court is worried about, what the Court  
16 is checking in with the receiver on.

17           So I want to be very clear, I do not want this to  
18 devolve into a lengthy hearing. Everyone has a lot of work do,  
19 and I may have one or two poignant issues that I want to touch  
03:08 20 base on with defense counsels in particular. But this is not,  
21 again, as I stated in the paperless order, to entertain  
22 argument on the most recent DSI filing or anything of that  
23 nature. The time will come for oral argument when necessary  
24 and when the Court deems it to be fruitful and important for  
03:08 25 the Court to render a decision. But today really is all about

1 getting a better sense of our recovery efforts on behalf of  
2 investors and what the receiver's ongoing efforts have  
3 generated in terms of merchant cash advances, and then,  
4 briefly, the Court does have not only a question or two about  
03:08 5 DSI and the status of pending discovery being handled by  
6 Magistrate Judge Reinhart, but I also am interested in asking  
7 the receiver a question or two about the expansion that has  
8 been requested. He is, again, an officer of the Court and the  
9 Court wants to get a sense, a little bit more detail, if you  
03:08 10 will, about his request. I do know that that is a ripe pending  
11 motion before the Court to expand the receivership. I'm  
12 willing to talk a little bit about that later.

13 But if we can begin, I think, and I tend to turn it to  
14 Mr. Alfano on these points as kind of the point person for the  
03:09 15 receiver, but I think the important thing is before we talk  
16 about DSI and their affidavit from their director, if you could  
17 provide us, Mr. Alfano or perhaps turn to Mr. Kolaya and have  
18 Mr. Stumphauzer give us a sense of collection efforts.

19 One of the things we have talked about from the  
03:09 20 beginning in this case has been the difficulty of collecting  
21 funds from multiple investors. A lot of the, or, excuse me, a  
22 lot of the loans, rather, from folks, whether it's small  
23 businesses or one of the top ten of the portfolio that we have  
24 talked about extensively, some of which are encountering  
03:09 25 financial trouble, bankruptcy, and other disconcerting problems

1 that are going on in their businesses.

2 So do we have any updates, Mr. Alfano, on how  
3 collection efforts are going, whether that be in the  
4 Philadelphia Court of Common Pleas or elsewhere, any new  
03:10 5 information on that and I'll turn it over to you to kind of  
6 tell us a little bit about the latest in that front, please.

7 MR. ALFANO: Thank you, Your Honor, if I may. Cash on  
8 hand is presently 53 million dollars through yesterday. We are  
9 -- DSI is fully engaged in collection efforts with merchants in  
03:10 10 order to recover receivables. We have opened up discussions  
11 with certain other merchants within the top ten. Most are  
12 represented by counsel. And we're continuing, you know, our  
13 efforts to try to resolve those matters, those that aren't  
14 paying to get them back on a payment plan. And if that's not  
03:10 15 productive, then we would anticipate coming back to Your Honor  
16 for relief with respect to the litigation injunction as  
17 presently in place on a selected basis.

18 MR. FROCCARO: Judge, Judge, Judge, this is James  
19 Froccaro, I just have --

03:11 20 THE COURT: Sorry, I was on mute. Go ahead, Counsel.

21 MR. FROCCARO: I don't ask much but is that 53 million  
22 including the 25 million or over 25 million?

23 MR. ALFANO: It is. We started with 25 million and  
24 we're up to 53 million.

03:11 25 Your Honor, first of all, I thought I reported that

1 the starting point in our very first status conference and I  
2 provided routine updates to that effect.

3           **THE COURT:** Sorry, Mr. Froccaro, it was still chopping  
4 up a little bit on the connection, but I guess the answer to  
03:11 5 your the question is yes. We are now -- that is above and  
6 beyond the 25 from the last report.

7           **MR. FROCCARO:** Thank you, Judge.

8           **THE COURT:** No, no, that's fine. These are important  
9 and to the extent I have clarification questions, not argument  
03:11 10 but clarification questions, I welcome them from defense  
11 counsels. We want to get a good picture of where we're at.

12           So we're about 53 million. We are continuing to make  
13 collection efforts with the merchants. And we are engaging, I  
14 think, as you stated, Mr. Alfano directly with counsel on  
03:12 15 behalf of some of the merchants, right?

16           **MR. ALFANO:** That's correct.

17           **THE COURT:** And in terms of relief, I think the Court  
18 most recently did lift litigation injunctions on a number of  
19 the different cases that were pending. Have we been able to  
03:12 20 kind of explore those with those injunctions now being lifted  
21 in terms of having to appear in court in Philadelphia in order  
22 to try to either collect them, or I don't know if this is  
23 coming by way of consent judgment or -- can you maybe give me a  
24 sense of how that litigation is playing out?

03:12 25           **MR. ALFANO:** Your Honor, essentially we asked for

1 relief in two circumstances. The first is where a merchant had  
2 previously reached an agreement with CBSG prior to the  
3 receivership, but, for whatever reason, their assets were  
4 garnished. So we're seeking relief in those circumstances and,  
03:12 5 of course, honoring the terms of any settlement that was  
6 entered into as well as pursuing resolutions with merchants, a  
7 condition of which is to either release garnishments and/or  
8 dissolve confessions of judgments.

9           **THE COURT:** So let me move on from the collection  
03:13 10 effort and speak a little bit, if I could, without getting too  
11 much into the substance because I am very, as I stated in my  
12 paperless order, acutely aware of the concerns raised by the  
13 joint motion filed by a number of defense counsels regarding  
14 the calculations in the most recent DSI report. Really, it was  
03:13 15 an affidavit that was submitted that gave us perhaps, at least  
16 as far as I could tell, the clearest picture in the receiver's  
17 view of the financial state of this company. And, you know, I  
18 know that there is arguing being made about the factoring being  
19 used in that report, the underlying data being used in that  
03:14 20 report, the purported lack of access to that data the  
21 defendants feel is major issue that prevents them from  
22 essentially conducting their own report or own audit of those  
23 numbers.

24           But I think it would be important, especially for  
03:14 25 those that may not have had an opportunity to really read it,

1 and I don't know if I would turn to Mr. Alfano for this or  
2 directly to Mr. Stumphauzer or Mr. Kolaya to just give us a  
3 little bit of summary or a breakdown of that particular  
4 statement and financial picture of this business because, as  
03:14 5 far as I can tell, and I'm carefully choosing my words here,  
6 and I know everyone understands that, you know, there was a  
7 conversation had probably three or four months ago where I  
8 asked Ms. Berlin, in no uncertain terms, what kind of case this  
9 was. Was this the kind of case that dealt with a regulatory  
03:14 10 issue and a registration issue and a disclosure issue? Or was  
11 this more akin to what we know as a Ponzi scheme. That was a  
12 question I asked early on in this litigation.

13 I was told by the SEC that it was not a Ponzi scheme  
14 at the time, that they were uncertain, they were not ready to  
03:15 15 make that representation, and I will confess that the report  
16 from DSI goes to great lengths not to use that term. But  
17 looking at the way the snapshot that DSI has prepared, and,  
18 again, I know this is all, if you will, under protest by  
19 defense counsels who feel that it is a flawed methodology, but  
03:15 20 we have to remember that this is a conversation between me and  
21 my receiver, an officer of the Court, and his due diligence and  
22 what it has generated in terms of reports for me to digest what  
23 is going on on the ground in this business and in all the  
24 related Par Funding businesses.

03:15 25 It seems to me, based upon the report and the fact

1 that some of the payouts or the funds that investors were  
2 receiving were essentially generated or the product of new  
3 money coming into these investments that we maybe have had a  
4 sea change in the true nature of this business and that it is  
03:16 5 less about factoring and due diligence on loans, and more about  
6 taking from new investors to pay old investors. And that is  
7 without, of course, calculating in operational expenses, et  
8 cetera.

9 I don't want to make that assumption. I don't want to  
03:16 10 state that. The affidavit does not go that far, but it makes  
11 it clear that this was not a self-funding operation, meaning  
12 this operation could not, regardless of COVID-19, regardless of  
13 the SEC's involvement, that this was truly not a self-  
14 engineered or self-funding enterprise, it thrived off new money  
03:16 15 being put in from investors.

16 Now, again, I'd like, with that statement being made  
17 in context, if could I turn it back to the receiver and perhaps  
18 have the receiver give me the receiver's take-aways, DSI being  
19 an agent, receiver, as employee, what are the receiver's  
03:16 20 take-aways from this particular affidavit, which I think  
21 paints, at least so far, one of the clearer pictures of what  
22 the receiver's diligence has found, and I'll turn it to you,  
23 Mr. Alfano, and whoever wants to take the lead on the  
24 receiver's side to give me a breakdown of what you think you  
03:17 25 have found by way of this DSI report.



1 Go ahead, guys.

2 **MR. ALFANO:** And, Your Honor, I think Mr. Stumphauzer  
3 is going to address this directly.

4 **THE COURT:** Very good. So I'll turn it over  
03:17 5 Mr. Stumphauzer as receiver for the Court.

6 And I don't know if I have the audio connected. I did  
7 see Mr. Kolaya and Mr. Stumphauzer on there, so not sure if  
8 they're still there.

9 **MR. STUMPHAUZER:** I apologize, I don't think we had  
03:17 10 audio for a minute. Are you able to hear us now?

11 **THE COURT:** Yeah, I can hear you now. So I will turn  
12 it over to you guys to give me your impression and walk through  
13 the findings and the declaration, please.

14 Go ahead, guys.

03:17 15 **MR. STUMPHAUZER:** Yes, Your Honor. So you're correct.  
16 We did not use the word "Ponzi scheme" in that entire  
17 declaration and there's a reason why. We have been very, very  
18 conservative with the information that we have presented to the  
19 Court. And when we present Your Honor with a number, that's  
03:18 20 because it's been tied to bank records. It's been tied to the  
21 company's internal accounting records. We have looked at  
22 Quickbooks descriptions. There is no ambiguity. When we give  
23 you a number, it is correct.

24 We had a number of discussions with Mr. Sharp from DSI  
03:18 25 and I think the easiest way to explain this is there is not a

1 single definition for a Ponzi scheme. So, for example, there  
2 are multiple courts that have talked about the factors that are  
3 consistent with a Ponzi scheme so there are many court opinions  
4 that talk about the proper definition. The Ninth Circuit, for  
03:18 5 example, also has a definition. The AICPA, which is obviously  
6 the organization for certified public accountants, also has a  
7 definition for what a Ponzi scheme is, but I think it's fair to  
8 say that there are more factors to it than simply whether old  
9 investors are being repaid with new investor money. That is  
03:19 10 not the only factor to be considered. You have to consider  
11 other factors.

12 So, for example, what was the profitability of the  
13 underlying business? How does the profitability of the  
14 underlying business tie to representations that are being made  
03:19 15 to investors about the returns that are going to be delivered  
16 to him. Then there's also questions about whether there's  
17 excessively large fees that are sustainable.

18 What I can tell you is, Mr. Sharp and his team, who  
19 are, of course, highly trained professionals who, by the way,  
03:19 20 do have very specific experience in the MCA business. What  
21 they are comfortable saying is that as to the top ten merchants  
22 which, as you know now, make up approximately 50 percent of the  
23 entire portfolio. As to those merchants, they undoubtedly were  
24 using CBSG money to pay CBSG back.

03:20 25 One of the most interesting portions of the DSI

1 report, Your Honor, is if you are to look at the graphs I guess  
2 that start on paragraph 18 of that report, and if you notice in  
3 each instance we have a graph that covers the entire portfolio.  
4 Then we have a graph that covers breakdown for some of the  
03:20 5 largest merchants to show the performance of that particular  
6 MCA or, as is often the case, a passage of MCA's. In each  
7 instance, the first chart is just showing what's happening in  
8 each individual month so, you know, those months CBSG pays out  
9 more than it receives or vice-versa, but, to me, the most  
03:20 10 helpful chart is the second chart in each instance which shows  
11 cumulatively the money that's going from CBSG to a merchant  
12 versus the money that's going from the merchant back to CBSG.

13 Now, Your Honor has been told repeatedly throughout  
14 this litigation, and this is the point I want to address in  
03:21 15 more detail if the Court will allow, but you've been told  
16 repeatedly, number one) that this is a highly profitable  
17 business, and, number two) what you have been told is that,  
18 you know, the portfolios were performing and that there were  
19 adequate profits, sometimes referred to as house money for the  
03:21 20 defendants to pay themselves.

21 What this chart shows, and, by the way, you were also  
22 told that the primary source of profit was the MCA's  
23 businesses, it goes to some of those business lines.

24 Now I should be careful in saying that this is an  
03:21 25 analysis of cash in and cash out, which is not the same as

1 profit, but it's a good proxy and a measuring stick, and what  
2 you can see is throughout the life of this company, CBSG has  
3 routinely and uniformly given out more money to merchants than  
4 they have received back. So you've been greeted with countless  
03:21 5 hypos about here is a hypothetical loan, here is the  
6 hypothetical very high factoring fee that's going to be earned  
7 by the company, but this shows just the opposite. It shows  
8 that more money has gone out to merchants than has come back  
9 and, by the way, that not over a month, it's not over a year,  
03:22 10 it's over the entire operations of the company, coincidentally,  
11 up until the end of 2019 or, stated differently, before COVID  
12 hit our nation.

13           You can also see, Your Honor, if you are to go to  
14 paragraph 26 take a look at my paragraph number on the page.  
03:22 15 Paragraph 26 is related to Colorado Homes. And if you see that  
16 there are two charts below Colorado Homes that I believe,  
17 again, are highly instructive and I would ask the Court to  
18 focus on the second graph. And, again, the blue line shows  
19 funding that's going out from Par Funding and the orange line,  
03:23 20 of course, reflects payments coming back from the merchant.  
21 And, again, you see a very clear pattern, which is the line of  
22 funding consistently is above the line for payments, meaning  
23 that we have sent more money out than we have gotten back in.

24           There's another interesting trend about that  
03:23 25 particular chart and you can see starting in November, December

03:23 1 of 2019, the lines become completely flat. So what's the  
2 reason for that? What it essentially shows is that the  
3 merchant stopped paying because we stopped funding, i.e.,  
4 there's a strong inference that they were paying us with our  
5 own money.

6 I can also tell you that we have been in touch with  
7 the attorney for B&T and I'm not stating what our litigation  
8 position is with respect to him, but I'm representing to you  
9 what has been said to us over the phone, which is that they  
03:24 10 can't and they won't pay us because they were paying us with  
11 our own money and now that we are not paying them any money,  
12 they can't pay us any money back.

13 Now, I want to go through a couple of other points,  
14 Your Honor, if I can. Another issue of confusion I feel in  
03:24 15 this litigation is there's many times that we're referring to  
16 revenue. In other words, top line, not profit, but revenue, or  
17 where we're citing really impressive gross figures. So, for  
18 example, it's been brought up to you before that merchants  
19 repaid Par Funding one point -- if you round it, 1.1 billion.  
03:24 20 1.097 billion which is, undoubtedly, an impressive gross number  
21 until you it to the amount of money that's gone out the door.  
22 So, again, we're now cumulatively five, six years into this  
23 business, 1.097 billion has come out -- come back from  
24 merchants, but Par Funding has paid out 1.103 billion. So net  
03:25 25 net, cash out the door, cash in the door, over the entire

1 history of this company up to 2019, that's the caveat I want to  
2 give, we haven't finished 2020, we're 6.6 million in the hole.  
3 We're 6.6 million dollars in the hole. Again, I want to be  
4 careful, net cash which is different from profit. So, and  
03:25 5 during that same time, we had seen from very early from the  
6 SEC's initial complaint, of course, that included declarations  
7 from Melissa Davis. From that declaration, it was early --  
8 evident at an early date that a significant amount of money had  
9 gone out to corporate insiders. What we didn't know is just  
03:25 10 how high that number was.

11 So we now know that 144 million dollars was paid out  
12 to Par Funding to insiders. And so let me break that down,  
13 Your Honor, because there is a lot of these companies that we  
14 haven't necessarily spent a whole lot of time discussing.

03:26 15 So, for example, there's a company called Heritage  
16 Business Consulting which is a company that allegedly earned  
17 consulting fees from Par Funding, that is a company, of course,  
18 controlled by Lisa McElhone. That company was paid 41.5  
19 million dollars of consulting fees. And I can show you how  
03:26 20 it's broken down into different categories in Mr. Sharp's  
21 affidavits.

22 There was another company owned by Lisa McElhone,  
23 Eagle 6. That company received 24.4 million dollars. There's  
24 another company Eagle Union Quest that was used to buy a jet  
03:26 25 that was used by Mr. LaForte and Ms. McElhone. That company

1 received 6.2 million dollars. There's a marketing company RMR  
2 that's owned by Mr. LaForte that received 6.9 million dollars.

3 So looking at Mr. McElhone and Mr. LaForte alone, if  
4 you wanted to consider them together, they were able to extract  
03:27 5 119.6 million dollars from this company. It's a massive amount  
6 of money. A massive amount of money. And this all happened  
7 during the same time frame that this company had negative cash  
8 flow, and you can see this in Mr. Sharp's declaration of  
9 exactly how we get there and what the math is. They had a  
03:27 10 negative cash flow of 203.5 million dollars.

11 And I want to emphasize something, Your Honor. This  
12 is based on their analysis of actual bank records. This is not  
13 speculation. This is not conjecture. This is numbers that  
14 appear on a bank statement, and then what we did, you know, I  
03:28 15 know the defendants have emphasized that there were 12  
16 accountants that were working at Par Funding, not all of them  
17 were accountants in the CPA sense, but they were functioning as  
18 accountants nonetheless.

19 What we did is looked at all of the banking  
03:28 20 transactions and then, of course, corresponded that with an  
21 entry of Quickbooks. So insofar as there was a receipt of  
22 cash, DSI was looking for the corresponding debit -- credit and  
23 vice-versa. So we went based on bank statements, actual  
24 transactions in the accounting records, and these are the  
03:28 25 numbers that we came to.

1 I can tell you, Your Honor, that one ongoing concern  
2 that we have is there are a lot of facts that are being thrown  
3 at the Court, but equally important, things that are being  
4 conveyed to the investors. And, Your Honor, I think for so  
03:28 5 many different reasons the truth is always important in court,  
6 facts are always important in court, we are all officers of the  
7 Court, and so we have an obligation to present things  
8 truthfully to you in the best of our ability. I'm doing that,  
9 I'll stake my credibility on what I've said today. I'll stake  
03:29 10 the credibility of DSI's consultants on what they put in their  
11 report. It's our best calculation of what has happened based  
12 on the records that are available to us.

13 I'm concerned, however, that there are other things  
14 that are being represented to the Court that are, quite  
03:29 15 frankly, problematic. And I say that they're problematic  
16 because people are relying on them. Investors are reading  
17 things and they are relying on those things when they sent  
18 e-mails to me, when they sent e-mails to my staff, and when  
19 they're burying the Court in some of that correspondence.

03:29 20 So, you know, Your Honor, you've indulged us all and  
21 given us adequate opportunity to put our position on the  
22 record, including the defendants, and we think that's a good  
23 process because it forces us to do the work and to make sure  
24 that we're correct. It's part of the adversarial process, but  
03:30 25 I think we all ought to be held accountable for what we say.



1 I'm held accountable because I signed the pleadings.

2 Mr. Sharp's accountable because he signed a declaration.

3 So now I want talk about what the defense filed with  
4 us. So, last night the defense filed a motion for continuance  
03:30 5 and I understand, they haven't had a fulsome chance to respond,  
6 I understand that there's some additional data that they want.  
7 But they have a section in there called, "Facts." What I'm  
8 asking is that they be held accountable for those facts. There  
9 are a couple facts that I want to talk about in particular.

03:30 10 On Page 3 of 8, they make the statement that CBSG, Par  
11 Funding, has been audited three times. It was audited by  
12 Freedman in 2017, it was CliftonLarsonAllen for 2018 and 2019.  
13 It was also audited by CBSG's long-time accountant, Robert Mehl  
14 & Associates. The good news is an allegation like that can  
03:31 15 easily be proven or dis-proven. I would ask that the  
16 defendants be held accountable for that statement.

17 So I can tell you that right now, aside from just  
18 sentences typed in the pleadings, there's only one source of  
19 proof on that point. That source of proof is James Klenk's  
03:31 20 declaration, which Your Honor can find at docket entry 177-52.  
21 Mr. Klenk, as far as I know, by the way, Your Honor, is the  
22 only CPA that was working at the company. He's also a CPA that  
23 continues to work at company now.

24 What Mr. Klenk says directly contradicts that. What  
03:31 25 he says is the last time the company was audited was 2017.

1 What happened during that audit? Freedman issued an opinion, a  
2 clean audit opinion, but the opinion was attached to financial  
3 statements that showed a loss. It also showed some information  
4 that Mr. LaForte didn't like. So he promptly instructed  
03:32 5 Freedman to change the report and to follow a different  
6 accounting method. That, of course, led to a different result,  
7 but it led -- it also led to an adverse opinion. We have seen  
8 no evidence that CliftonLarsonAllen conducted an audit in 2018  
9 or 2019, or that Robert Mehl did so.

03:32 10 So we probably have not seen each and every piece of  
11 paper, but we have talked to Mr. Klenk and we do have a  
12 declaration on record for Mr. Klenk, and he says that's simply  
13 not true. I can tell you we have also looked at information  
14 from Robert Mehl, and as Your Honor may know, there are  
03:32 15 different levels of services from different auditors. One is a  
16 full-blown audit. There are also reviews. There's also  
17 extremely limited scope. It's called an agreed upon procedure.

18 You can have an accountant audit, you know, a tiny  
19 little portion of your business, certain internal controls. We  
03:32 20 did see that Robert Mehl did an agreed-upon procedures since  
21 working at points in time, but, again, there's no audits. So I  
22 would say -- I would ask that the defendants submit a  
23 declaration that's willing to state their credibility on that  
24 statement.

03:33 25 Likewise, in the section titled, "Facts," there is an

1 allegation that really jumped off the page to everyone on our  
2 team. And it reads as follows. This is on the bottom of Page  
3 3 of 8. It says, "According to the SEC's expert, Melissa  
4 Davis, who has now filed multiple declaration, CBSG had  
03:33 5 influence of 1.257 billion with a net positive cash flow of 711  
6 million."

7 And I thought, wow, that is woefully inconsistent with  
8 what DSI found, of course, and certainly does not, you know,  
9 doesn't strike me as something that I saw in Ms. Davis's  
03:33 10 affidavit, and, so, of course, we dug into it. And I can read  
11 you, Your Honor, the docket numbers for all of Ms. Davis's  
12 declarations, but, needless to say, they don't say that, which  
13 then led to another question which is: These numbers are so  
14 specific, the 1.275 billion, the 711 million, the fact that  
03:34 15 CBSG wired precisely \$1,000,231,298 (sic) and so on and so  
16 forth. I said these numbers had to come from somewhere.

17 So we did some digging to see where those numbers came  
18 from because they sounded familiar. If Your Honor is willing  
19 to accommodate us so that we can show a document, I'd like to  
03:34 20 show where I believe those numbers came from and --

21 **THE COURT:** Absolutely. Absolutely.

22 **MR. STUMPHAUZER:** I'm going ask Mr. Kolaya, who is  
23 definitely our most tech-savvy person, if he can pull up the  
24 document.

03:35 25 So, Your Honor may recall that Aida Lau, and if you

1 can scan up at the top, Mr. Kolaya. As you know, Aida Lau  
2 submitted multiple declarations in this case. What's  
3 interesting, of course, is that we now know that this  
4 declaration was created using data that Ms. Lau stole from the  
03:35 5 company in violation of the Court's order. And, interestingly,  
6 this declaration is also built upon the accounting data the  
7 defendants are saying that they don't have. But many of them,  
8 in Ms. Lau's declaration -- Mr. Kolaya, if you can scan back --  
9 she summarizes what she believes to be the financial condition  
03:35 10 of the company. By the way, we have no reason to believe that  
11 she has a CPA or anything of that nature. But if you scan down  
12 to the exhibit that's attached, we took the liberty of  
13 highlighted some numbers -- and maybe Mr. Kolaya can blow them  
14 up.

03:36 15 But here in the defendant's paperwork filed last night  
16 in the section titled, "Facts," they said over its lifetime  
17 CBSG wired exactly \$1,231,298,329. So it appears that this did  
18 not come from Ms. Davis's declaration. Instead, it came from  
19 Ms. Lau who, by the way, we requested an opportunity to  
03:36 20 interview. She now, I think, based on allegations we made  
21 regarding the data intrusion, is now represented by a prominent  
22 criminal defense lawyer in Philadelphia and won't speak to us.  
23 And Mr. Kolaya, if you want to scan over.

24 Yeah, you can also see they basically represented to  
03:36 25 the Court that according to the SEC's expert Melissa Davis that

1 CBSG had inflows of 1.257 billion dollars. Again, it matches  
2 precisely to what Ms. Lau said.

3 So Your Honor, you know, look, I understand, and I'm  
4 going to include myself in this. You know. I happen to be an  
03:37 5 accountant by background and a CPA by background. I don't  
6 practice as one anymore and I haven't in a long time. I know  
7 many of the lawyers in this case are not CPAs and are doing  
8 their best with complicated numbers and, to some extent, are  
9 relying on their client's. But these allegations mean  
03:37 10 something. They're being made in a court. They're being made  
11 in a pleading. They're being made to investors.

12 And now, if an investors were to read this, they would  
13 actually think that this came from the SEC's own expert and,  
14 more importantly, that maybe there was 700 million dollars to  
03:37 15 be passed out to investors. Your Honor, the records just  
16 simply don't show that. And I look forward to receiving a  
17 declaration where some expert for the defense says that there  
18 was 700 million of cash flow.

19 There's another topic that I'd like to address. It  
03:38 20 really is to the issue of the outstanding balances for some of  
21 these merchants. If you look at the portfolio, there are --  
22 undoubtedly, there are a lot of outstanding MCA's receivable.  
23 But what Mr. Sharp's declaration makes emphatically clear at  
24 this point is that if you look at those balances, they're  
03:38 25 disproportionately based on fees. So if you remember, there

1 was a prior pleading, and I'm going ask Mr. Kolaya to back me  
2 up here to make sure I don't misstate, but we were giving the  
3 Court information about the outstanding balances for the  
4 highest ten merchants. The defense responds and, of course,  
03:38 5 says, "Well, the receiver forgot to mention that virtually the  
6 entire outstanding balance is fees, and we have actually  
7 collected our money back."

8 Well, I didn't understand that counterclaim. The  
9 reason is if we want to get these investors paid, fees are  
03:39 10 important, too. And the defendants write them off though  
11 they're meaningless. Well, the problem is, at this point they  
12 represent a disproportionate amount of the outstanding balance.  
13 Now, do we hope and will we endeavor to collect that, yes, but  
14 it's being challenged and I can tell you that what we have  
03:39 15 seen, and we purposely walked through, rather than a  
16 hypothetical, we walked you through an actual example of an  
17 actual MCA to a real merchant, and what you can see is there  
18 was a very, very, very routine practice where a merchant would  
19 come to CBSG, they would need additional funds, they would  
03:39 20 negotiate, and there was a process called a reload where a  
21 merchant would essentially get another MCA from Par Funding,  
22 the MCA would be used, in part, to pay off the old balance, and  
23 then result in a new balance with fees that are doubled and  
24 tripled on top of each other. So we gave you an actual example  
03:40 25 so you can see how quickly those fees add up.

1 Now, if you look at the fees that are recorded on the  
2 financial statement and that are recorded on the balance sheet,  
3 they do look like high numbers. And then the question becomes  
4 what portion of that is paper profits. In other words, what  
03:40 5 portion of that can be collected.

6 Well, we can't give that you answer across the board,  
7 but we can give you that answer as to the top ten merchants  
8 which, as you've seen, we have now grouped related companies  
9 together so it's actually more than ten. But this notion that  
03:40 10 they're collecting in a multiple of 1.32 is, again, false.

11 It's just false based on the numbers. They're not even  
12 actually collecting the entire net cash advance. And you can  
13 see that in several of the examples that are in Mr. Sharp's  
14 declaration, including, for example, you can see that for B&T,  
03:41 15 you know, this is a company that was loaned -- excuse me, not  
16 loaned, that received merchant cash advances of 91 million  
17 dollars, but if you look at the actual net cash outstanding,  
18 the amount of money that CBSG advanced versus what came back,  
19 CBSG is 20 million in the red. But what it also goes to show  
03:41 20 is just how high a portion of that balance is attributable to  
21 fees. And that's going to be a portion that, of course, is  
22 going to be disputed, we know it's going to be disputed because  
23 we have an attorney that's already told us so and, you know,  
24 the other thing that's been represented, not only to this Court  
03:41 25 but to investors repeatedly, even after we have shown ample

1 proof otherwise, is they are dotting upon their own underwriting  
2 process.

3 Well, once we actually dug into the underwriting  
4 process to see what they actually collected, in many instances  
03:42 5 they advanced far more, many, many multiples than what they  
6 themselves determined would be appropriate to advance. And so,  
7 for example, CBSG, not a very great underwriting process for a  
8 merchant with 91 million dollars of exposure, not exposure to  
9 Par Funding's principals, but to its investors. What they  
03:42 10 collected there is they collected 20 bank statements from three  
11 different accounts from 2015 to 2017, and combined, that's a  
12 company with an average cash balance of a million dollars.  
13 They owe Par Funding 91 million dollars. There's no amount of  
14 spin that can fix that, Your Honor.

03:42 15 So, again, what I'm asking the Court, and I think to  
16 some extent the investors as well, because I feel that I have  
17 -- I certainly have a responsibility to the Court, but I also  
18 feel like I have a responsibility to the investors, and it's  
19 rare that I have an opportunity to communicate with them as a  
03:43 20 group, as I do know, but I really do think that everyone, and  
21 I'm including myself, including myself more than anyone, we  
22 should be held accountable for what we say to you. I'm holding  
23 myself accountable for what came out of my mouth today, I'm am  
24 holding my accountants and consultants at DSI accountable for  
03:43 25 what they put in that declaration. I would I ask that everyone



1 else be held to the same standard.

2           **THE COURT:** Now just to pick up on that point briefly,  
3 thank you for that update, you know, I share in the frustration  
4 that you have made clear in today's report that we are dealing  
03:43 5 with alternative realities. It's probably been the most  
6 frustrating part for the Court from the beginning that I am  
7 presented with facts which we know are stubborn things, and  
8 math. I'm being presented with straight numbers and now I have  
9 a declaration from Mr. Sharp, under oath. I have, at least at  
03:44 10 this point in the litigation, been able to get my hands around  
11 what I think are verifiable numbers and enough of a sample size  
12 in the nature of the loans and the profitability or lack  
13 thereof year-to-year to get a true financial picture as far as  
14 I can tell.

03:44 15           So I am similarly perturbed by what seems to be a  
16 constant spin and I will share that I get not as many e-mails  
17 from investors, as I'm sure the receiver does, but I get my  
18 fair share every day, and wherever they're getting their  
19 information from is problematic, to say the least. It does not  
03:44 20 square up with the investments that they thought they had made  
21 or the profitability they thought they had seen.

22           And I think one of the challenges we have had is to  
23 paint an accurate picture of this business to all concerned  
24 parties, and I don't want any of the defense lawyers to think  
03:45 25 that the Court is rushing to any conclusion. I think that I

1 have attempted to allow this process to play out. By the same  
2 token, you have to understand that defense lawyers are not  
3 litigating against my receiver. My receiver is an extension of  
4 me. It's an extension of the Court. I take my obligations as  
03:45 5 overseer and supervisor of the receiver operation very  
6 seriously. I know that it is, by nature of this business model  
7 and some of the difficulties of getting a true picture, it can  
8 sometimes be a costly endeavor, and I knew that going in, okay,  
9 but a lot of what is being thrown against the wall here to me  
03:45 10 is not verifiable, it's not backed by numbers. I have at least  
11 one clear picture emerging of this business and I think at some  
12 point the story that I hear that the receiver doesn't know what  
13 factoring is or that this is somehow a complicated business  
14 that makes it difficult to operate, I think that argument is  
03:46 15 starting to fall apart quite a bit because I will confess that  
16 it doesn't take an economics major or CPA to look at  
17 Mr. Sharp's findings and figure out that at the very bottom,  
18 the model that we had here was not self-funding, it just  
19 wasn't, and the loans were not over-performing. I don't even  
03:46 20 know if they can even say they were performing, period.

21 The amount loaned versus the amount recovered is  
22 pretty clear, it's pretty clear to the Court that this was not  
23 sustainable. You know, at some point, you know, we have to  
24 look at these numbers and try to get our hands around them to  
03:46 25 get a true picture, but I think that, to the receiver's point,

1 we need to stop feeding the Court narratives that are not  
2 backed either by the credibility of lawyers and under oath, or  
3 verified statements or financials that have some strength in  
4 backing in real numbers or real analysis, because throwing  
03:46 5 around these statements every time the receiver makes any sort  
6 of finding, and it's not to say you can't contest it, but if  
7 we're going to contest it, let's actually contest it on merit, not  
8 on narrative, not on spin, because all that does is harm us in  
9 getting to the ultimate result in this case, whether that is by  
10 way of trial, substantive motion practice, evidentiary  
11 hearings, the day we get to a disgorgement argument, all of  
12 those things are being clouded and the reality is all this does  
13 is hurt us all, as the litigators know, in the long run because  
14 it makes it more and more difficult for us to get to the merits  
03:47 15 when we're spinning our gears on numbers.

16 So, you know, one of the things I thought about  
17 reading the declaration and coming into court today, and I  
18 don't know if this is even a possibility for the receiver to  
19 entertain, but something that I thought is how can I get the  
03:47 20 team of defense lawyers to perhaps give me their actual  
21 verifiable sworn statement of what it is they think this  
22 company is valued. Let them pick their CPA, because one of the  
23 things I thought about was, what would stop, and I don't know  
24 if the receiver's amenable to this, but to put an end to this.  
03:48 25 You know, DSI has had a set of data that they have utilized.

1 They have now provided a very clear affidavit with a breakdown.  
2 I am curious in hopes to maybe putting an end to a constant  
3 spin, I'm curious if the receiver would suggest or entertain  
4 the possibility of, at the cost being borne by the defendants  
03:48 5 if they were to, as a group, the same defense counsels that  
6 filed this motion yesterday evening, let them pick who they  
7 want, give me their CPA expert, and let that CPA expert sit  
8 down and look at what Mr. Sharp looked at and come up with  
9 their own verified affidavit of their financial picture because  
03:49 10 I'd like to see the names of defense counsels or their expert  
11 give me a sworn statement that -- not allegations in a pleading  
12 disputing the methodology, but actually taking a look at these  
13 numbers because I know you guys saw that the second half of the  
14 objections coming into today were we continue to argue that we  
03:49 15 don't have access. And I know this has been an issue of  
16 protective orders, we don't have access to the same numbers, we  
17 can't look and verify the same data. I know that's been the  
18 subject of disputes in front of my magistrate judge.

19 And I also know we have, which we'll talk about in a  
03:49 20 little bit, we have a separate problem about return of data  
21 that was purportedly taken out of the G Suite that I've already  
22 issued a show cause on for civil contempt sanctions against two  
23 individuals involved in this lawsuit.

24 So I don't know if this is even a possibility but I  
03:49 25 wanted to ask receiver in an effort to kind of put teeth behind

1 your comments, how can I shut this down because I'm not going  
2 to sit here and allow a continued misinformation campaign from  
3 other parties to confuse investors when I have an officer of  
4 the Court appointed by me going through the numbers and now  
03:50 5 giving me an affidavit on this from DSI, and they're telling me  
6 this is a gross, quote, gross mischaracterization of the  
7 financials. I mean, that is a bold statement to make on a  
8 pleading. That is extremely aggressive to take that line and  
9 say that the entire method of DSI, a sworn statement by this  
03:50 10 consultant, is not rooted in reality, and what you just said is  
11 we have the numbers to back up every single representation and  
12 chart in that affidavit.

13 So is there a way that the receiver could contemplate  
14 it -- and I'm open to suggestions, I'm just trying to come up  
03:50 15 with a way to put an end to this, and if it means letting the  
16 defense lawyers have access to that data under supervision of  
17 the Court for a limited purpose of having them get one expert  
18 to look at whatever Sharp looked at, I'd like to see someone --  
19 look, at the end of the day, as you point out, Mr. Stumphauzer,  
03:51 20 and Mr. Futerfas, don't cut in, I see you wanted to jump, give  
21 me one second, I'm talking to the receiver. I don't want to  
22 have to meet you.

23 **MR. FUTERFAS:** I do want to weigh in at this part of  
24 the conversation.

03:51 25 **THE COURT:** Yeah, give me one second because I want to

1 see what the receiver's view is on this.

2           One of the issues I am having is I -- if this is a  
3 methodology problem, if this is -- you know, this isn't a  
4 dispute over GAAP principles, this is -- I mean, to me as far  
03:51 5 as I can tell from Mr. Sharp, this is all well-rooted in  
6 verifiable numbers, and so one of the things I'm trying to get  
7 my head around is, if that's true, then if we can trod in one  
8 agreed upon expert from all the defendants to come in and sit  
9 down in a room with Sharp and the receiver and look at the same  
03:51 10 data and give me a competing affidavit or report, something  
11 under oath, something verified, so that I can actually see if  
12 any of the theories that have been repeatedly floated out by  
13 defense counsels every time I get a receiver report are rooted  
14 in actual math.

03:52 15           So I wanted to ask the receiver that question. Mr.  
16 Stumphauzer, if that is even a suggestion that you would  
17 entertain that you could talk to me about so that I can see if  
18 there is another reality here to look at these numbers, how can  
19 I put that issue to bed?

03:52 20           So can I hear your take on that, or maybe you have a  
21 proposal eventually whereby you will have a moment to have this  
22 data methodology shared with defense lawyers and Mr. Sharp can  
23 be in a room with an expert on their side. I mean, I don't  
24 want to circumvent the discovery process, and that's been part  
03:52 25 of the problem here. This should be litigated like any other

1 case now. We have a bunch of preliminary injunctions, nothing  
2 here should be out of the ordinary. We are doing this as we  
3 have always done any other piece of civil litigation. There's  
4 no need to take shortcuts, but by the same token, there's been  
03:52 5 so much of this back and forth that's confusing to investors, I  
6 think I have a pretty good picture of what's going on, but you  
7 wouldn't -- you wouldn't look at from docket entry 430, and the  
8 way that the defense counsels have banded together and are  
9 still taking issue with some of the methodology.

03:53 10 So what does the receiver think about any solution to  
11 this problem? Can I hear from the receiver on this.

12 **MR. STUMPHAUZER:** So, Your Honor, I think if I  
13 understood you correctly, I'm advocating for exactly what you  
14 just said. We have offered the defense we will give you not  
03:53 15 just reports from Quickbooks, not just the various iterations  
16 of slice and dice (inaud.), we'll give you an actual static  
17 copy of single transaction for Par Funding, every single one.  
18 But what we want is three things. One) we want you to agree to  
19 a very airtight protective order. Why? This is not us being  
03:53 20 petty so let me give you practical examples of problems that  
21 have happened and I am going to, again, welcome, because  
22 there's different members of the team doing different things.  
23 Mr. Kolaya and Mr. Alfano can correct me. Here are the kind of  
24 the things that we have actually had happening.

03:54 25 We had a person actually show up at a merchant's store

1 saying, "We're here on behalf of Par Funding. You owe us X  
2 amount of money, we're not leaving until you pay us in cash."  
3 The person did take out cash and paid the person purporting to  
4 represent me. I can assure Your Honor it wasn't anyone from my  
03:54 5 firm and it wasn't anyone from DSI.

6 Just this week we had someone make up an e-mail  
7 address, I can't remember the name off the top of my head, but  
8 it was Gmail address but it had something Parfunding@gmail.com,  
9 reached out to a merchant, again, saying "You owe us a balance,  
03:54 10 you need to pay this. Please give me your bank account  
11 information," and, lo and behold, the person actually paid.

12 So what we're concerned about, and the defense will  
13 say, "Well, you're already putting the accounting data out  
14 there." Judge, I'm putting out top level data that no one can  
03:54 15 abuse. Nobody can go collect from our merchants by me saying  
16 we have loaned out or, you know, given out MCA's 1.1 billion.  
17 What we're concerned about is accounting data where line by  
18 line merchant by merchant addresses, phone numbers is going to  
19 be given to defense.

03:55 20 So all we ask them for is three things. We want a  
21 protective order. We want the data back that you stole  
22 because, by the way, we can show you and will show you at the  
23 evidentiary hearing that they have a copy already. And the  
24 third thing we have asked them for is it's really important  
03:55 25 that we have an access log for who has accessed your wrongfully



1 obtained copies of the Quickbooks. Why? We would like to  
2 figure out who has been collecting our money for us and not  
3 giving it back. We'd also like to explore whether there are  
4 any data corruption or integrity issues, and we have it in  
03:55 5 writing. Mr. Futerfas rejected the protective order that we  
6 asked for. He flatly refused to provide us an access log and,  
7 by the way, in direct violation of this Court's order, he just  
8 said flat out in writing, we're not giving the data back,  
9 period, and I'm going ask Mr. Kolaya to weigh in because he was  
03:56 10 more directly involved in those discussions.

11 **MR. FUTERFAS:** Judge, that's not true at all.

12 **THE COURT:** I'm going -- I'll go ahead and mute you,  
13 Mr. Futerfas, so that I have any more interruptions.

14 Go ahead and I will turn to the defense lawyers in a  
03:56 15 minute, but I have to hear from my receiver first so I can get  
16 a good picture, and before I pivot to Mr. Kolaya on the phone,  
17 there's one thing that you just said, Mr. Stumphauzer, that I  
18 got to make sure understand. You mentioned something about  
19 someone else collecting the money for you guys.

03:56 20 Did I understand you right that you have attempted  
21 merchant collection and upon interacting with merchants, they  
22 said someone else has made contact with them to collect on  
23 outstanding loans that is not my receiver?

24 **MR. STUMPHAUZER:** That's correct, Your Honor. Usually  
03:56 25 how it comes to our attention is not necessarily because we

1 reach out to someone and collectively they say it's already  
2 been collected, but on occasion people will reach out to us and  
3 say, "Well, we just want to make sure that this is someone  
4 actually acting on your behalf, or we will learn about it after  
03:57 5 the fact. And, yes, we have had now at least two, and I'm  
6 going to ask Mr. Alfano and Mr. Kolaya to fact-check me here,  
7 but at least two circumstances where people that are purporting  
8 to act on behalf of Par Funding have collected money that did  
9 not come to us and it was no one acting on our behalf.

03:57 10 Now, let me be careful because I like to be precise in  
11 how I speak. As to the merchants (audio distortion), that  
12 claim that someone showed up to collect cash, I wasn't born  
13 yesterday so I DO understand that there are many merchants that  
14 might be viewing this as an opportunity to get out of their MCA  
03:57 15 obligations, and so I'm not accepting as fact that someone  
16 showed up to collect cash, we're investigating it but that's  
17 what's been told to us.

18 In the other instance, we actually have forwarded  
19 copies of the e-mails where someone reached out to a vendor  
03:57 20 from, yet, another e-mail address with Par Funding in the title  
21 and did, in fact, successfully collect money that should have  
22 gone to these investors, it should be in this receivership,  
23 that went elsewhere instead.

24 And, again, I want to double-down and be careful  
03:58 25 again. I'm not saying it was the defendants. I don't know who

1 it was. But what I'm saying is in reaching the sort of  
2 conclusion like that, it would be awfully helpful to know who  
3 has got access to the accounting data, and we know some of the  
4 people that have access because we caught them taking it, but I  
03:58 5 really do want it to turn it over to Mr. Kolaya because I want  
6 to make sure that I accurately described the negotiations over  
7 the Quickbooks data file and I have been monitoring it but not  
8 as closely as him. So --

9 **THE COURT:** Sure, absolutely, go ahead, Mr. Kolaya.

03:58 10 **MR. KOLAYA:** Your Honor, Timothy Kolaya, counsel for  
11 the receiver.

12 **MS. BERLIN:** Your Honor, if I may, I'm sorry. This is  
13 Amie Riggle Berlin, thank you very much for allowing me to join  
14 the Zoom. I apologize, I was in another hearing, and assure  
03:58 15 you, I actually begged to be released so that I could join our  
16 status conference.

17 I apologize, Your Honor.

18 **THE COURT:** Sure. Thank you for being here.

19 Okay, so Mr. Kolaya, you were saying -- let's go  
03:58 20 ahead, you were picking up on the status of some of these  
21 issues. Go ahead.

22 **MR. KOLAYA:** Yes, Your Honor, we have had extensive  
23 meet and confers with Mr. Futerfas and Ms. Bettina Schein about  
24 the Quickbooks data, and as Mr. Stumphauzer said, we are  
03:59 25 absolutely willing to provide them that data. I can provide it

1 to them today. I can provide it to them tomorrow. We are  
2 ready to go. There are three conditions. Number one) a  
3 protective order and it has to be a very fulsome protective  
4 order that gives us absolute assurances that this information  
03:59 5 is not going to be used for any improper purposes. We made  
6 some good progress on that front but the defendants have  
7 rejected our protective order and want to use a different one.

8 On that issue, Your Honor, I'm happy to submit  
9 competing orders to either Your Honor or to Judge Reinhart to  
03:59 10 enter the appropriate protective order.

11 On the second issue, we did ask for an access log and  
12 Mr. Futerfas or Ms. Schein, I'm not sure who forwarded the  
13 e-mail, did send an e-mail from the vendor who is hosting the  
14 data and it provided the last access date. That's not enough.  
03:59 15 We want to know every time it was accessed, who accessed it,  
16 from which IP address, we want to know where exactly this data  
17 was used and where it was accessed.

18 And number three) return a copy. We have never gotten  
19 a commitment from Ms. Futerfas and/or Ms. Schein, we have made  
04:00 20 some progress in that respect, but they have never committed  
21 that they will provide a copy back to us, and their argument  
22 has been, well, it's a lot more efficient for us to simply use  
23 the copy we have already taken from the company.

24 Now, frankly, Your Honor, it's a static copy. We can  
04:00 25 transfer it, it's a set of data, it gets uploaded to a

1 database. There's minimal costs to return a copy they took  
2 from the company improperly, to receive the copy we have agreed  
3 to provide to them, and to upload it to whatever database their  
4 accounting expert needs to do whatever analysis they need, and  
04:00 5 we're happy to provide that, as I said, as soon as the  
6 protective order is entered and as soon as we have a full  
7 access log, and as soon as we receive a copy back from the  
8 defendants.

9 MR. STUMPHAUZER: One last point, Your Honor --

04:01 10 THE COURT: Yeah, go ahead.

11 MR. STUMPHAUZER: -- is that Mr. Sharp, you know, I'm  
12 corresponding with him sometimes as these hearings are ongoing,  
13 has offered to meet with and assist the defense's expert.

14 THE COURT: So let me --

15 MR. FUTERFAS: So, Your Honor, can --

16 THE COURT: No, no, no. You are not going to be  
17 chiming in until I let you okay, so let's hold you on mute so I  
18 don't have to keep clicking that button, all right?

19 So here is the question I have so I totally understand  
04:01 20 exactly what I'm dealing with here.

21 On the protective order, all right, I'm going to  
22 streamline this. By the end of today, I want competing  
23 protective orders from both sides and I'm going to enter which  
24 one I think is appropriate. I'm not going to waste any more  
04:01 25 time, it's preposterous to me that we are six months into this

1 litigation and we don't have an effective order that defense  
2 counsel can work with so we can streamline the production. A  
3 lot of what is happening here, as we saw in last night's docket  
4 entry, is we don't have the data. We can't verify data. It is  
04:02 5 a problem I think of counsel's own creation because it sounds  
6 to me like we are trying to make data available to everybody so  
7 that we all work off the same numbers. That eliminates  
8 misinformation and misunderstandings. And to me, all that is  
9 happening is every time we get another round of meet and  
04:02 10 confer, my receiver, as he should, because it's unnecessary  
11 delay, is going to have to bill for it. And I am trying to  
12 keep costs manageable. So it makes no sense why we should  
13 continue on with this. I would prefer that each side submit a  
14 protective order by the end of today so that I can review them  
04:02 15 side by side whether I decide to do some amalgamation of both  
16 or I adopt one or the other, I need to look at them because I  
17 cannot understand why we are still litigating that and I think  
18 it's a waste of everybody's time and money to do so. So I'm  
19 going to take care of that issue myself.

04:02 20 The second issue, which is, you're talking about the  
21 logs. What response, Mr. Kolaya, are you getting on that,  
22 meaning you've been asking for a clear set of logs so that we  
23 know who is in and who is out so that we can track some of this  
24 access. Are you just getting piecemeal logs or are they saying  
04:03 25 they don't want to give anything to you? What's your view on

1 that specifically?

2           **MR. KOLAYA:** Your Honor, I'm not sure exactly what  
3 their position is. What they provided in return was simply an  
4 e-mail from Summit Hosting, which is the company that Mr. Cole  
04:03 5 used to host the data that he took from the company and simply  
6 provides a few user names. We don't know if it's everybody,  
7 and it provides their last access date. What the defendants  
8 have said is we haven't accessed this data for a long time, so,  
9 therefore, you have nothing to worry about.

04:03 10           Now that may or may not be the case, we want to see a  
11 full log, and this is something that these software companies  
12 almost always have, it has a log of every time somebody logs  
13 on, every time somebody logs off, and every time somebody  
14 accesses the data. That's what we want so we can know  
04:04 15 specifically which user name was accessing the data from which  
16 IP address at which times.

17           **THE COURT:** So would it be possible, although I have a  
18 standing order that delegates discovery issues to my magistrate  
19 judge, that if I were to request that my receiver file a motion  
04:04 20 to compel specifically what they need in that regard that that  
21 could be filed, I could order an expedited response, and that I  
22 could also render an order compelling the production of this  
23 particular log? I assume that you could file something in the  
24 next week or so specifically telling me what do you believe is  
04:04 25 accessible and what can track all those entry points to the

1 database so that I can review it. We can get a response if the  
2 defense feels it's not technologically feasible, etcetera, and  
3 then I can immediately go ahead and rule on that.

4           The only reason why I would not do it as my magistrate  
04:04 5 judge does it wisely through oral argument is because I  
6 wouldn't want to have a motion or an order on a motion to  
7 compel that doesn't specify exactly what I'm expecting in that  
8 turnover of that log and information.

9           But, again, just like the protective order, to  
04:05 10 streamline and try to check off the three boxes so that this  
11 data can be made available, which is what I think is what we  
12 need to do to put an end to different narratives, I think it  
13 would be extremely useful if we went ahead and cleared that  
14 issue up. Is that something that you think makes sense? Could  
04:05 15 something be filed to give the Court exactly the language I  
16 need and then if the defense wants to respond to whether that's  
17 feasible or not they can before I rule on that. Because, quite  
18 honestly, I'd like to be able to have orders in place requiring  
19 production of certain materials that I can then enforce through  
04:05 20 the Court's power.

21           So what would you say as to a motion on that?

22           **MR. KOLAYA:** Your Honor, we're happy to file that  
23 either today or tomorrow. That's not something that's complex  
24 and we're happy to provide it immediately.

04:05 25           **THE COURT:** So, again, another thing I can take off



1 the table so I can resolve it.

2 The third thing that you're worried about in terms of  
3 data production and everything else is the log that you  
4 mentioned in your order to show cause which -- or your motion  
04:06 5 for order to show cause, rather, which indicates that that is  
6 yet to be returned and that was an unauthorized access that you  
7 alerted the Court about some time ago and now you have  
8 requested initiation of civil contempt proceedings.

9 Now it sounds to me, and I'm going to get a brief  
04:06 10 response from the defense on these three points in a few  
11 minutes here, but it sounds to me like you are being told that  
12 they have it. I mean, there's no dispute they have this data,  
13 I don't think anyone is saying they don't have it, they just  
14 don't believe it makes sense to return that static data because  
04:06 15 it's easier for them to work with it.

16 Did I get that explanation correct?

17 **MR. KOLAYA:** That's correct, Your Honor, what they  
18 told us is for the past several weeks or months they have not  
19 been accessing the data, but they still have it and they think  
04:06 20 it's more efficient for them to simply use the copies they  
21 have.

22 And just to clarify one point, Your Honor, it's not  
23 only the static copy of the Quickbooks database, it's also  
24 several other accounting files that Mr. Cole downloaded and  
04:07 25 uploaded to a new G Suite called New Logic. There is a whole

1 host, and we have a full log of the data. Ms. Schein did not  
2 provide us a log of the data they have. We have filed that as  
3 an attachment to some of our prior pleadings. The New Logic  
4 database also contains extensive amounts, tens and tens of  
04:07 5 thousands of files of accounting files from Par Funding.

6 So those are the other documents that we would like  
7 returned such that the defendants no longer maintain a copy and  
8 we can provide appropriate documents through production through  
9 a formal process subject to a protective order so we know  
04:07 10 exactly what's been produced and who has copies of which data.

11 **THE COURT:** Would it be possible, since it's, again, a  
12 very specific request on what you were able to track from the  
13 database that was taken out and that needs to be returned and,  
14 again, this, to me -- correct me if I'm wrong -- would possibly  
04:08 15 assist us in circumventing or eliminating the need, and I don't  
16 know if you agree with me on this, for a civil contempt  
17 proceeding because I get the sense that the thrust behind this  
18 civil contempt that is being sought by the receiver and counsel  
19 for the receiver is, in large part, motivated by the repeated  
04:08 20 failure to return this data.

21 So in the motion that you were going to file or can  
22 file to compel the log information, which is point two, it  
23 seems that a second section of that, it could be a motion to  
24 compel as directed by the Court, that would specify the items  
04:08 25 that you believe were taken so that I could, upon review, try

1 to determine, it would be swifter to simply enter an order  
2 requiring those items to be produced or sent back to the  
3 receiver.

04:08 4 Does that make sense as a possible other request that  
5 you could file so that I could get exactly the sense of what  
6 databases you're talking about?

7 **MR. STUMPHAUSER:** Your Honor, I'd like respond to that  
8 in two parts. We absolutely can provide you with a complete  
9 and comprehensive list of exactly what we need so that you're  
04:09 10 not left guessing, and we can, of course, put that in the form  
11 of a proposed order so you don't have to try to describe the  
12 minutiae, obviously, we wouldn't want to waste your time, but  
13 that absolutely does not render our motion moot, and I'll let  
14 you know what brought that to a head.

04:09 15 If you remember, you know, the defense never really  
16 denied that they took the data. Instead, what they did is  
17 filed this, quote-unquote, motion to clarify which we really  
18 viewed as, you know, we violated the order so give us some  
19 relief by changing what the order says. It was never unclear.  
04:09 20 There was never a need to clarify.

21 So, and at various points you said, you know, if you  
22 got the proof, bring it. So we spent a ton of time nailing  
23 down exactly what you told us to do to prove who took what and  
24 when and, more importantly, our forensic company had to spend a  
04:10 25 lot of time and money because you were then provided a

1 completely false excuse, which is, oh, we didn't take anything  
2 intentionally, it was an auto download, which, again, we look  
3 forward to the evidentiary hearing, that, too, is false.

4 But what happened is when we finally put together our  
04:10 5 bill it was just thousands and thousands of lines of entries.  
6 Believe it or not, it took me multiple days to go through it  
7 and what really occurred to me is I can't believe how much  
8 money these investors are going to have to pay precisely  
9 because the defense engaged in this conduct, violated the  
04:10 10 Court's order, made affirmative misstatements, misled many,  
11 many people. They should have to pay for that. They should  
12 have to pay for that. There's no way these investors should  
13 have to pay and we are still going to get the exact figure from  
14 our DSI company, but, you know, multiple days up until midnight  
04:10 15 and 3:00 in the morning trying to chase all this stuff down and  
16 the defenses' only response to it was, shame on the receiver  
17 for not locking down the data that we stole.

18 It's aggravating and it's got to be horrible to hear  
19 as an investor. I think they should pay for it.

04:11 20 **THE COURT:** I'm fine with letting it, obviously,  
21 proceed. I think that is one of the key motives behind seeking  
22 the sanctions is because of all the time that, unfortunately,  
23 was wasted on that, and, so I wouldn't want to give the  
24 impression, we have a timeline, obviously, I believe the 22nd  
04:11 25 is the deadline I set for a response to the show cause.

1           So, to me, we can separate that and that's really not  
2 for today. It's just to see if that was going to be part of  
3 the resolution there, and we'll let that play out on its own  
4 when I get a written response from the defense on that and what  
04:11 5 exactly happened and what their explanation is for the access,  
6 et cetera.

7           But going back to the earlier point, I think,  
8 Mr. Kolaya, you still believe that it would be beneficial --  
9 correct me if I'm wrong -- even with the civil contempt issue  
04:11 10 on the side, it would be beneficial that the Court explicitly  
11 require the return of materials that you would spell out in a  
12 motion and a proposed order, the same way you would spell out  
13 what you need in terms of access logs so that the Court can  
14 require that those specific access points and time and date  
04:12 15 stamps be provided.

16           Is that a fair assessment?

17           **MR. KOLAYA:** Yes, Your Honor, very fair, and as I  
18 mentioned, we're happy to get that on file, if not today, by  
19 tomorrow at the very latest.

04:12 20           **THE COURT:** And so everyone understands, you know, the  
21 reason why -- I'm going to shortcut this because what I can't  
22 understand is I cannot have it be a sword and a shield issue  
23 here where, you know, I'm being told that the data is being  
24 processed wrong. The receiver is standing by ready to give  
04:12 25 access to the data so that a competing expert or CPA can look

1 at what was produced and try on the merits with the same data  
2 to put forth a similar sworn statement like that produced by  
3 Mr. Sharp to counteract what defendants believe is some sort of  
4 a false narrative. And so I would prefer that we put in  
04:12 5 everything we can to grant that access, and if it is true that  
6 the defendants feel strongly that Mr. Sharp is not able to  
7 properly calculate the numbers to get the right analysis of  
8 this business model, then I find it hard to believe that  
9 defendants wouldn't want to jump through whatever protective  
04:13 10 order hoop they need to to get this done.

11 Now I will look at that to see that something that for  
12 some reason defense counsel feels is too heavy-handed, but I  
13 would rather skip all of this protracted litigation and check  
14 off all three boxes that the receiver, my receiver is telling  
04:13 15 me is the gateway to them coordinating an expert to come over,  
16 sit with DSI, sit with the people in the receiver's camp, and  
17 figure out exactly where there is a divergence of opinion from  
18 a true CPA perspective, not from an unsworn declaration or some  
19 sort of an objection, that's not really a motion but just  
04:13 20 positioning on the docket as to the views of one side regarding  
21 the data versus what Sharp has produced.

22 I mean, this is not effective. It's not how I manage  
23 litigation, and I don't think it helps anybody. It doesn't  
24 help the defendants, it definitely doesn't help the receiver or  
04:14 25 the SEC, and the ones that suffer ends up being the investors

1 and I would contemplate the Court as well because as I'm trying  
2 to get my hands around the model and helping -- or using my  
3 receiver whose goal it is is to clarify this for me, it makes  
4 the most sense that I would try to lift all impediments to the  
04:14 5 receiver being able to provide the data so that if there's an  
6 argument to be made that something is being miscalculated, I  
7 want to know, I want to know what that miscalculation is. But  
8 that's miscalculation is not coming from the defense lawyers,  
9 it should come from their expert who has access to the same  
04:14 10 data that Mr. Sharp does because then I would be confronted  
11 either with two different, but mathematically supported ways to  
12 analyze this business and we can get into a more philosophical  
13 discussion of that, or perhaps we have an expert on the defense  
14 side that ends up agreeing, or at least agreeing in part, with  
04:15 15 some conclusions reached by Mr. Sharp.

16 But it just -- it makes sense that I give -- you know,  
17 the defendants are talking a lot about due process. I get a  
18 due process indication in almost every other pleading and I'm  
19 frustrated because, obviously, I can't afford all the due  
04:15 20 process I'd like if we don't agree to some safeguards, and I  
21 think we have all the reason and belief to need those  
22 safeguards, number one) the allegations in and of themselves  
23 and how the money has moved is disconcerting. It's hard to  
24 track some of this money. Some of it is in different  
04:15 25 entities, it's not an easy thing to see.

1 So having a little more protection I think is in  
2 everyone's best interest as we litigate the case and because we  
3 do have at least a purported data breach concern that worries  
4 the Court. So I don't think it's heavy-handed at all for the  
04:15 5 Court to get involved here and require these checkpoints that  
6 Mr. Stumphauzer and Mr. Kolaya have afforded defendants as the  
7 gateway to them getting the data that they so desperately need  
8 so that they can schedule appointments, start working on this  
9 stuff, and really get a countervailing expert opinion from the  
04:16 10 defense camp, which we don't have. I'm hearing only one  
11 version. Now, it's a court-appointed version. Let's remember  
12 it's not the SEC's version, I keep trying to explain that, I  
13 think, to my investors who believe that somehow the receiver is  
14 in the SEC's camp. They have an independent obligation to me.  
04:16 15 They're appointed by me. They are an extension of me.

16 So the findings that are being made by the receiver,  
17 although they can be contested, are essentially court, or a  
18 findings for Court approval. And so I want to approve these  
19 findings and actually give them the weight and the support of  
04:16 20 the Court, but when I have my flank of defense lawyers telling  
21 me that they are miscalculating, I think it's time to put, you  
22 know, your data where your mouth is. If that's the case, then  
23 let's get you guys the data, and I want to see you guys give me  
24 a -- something certified or something sworn that counteracts  
04:17 25 point by point with real data from a real expert, not



1 posturing, real data from a real defense expert what Mr. Sharp  
2 is saying. And if I've got to get through these hoops to get  
3 there, that's what we have got to do.

4           So that's my intent. I do not -- I'm not going to  
04:17 5 un-mute and listen to be a dissertation from any defense  
6 counsels on this. The purpose of this call was to talk to the  
7 receiver and get a clear picture. I'm going to un-mute  
8 Mr. Futerfas so that I can hear point by point. This is not a  
9 show for investors. This is to figure out how to get this  
04:17 10 thing done. Okay? So I want to know what issues you may have  
11 -- you're going to get a chance to file your protective order,  
12 so I don't really think we have to deal with that. I just want  
13 to help you instead of having to keep having discovery  
14 hearings, to just get that done.

04:17 15           But on the second and third point, maybe you want to  
16 tell me the concern you have with the log-in information. If  
17 you tell me you can't technologically do it, we'll deal with  
18 that another day, and that last point is just about returning  
19 the data and we're going to not talk about sanctions now, but  
04:18 20 I'm just wondering, you know, it seems that in good faith from  
21 a meet and confer perspective, we should have returned some of  
22 this stuff so that I don't have to get involved and entertain  
23 any kind of sanctions.

24           But, be that as it may, do you see a problem,  
04:18 25 Mr. Futerfas, for the Court trying to check off these three

1 things so I get you the access that you so desperately keep  
2 asking me for? And with that, I'll turn it over to you.

3 Go ahead.

4 **MR. FUTERFAS:** Thank you, Your Honor. From my  
04:18 5 perspective, Your Honor, I wholeheartedly agree with everything  
6 Your Honor said in the last five minutes. Wholeheartedly.  
7 That's my position on behalf of Lisa McElhone, and I believe it  
8 will all be defense counsels' position.

9 I want to state, because I think Your Honor should  
04:18 10 understand, that we have been requesting these materials, it's  
11 not -- it's Quickbooks, it's bank records, it's merchant data  
12 in terms of the cash flows, it's all the things that are  
13 incorporated the report, for four months. I have filed -- I  
14 have sent a subpoena to Par's accounting firm. I've sent a  
04:19 15 subpoena to that firm for all tax records to get all of their  
16 tax information, and to get all of the back and forth because  
17 that accounting firm was literally monitoring the cash inflows  
18 every single day at Par. That subpoena went out weeks ago.

19 On September 23rd, on behalf of Lisa McElhone, I filed  
04:19 20 a document demand, that's more than two months ago, three  
21 months ago, with the receiver for all the documents that we are  
22 talking about today. My document demand was dated September  
23 23rd. I then followed it up with a second document demand,  
24 maybe six weeks ago, and last night, after I got the receiver's  
04:20 25 report, or Sunday night, we received the DSI report, I sent a

1 third document demand, either this morning or last night,  
2 requesting specifically every piece of paper they reviewed or  
3 considered in determining their report.

4 So just so we're -- and at each time, by the way, we  
04:20 5 let the receiver know and the SEC knows and probably some of  
6 our filings to Your Honor, that we hired forensic accountants.  
7 I am not a CPA. I am not a forensic accountant. We hired  
8 forensic accountants three-and-a-half months ago, one of the  
9 most reputable accounting firms in Miami, or three months ago.  
04:20 10 They have been on standby to receive material.

11 So just so the record is clear, very clear, we have  
12 been asking for documents so we could do just what Your Honor  
13 expects us to do, file declarations by CPAs and forensic people  
14 who looked at underlying data, who know what they're doing, are  
04:21 15 independent, are responsible, and can provide whatever guidance  
16 to the Court and to us, quite frankly, because we need to know  
17 that, too, Your Honor.

18 You know, we're advocates, we're lawyers, hopefully  
19 we're decent at what we do, but we can only work with the  
04:21 20 information that we have. So it's helpful for to, obviously,  
21 to understand from people that he hire what the facts are. So  
22 it's important for all of us, including Your Honor and the  
23 lawyers.

24 **THE COURT:** And let me ask you something because I  
04:21 25 think the challenge I'm having here is it's not my practice

1 nor, quite honestly, with the amount, the caliber of expertise  
2 on this Zoom, the amount of defense lawyers in the community on  
3 this case who are very seasoned, the receiver's background, the  
4 SEC, it shouldn't -- this shouldn't happen. I shouldn't have  
04:21 5 to get into this kind of weeds in the discovery process. But I  
6 think this is -- and I don't want to shortcut or circumvent the  
7 discovery process -- an ongoing Request For Production,  
8 depositions. I don't want to do that.

9 I think what I'm focused on, though, is I think it  
04:22 10 would benefit everyone if we, number one) the Court gets  
11 involved at a granular level right now as I've asked Mr. Kolaya  
12 to help the Court do, so I can take away the three key  
13 roadblocks that the receiver feels if I can address will allow  
14 me to unlock the keys to all the data that you guys need to  
04:22 15 begin to study to figure out exactly where the discrepancies  
16 are. So that's the first step.

17 The second step is, I just want to make sure, and this  
18 will be, quite honestly, my goal behind this, that every piece  
19 of data that Mr. Sharp used to prepare this affidavit be  
04:22 20 provided pursuant to the guidelines I put in place to a defense  
21 expert. And that would be the goal so that a defense expert  
22 can come in and study this data, and whether that comes out to  
23 be something that is used later on in trial or at some other  
24 phase, so be it, but I think it's something that I would like  
04:23 25 to see in the court file, an actual representation of what the

1 defense camp feels an expert can give a snapshot about when it  
2 comes to this company. I think that would be helpful for  
3 everyone and it would be part and parcel of ongoing discovery,  
4 but at least that would let us know where in this case are  
04:23 5 there discrepancies, you know, and that's what I'm trying to  
6 figure out.

7 And so does it make sense that we would kind of  
8 streamline, at least this portion of discovery, so that you  
9 guys have pointed out in your response, we don't know where  
04:23 10 Sharp's conclusions are being based off of, what data, we want  
11 to see all that. I can at least require that anything and  
12 everything Sharp used to get here, he turned over to your  
13 expert and provided we get these checkboxes done, right?  
14 Doesn't that make sense?

04:23 15 **MR. FUTERFAS:** Let me answer very quickly. That's  
16 exactly what my discovery demand was last night that I served  
17 on everybody. Here is where we are. We had actually set up  
18 for next week an appearance with the magistrate to deal with  
19 these issues, but now before Your Honor I can give them very  
04:24 20 quickly, very quickly.

21 We have always agreed to a protective order. In fact,  
22 we proposed a protective order in writing in e-mail back when  
23 Mr. Fridman was representing before Mr. Soto came in, back when  
24 Mr. Fridman was involved three months ago. We have e-mails  
04:24 25 proposing a protective order over this material three months

1 ago in e-mail. The only issue today on the protective order is  
2 this: There are two versions of protective orders and we'll  
3 send them to Your Honor later. But, very simply, I can tell  
4 Your Honor what the issue is.

04:24 5 The protective order that we proposed is one that's  
6 been used in other SEC cases like this one. It's simple, it's  
7 clear. It allows either side to designate things as  
8 confidential information. It also says that anything that's  
9 been put in the record to date, in the public record, is not  
04:25 10 subject to a protective order. And based on Mr. Kolaya --  
11 Mr. Kolaya and I have actually been in very close touch about  
12 this, Your Honor, because Mr. Kolaya yesterday sent me an  
13 e-mail in response to my latest version of the protective order  
14 he said, "Yeah, but we're particularly concerned about merchant  
04:25 15 information, contact information, things like that."

16 You know what I did? I immediately went to my draft.  
17 I revised it to accord with his concerns, and I sent him a  
18 revised version which included exactly what he wanted word for  
19 word in my version of the protective order. So we have a  
04:25 20 simple version that's been used in other SEC cases that has  
21 exactly the language that Mr. Kolaya was concerned about with  
22 respect to the merchant contact information in our version.

23 The one that they had proposed about a week ago or so,  
24 Your Honor, is -- Your Honor can see them, but it's very  
04:26 25 convoluted and I think it would just lead to a lot more

1 litigation about what's in or what's out a protective order.

2 The one that we proposed --

3 **THE COURT:** I'll tell you this. Listen, I get it,  
4 but, look, I'll read the protective orders, you guys tell me  
04:26 5 what you agree, you tell me where's a difference, I'll be the  
6 judge of that. If I think that it's unnecessary and litigious,  
7 I'll strip it out. If I think it gives me cause or concern  
8 because it's going to be complicating matters, I'll strip it  
9 out.

04:26 10 I think at this point, you don't have -- we've been  
11 litigating for three months, like the bottom line is the rubber  
12 hits the road. We have a district judge that's ripping things  
13 out of his mag's hands because he wants to get things done, you  
14 know you've gone to the limit.

04:26 15 So let's just send it to me and I'll read it. That's  
16 it. All right.

17 **MR. FUTERFAS:** That's number one.

18 **THE COURT:** So give me second point, give me that  
19 second point on the logs. Go ahead.

04:26 20 **MR. FUTERFAS:** The logs is, just to give you just a  
21 hair of background on that, it's really more Ms. Schein's issue  
22 but I'll give you a hair of background on that. Your Honor may  
23 recall from some of the pleadings that prior to the institution  
24 of this case in late July of 2020, the law firm representing  
04:27 25 the company Fox Rothschild recommended that they back up

1 documents and they back up financial files. They clearly made  
2 their recommendation to Joe Cole. Joe Cole did that. So the  
3 files we're talking about are files that were created at the  
4 recommendation of Fox Rothschild towards the end of July before  
04:27 5 -- it was the third week of July, fourth, whatever it was  
6 before this action was actually instituted.

7 Now, in addition to that, about two, two-and-a-half  
8 months ago, Ms. Schein and, again, she can address this but  
9 everything is in writing that I'm telling you. Ms. Schein  
04:27 10 advised the receiver of a G Suite, of a separate G Suite that  
11 Mr. Cole had set up, again, at the direction of counsel. She  
12 wrote to the receiver two-and-a-half months ago and she said,  
13 "Here is the access information to look at to get that  
14 information." And she asked the receiver flat out, "What would  
04:28 15 you like me to do? Would you like me to delete the  
16 information? Would you like me to send you the information?  
17 What would you like me to do? We are not going to access it."

18 She never heard back from the receiver. That e-mail  
19 is there. It was sent. This Suite, the static copy of the  
04:28 20 Quickbooks that Mr. Kolaya is talking about now was a static  
21 copy that was created, again, at the request of counsel before  
22 the receivership in late July 2020. Okay. That's a static  
23 copy. What Ms. Schein told the receiver was it's hosted  
24 remotely. It's hosted remotely.

04:28 25 So what Ms. Schein said to the receiver is, "Look, I



1 will give you access. I haven't looked at it. The defense has  
2 not looked at those documents. We don't have access to them  
3 because of prior court orders. So we don't have them. But  
4 they're out there and they're hosted," and she said to the  
04:29 5 receiver, "If you want access, take 00 go get access. We'd  
6 like access, too, because it's the same set of materials and we  
7 can move forward."

8           May I just tell Your Honor the same Quickbooks also  
9 the receiver has in five other places. They had it on the Par  
04:29 10 G Suite when they took over in July 28, 2020. They had it on  
11 various computers that they seized where they got access to.  
12 So those same static Quickbooks is all over Par. They have had  
13 those documents since they took over. This is just yet another  
14 copy.

04:29 15           So the bottom line is, Your Honor, I just want the  
16 record to be clear what the actual context is of this. So what  
17 I'm saying to Your Honor is in terms of this log, they asked  
18 for a log, Ms. Schein contacted the company directly that hosts  
19 the site, got information directly from the company, and  
04:30 20 forwarded it right to the receiver. But whatever additional  
21 log the receiver wants, Your Honor orders, we will do in three  
22 hours. You don't even have to wait for an order, you don't  
23 have to wait for a motion, they don't have to move, we're not  
24 going to oppose. If Your Honor says, "Look, I want to  
04:30 25 streamline this, I want these two protective orders tonight, I

1 want to look at them," number one.

2           Number two) whatever log they want about access to  
3 this particular, it's called Summit Hosting, get that log and  
4 provide it, that's it. We don't need a motion, we don't have  
04:30 5 to waste the time or the resources, we'll go, whatever  
6 information Summit Hosting has about access to that, we'll get  
7 it and we'll forward it directly to the receiver. We have had  
8 an account -- a CPA firm, the best firm in Miami, at least as  
9 reportedly are, best forensic accounting firm on hold for three  
04:31 10 months. I served a document request last night which asked for  
11 exactly what Your Honor just said, every piece of paper the  
12 receiver or DSI looked at, considered or reviewed to have the  
13 report, we'll get that, we'll give it to our people, we'll let  
14 them work it up, and I would like nothing better.

04:31 15           So the defense joins Your Honor's *sua sponte*  
16 application one thousand percent.

17           **THE COURT:** Well, I will say this. I think the  
18 important thing is Mr. Kolaya, having heard the representations  
19 from defense counsel, whether we can do this by way of simply  
04:31 20 suggesting to the court or filing a joint motion, or perhaps it  
21 is in the form of an agreed order that you guys are able to  
22 craft, a proposed agreed order for the Court's review on the  
23 heels of today's status conference, I am prepared and I'm  
24 asking that all defense counsels and the receiver sit down and  
04:31 25 get this done. And I mean that in all seriousness that these

1 three obstacles that have prevented us from getting where we  
2 need to go, if the protective order comes down to us simply  
3 getting me competing protective orders, that's fine. I can  
4 make that call on my own. But the other two issues which seem  
04:32 5 to be not really opposed, I think that we should be able to  
6 craft a resolution on that. And I would much rather see a  
7 joint filing with an update, and I think the best thing to do  
8 is perhaps give us until, let's say, Friday or even Thursday,  
9 maybe we do 48 hours, so that I can get an update as to  
04:32 10 discussions being had.

11 You guys all, I think, understand the will of the  
12 Court. It is to resolve the protective order issue. It is to  
13 take this off Reinhart's plate by basically resolving both the  
14 access and the return of the spreadsheet or whatever else was  
04:32 15 taken off the Suite. I should be able -- those two other  
16 issues, I think the parties understand that either you agree to  
17 something with a timeline you can all live with together or I  
18 have my receiver file a motion and then and I'm going review it  
19 and then I'm going to enter a different order.

04:33 20 So it makes sense that the parties work out a timeline  
21 to return these materials and, quite honestly, it seems to me  
22 that you guys should do one better and that is that you should  
23 be able to provide to me that upon the Court's blessing of one  
24 of the protective orders or a combination of the two, and the  
04:33 25 satisfaction of these other two requirements of access and

1 return of data, that by a date certain the parties will go  
2 ahead and schedule, whether we want to call it an inspection of  
3 the books and records utilized by Mr. Sharp through a defense  
4 expert, or their production, but there should already be  
04:33 5 something in place. I think you guys should agree to it. I  
6 have no problem memorializing it. If we need to handhold  
7 everybody so that we have deadlines for which we're going to  
8 have an expert come see it, great. But I'm trying to take  
9 issues off the table and so what I think we need to do is you  
04:33 10 guys I think all -- it's unmistakable what I'm trying to do, I  
11 think the parties understand if you get it done on your own or  
12 Court intervention will get it done for you. It's one or the  
13 other.

14 I think you guys are sophisticated enough without to  
04:34 15 figure out what works best for you without me getting involved,  
16 but I stand at the ready, Mr. Kolaya, that if you are going to  
17 spend the next 48 hours, and you don't get an answer and we're  
18 spinning our gears for three months, file what you need to file  
19 asking for the relief you need, whether that, you know,  
04:34 20 protective order competing drafts, whether that is I want this  
21 particular information we tracked being taken from the database  
22 returned, and this particular set of log-in information  
23 produced, I'm happy to do that and put it with a date certain,  
24 and we put some momentum behind this because this is now, I  
04:34 25 think, the second or third time I've heard about this back and

1 forth and it's not getting any better, and all I -- and this is  
2 why I have docket entry 430 because it's defense who are saying  
3 we can't verify Sharp's data, but a lot of that is the parties  
4 haven't been able to meet and confer successfully on these  
04:34 5 things.

6 Now I have know that I have a lot of other defense  
7 lawyers. I've heard a lot from Mr. Futerfas. I don't want to  
8 go ahead and have everybody weigh in yet. Quite honestly, I  
9 think he speaks for Ms. Schein and for Mr. Fridman, so just  
04:35 10 briefly, I want to make sure you guys are in agreement for the  
11 rest of the team that's been handling this and I know  
12 Mr. Hirschhorn also signed off on yesterday's pleading, but I  
13 think this is a good solution to try to take away this  
14 roadblock on what seems to be a discovery issue. I just want  
04:35 15 to make sure that everyone is in agreement with Mr. Futerfas  
16 who is representing, kind of talking on behalf of all of the  
17 defendants, is everybody in agreement that we should be able to  
18 work this out, at least if not by way of competing protective  
19 orders, but maybe you guys can give me some language on the  
04:35 20 other two items and, if not, I'll just rule on whatever the  
21 receiver files and if he's got to file it, he's got to file it  
22 so we put an end to this.

23 Mr. Fridman, if you are there, do you have a  
24 particular view on this or are you in agreement that this has  
04:35 25 been a roadblock you want to get rid of as well, like Mr.

1 Futerfas said?

2 MR. SOTO: Your Honor, this is Alex Soto. Mr.  
3 Fridman --

4 THE COURT: I'm sorry, I'm sorry, Mr. Soto. Go ahead.

04:36 5 MR. SOTO: Your Honor, I'm obviously in full agreement  
6 with what's been proposed. The defendants' access to the  
7 documents has been the biggest impediment to this point. There  
8 is no need to rehash what's been said, we're in agreement, and  
9 we appreciate the Court's intervention in order to get that  
04:36 10 problem resolved.

11 I would like to just ask the Court now that I have a  
12 moment, and I will be brief, to recognize that to this point  
13 based probably, in part, on each side's inability to come to an  
14 agreement as you've seen, we haven't had the documents. And  
04:36 15 one of the points that I want the Court to just appreciate for  
16 a moment is that when we started this status conference Your  
17 Honor said very clearly that you were -- you understood the  
18 context of this proceeding that you were only hearing from the  
19 receiver, from one side.

04:36 20 We haven't had an opportunity to test the allegations,  
21 the assertions made by the receiver on Sunday night. That's  
22 what we'd like to do. We stand ready to do that. But, Your  
23 Honor, to this point, the status conferences have taken a  
24 particular sort of pattern, which is the receiver on at least  
04:37 25 -- on more than one occasion has filed reports shortly before

1 the status conference basing allegations, assertions, not just  
2 collection efforts and amounts, which is typically what's done  
3 in receiver reports, but assertions with respect to the conduct  
4 of the defendants based on documents that we, to this point,  
04:37 5 have not had an opportunity to possess, review or provide to an  
6 accountant.

7 I would ask the Court to consider requiring the  
8 receiver to, if it's going to prepare a report, present a  
9 report, to do so no later than 14 days before any status  
04:37 10 conference to give the defense an opportunity to review and  
11 test those allegations before we have a status conference.

12 **THE COURT:** Let me address that, a couple things.

13 One) I think you would agree with me that that is  
14 precisely why I'm trying to lift the impediments to the data  
04:38 15 because I think, Mr. Soto, you would agree that what good is a  
16 response from you guys if I cancelled this without the data.

17 **MR. SOTO:** Absolutely.

18 **THE COURT:** It's worthless, right? It's worthless.  
19 The problem is I get this and it's -- okay, I get where you  
04:38 20 guys are coming from and Mr. Stumphauzer is trying to  
21 extrapolate your numbers, but what hurts is I want to give you  
22 a fulsome response but until you have access, your responses  
23 aren't verifiable because I don't have any of your experts  
24 looking at the same data.

04:38 25 So my view on this is let's get the same data in the

1 same room with the defense expert so that if there's a true  
2 problem with the methodology, we can figure this out. If  
3 there's something that Mr. Sharp is missing, if there's  
4 something there that he wasn't aware of that is a collection  
04:38 5 prong for the benefit of investors, let it be flagged by a  
6 defense expert or maybe some minutia in the data that may have  
7 been missed because we all know it is a lot of numbers, a lot  
8 of data over several years, mistakes can happen. So a second  
9 set of eyes I don't think hurts anybody.

04:38 10 Now, to your earlier point about timing, I will pledge  
11 this to all of the defense lawyers who are concerned about this  
12 that in the next setting that I have for a status conference,  
13 my paperless order will have a deadline by which to submit any  
14 documents to be considered at the status conference, and I will  
04:39 15 do that with enough time so that if the receiver is submitting  
16 something for my review, that what we make sure happens is  
17 everyone sees that with enough time to file a response that I  
18 can digest before the status.

19 So going from here on out, I can tell you that I agree  
04:39 20 with you a hundred percent. So that we don't have any sense of  
21 a gotcha or an inability to prepare, what we're going to do is  
22 we're just going to have a drop dead deadline for anything you  
23 want to us discuss well before the actual status conference.  
24 And I think if we do that, this won't happen again, but I agree  
04:39 25 that you need access if we're going to have any kind of merit-



1 based response. And the only way to do that is for me to get  
2 you guys in the same room in which Sharp is looking at and the  
3 only way to do that is to take care of the three issues Mr.  
4 Kolaya has mentioned that we have yet, after three months, not  
04:40 5 been able to agree on.

6 So now I'm going to get involved, I'll roll up my  
7 sleeves, I'll issue a couple orders, you guys work it out,  
8 great. If not, don't worry about it, I'll take care of it by  
9 entering orders that require compliance and we'll go from  
04:40 10 there.

11 So does that take care, I think, of some of your  
12 concern?

13 **MR. SOTO:** Yes, Your Honor.

14 **THE COURT:** Excellent. Ms. Schein, I wanted to hear  
04:40 15 from you as well if you wanted to chime in just to make sure  
16 you agree with the Court's strategy to try to eliminate  
17 discovery battles, get you guys away from having to go through  
18 another round of this because you'd end up going to see me,  
19 then you're going to see Reinhart, I can think of no more  
04:40 20 efficient way that to just streamline this by the end of the  
21 week and get orders in place to start eliminating these  
22 barriers to the data you guys need.

23 Any disagreement or concerns on this?

24 **MS. SCHEIN:** No, Your Honor. Thank you very much for  
04:40 25 recognizing what the problem has been and what we have been

1 arguing with the receiver to turn over these documents since  
2 August.

3           With regard to my client Mr. Cole, there has not been  
4 any unauthorized access. He set up the hosting of the static  
04:40 5 copy of the Quickbooks which we have asked for from the  
6 receiver since August, a static copy as of the date prior --  
7 the date the receiver took over. We're talking about in July,  
8 just that static copy. And he put that on. He didn't access  
9 it. All he did was check to see if the remote desk access was  
04:41 10 working properly so that when the accountants, expert  
11 accountants were hired, they would be able to access the data  
12 from their desks.

13           So what I proposed to Mr. Kolaya is that in order to  
14 not incur additional costs by the receiver, or additional legal  
04:41 15 fees, that we be permitted to provide this static copy which is  
16 hosted by Summit Hosting, to the accountants to start looking  
17 at the copy of the Quickbooks. I think it's the most  
18 expeditious way and it won't incur any additional cost.

19           If the receiver wants to look at that static copy,  
04:42 20 which they have already several copies of it, they can take a  
21 look at it, but you need a license. The way Summit hosts, each  
22 person who looks at it has to have a license to look at it,  
23 it's hosted on a site, it's not possessed, a copy of it isn't  
24 possessed by anyone. So it's on a Summit Hosting site.

04:42 25           So there's been -- no one else has accessed it.

1 Mr. Cole has checked the remote desk access and that's it.

2 So we propose to Your Honor that this be the static  
3 copy of the Quickbooks to be used by our accountants who are,  
4 if I could say, in the bullpen ready to receive these  
04:42 5 documents.

6 **THE COURT:** Now let me ask you a couple of questions  
7 just to follow up on that. I want to make clear because I  
8 don't know, do we agree, and, Mr. Kolaya, you may want to chime  
9 in, do we have an agreement on prong three -- remember prong  
04:43 10 one, competing protective orders. Prong two deals with what  
11 you're asking them to give you in terms of log-in. I'm going  
12 to guess if it hasn't been resolved by everyone meeting and  
13 conferring by now, it isn't going happen in the next 48 hours.  
14 Maybe I'm being a little too cynical and you guys work it out,  
04:43 15 but if not, I've already been told that you can provide me  
16 exactly what log-in info you need.

17 That third prong, you guys have a finite set of items  
18 you believe were improperly and in contravention of court  
19 orders taken from the Suite. You, I'm assuming, have provided  
04:43 20 that to Ms. Schein and other defense counsels and said, "This  
21 is specifically what we want back," and according to the motion  
22 for civil contempt that has not happened.

23 Am I going -- either I'm going have an order that I  
24 enter that says, "Return these items," I mean, if there's no  
04:43 25 dispute that they have them, or am I going to have a back and

1 forth on this tangential issue which is, again, more akin to  
2 the civil contempt part but something that I'm just trying to  
3 get out of the way so the receiver feels like you can open up  
4 the coffers, let them look at your data.

04:44 5           What's your take on that last prong? I'm just worried  
6 that I have mixed signals here about what they have and what  
7 they don't have and what they can return. I don't want to  
8 create more litigation on this point.

9           What do you think, Mr. Kolaya, on that?

04:44 10           **MR. KOLAYA:** Your Honor, there are two sources of  
11 data. The first one is a Quickbooks database that Mr. Cole is  
12 hosting on Summit Hosting. The second category is all the  
13 other accounting files that he uploaded to a server called New  
14 Logic.

04:44 15           To the best of my knowledge, and we have had  
16 discussions with Ms. Schein about this over e-mail and  
17 otherwise, it's not in dispute that Mr. Cole has and is hosting  
18 these two sets of data. It is the receiver's position that the  
19 data has to be returned. Under the receivership order we get  
04:44 20 exclusive control of the receivership property.

21           At that time, we are prepared, I have a static copy of  
22 the Quickbooks database in my possession ready to produce  
23 subject to a protective order. What we're not comfortable  
24 doing is simply releasing the data and allowing them to  
04:45 25 continue to access what they have. We want them to return it

1 and we will then provide it in a very controlled, organized  
2 fashion, pursuant to a protective order, pursuant to a data  
3 transfer that we control.

4           **THE COURT:** Okay. I think the best thing to do is to  
04:45 5 provide the proposed language that you need to Ms. Schein and  
6 the other defense counsels to see if we can get some agreement  
7 on the universe of documents. At the end of the day, I think  
8 it's a good faith exchange, quite honestly, given that we have  
9 down the pike this issue of contempt coming up and access which  
04:45 10 we're going to have a more formal hearing on when the time  
11 comes.

12           One of the things that I think would be wise is to try  
13 to get whatever data was procured by whatever means back in the  
14 receiver's hands so that, again, we can get access to what we  
04:45 15 need.

16           So that takes care of, I think, this piece of the  
17 conversation, and I want to touch a couple more things here  
18 before we wrap up today.

19           So, obviously, I don't necessarily know how to word it  
04:46 20 artfully because we talked about a lot of things, but I think  
21 that I will put something very simple and paperless together  
22 for the receiver to essentially take a look at with defense  
23 counsel that will require that in order to facilitate the  
24 orderly progress of discovery, the receiver and defendants and  
04:46 25 the SEC will all meet and confer in an attempt to provide the

1 Court with protective order, number one; return of materials,  
2 number two; and access to the Suite, something to that effect  
3 or maybe I'll just generically say, you know, impediments to  
4 discovery. We all know what the three silos are, and then if  
04:46 5 we can't reach an agreement on that, then motions can be filed  
6 by the receiver specifically requesting relief, and this will  
7 circumvent having to re-litigate this in front of my mag who  
8 doesn't have the benefit of dealing with all of this  
9 day-to-day. So I think this will streamline it, but, again,  
04:47 10 the goal is that we check these boxes and the minute that  
11 defense counsels comply with these requirements that I will  
12 shape, then the receiver has the authority and the ability, on  
13 behalf of the Court, to allow the expert from the defense to  
14 begin to look through this data. And the hope is that we will  
04:47 15 have a much simpler and more streamlined picture of this  
16 company. Even if we have two versions of what this business  
17 was about, they will be tethered in the same amount of data and  
18 I think that will avoid, to Mr. Stumphauzer's original point,  
19 not having declarations or statements that are not backed by  
04:47 20 verifiable numbers and math. We need to get our hands around  
21 the black and white of this business to the extent possible,  
22 and I'm trying to lift roadblocks to that.

23 Now, I want to pivot, this is very important, there  
24 are a couple of other things we need to talk about on my  
04:47 25 agenda, and the number one next thing we need to talk about is

1 expansion of the receiver.

2 Now, let me be very clear. I know that there's been a  
3 request to have oral argument on this point. I'm not, at 4:45,  
4 going to open up the floor to oral argument on this point.

04:48 5 This is a motion that I have read in full and I'm all but  
6 prepared to rule on it. However, I want to point out the fact  
7 that I held off on ruling at the request of Mr. Fridman and  
8 Mr. Soto who indicated to me that mediation on December 7 could  
9 possibly help resolve the case. We know that that never came  
04:48 10 to pass. I don't know if that was even a successful endeavor  
11 when you guys went to mediation but, obviously, I held off on  
12 the expansion of the receiver until that date came and went.  
13 That date and has come and gone. I am now fully prepared and  
14 read everything on the expansion of the receiver.

04:48 15 It is a very significant development in the case. If  
16 the Court goes ahead and expands the receiver, as requested, it  
17 will, I think, and I think defense lawyers recognize,  
18 dramatically shift the case in the sense of scope and breadth  
19 regarding what the receiver is going to be able to control. I  
04:49 20 am very much aware of that.

21 I'm also aware of the reasons why the receiver feels  
22 that needs to be done, and I've been attempting, as I've read  
23 all the pleadings, to balance out with least intrusive means,  
24 but I have a couple of very, very clean, small little questions  
04:49 25 that I wanted to ask Mr. Stumphauzer or Mr. Kolaya or

1 Mr. Alfano on this particular motion that I think would help  
2 the Court. I don't need to open up to oral argument, but there  
3 are little details that I want to ask you guys on this motion.

4 The first one is why we need to expand with some of  
04:49 5 the protective measures we have in place? Specifically, we  
6 have that asset freeze and I understood that asset freeze to be  
7 sufficient to save any or prevent any dissipation of assets.

8 Now, I don't know if the argument from the receiver,  
9 as I see in the reply, is, "Judge, that would all be well and  
04:50 10 good in the normal course. The problem is we have had this  
11 unauthorized access. We have concerns that what's in place is  
12 not enough." I think that's what I gleaned from the reply, and  
13 if that's the case, that's fine. But I don't want to  
14 misinterpret the receiver's position because I will confess,  
04:50 15 you guys have held off on requesting this for a little while.  
16 Part of it was because you needed to see if the money was  
17 commingled and I'm not going to get into the fight over  
18 disgorgement versus commingling versus tainted assets. I have  
19 read all the cases. I am not going to get into that.

04:50 20 I do want to find out from the receiver why we think  
21 what we have in place is not good enough. Can you tell me, Mr.  
22 Stumphauzer, why we need to take the next step and then I have  
23 a couple, one or two followups on that. But that's the  
24 overarching concern I think we all have here is, can we put the  
04:50 25 receiver in a position now to expand this broadly without, you



1 know, things getting unwieldy and do we need to do this in  
2 order to protect investors, because that's the thrust of this  
3 entire thing. How can we get these assets for the benefit of  
4 investors and I want to know I what -- or protect them because,  
04:51 5 again, this doesn't mean we're going to disburse anything, it  
6 just means we're not going to lose out on these by the end of  
7 the litigation because they won't disappear, they will be  
8 dissipated.

9 What does the receiver say as to that question from  
04:51 10 the Court?

11 **MR. ALFANO:** It is absolutely necessary for the  
12 protection of investors and the asset freeze isn't sufficient.  
13 The bulk of the diverted funds are in the profits. They're not  
14 subject to an asset freeze. And all the suggestions that are  
04:51 15 in place about we won't do anything with the properties and  
16 we'll give you access to bank records, quite frankly, isn't  
17 enough.

18 We don't know what's happened with those properties  
19 and I can give you an example that's occurring right now in  
04:51 20 Philadelphia.

21 The first four entities that are subject to our motion  
22 to expand are four condominium offices on North Third Street in  
23 Philadelphia. There was, in March, owned by CBSG, Par, it's  
24 where Full Spectrum operates out of it. There was a demand by  
04:52 25 the condominium association for the payment of \$300,000 in

1 assessments that was made in March that the defendants never  
2 honored that demand. That property is now subject to an action  
3 in contract here in Philadelphia for those unpaid fees as well  
4 as foreclosure actions against each of those four properties.

04:52 5 That association has been in touch with us. We have no  
6 authority to act there. That property is not subject to the  
7 receivership. We don't have the benefit of the litigation  
8 injunction. And it is absolutely at risk of being dissipated.

9 **THE COURT:** Mr. Alfano, not to interrupt, as you're  
04:52 10 making that point I would surmise then that a lis pendens would  
11 be insufficient to protect this concern.

12 **MR. ALFANO:** Absolutely, it's not going to prevent a  
13 foreclosure action, Your Honor. I mean, it would just put them  
14 on notice that there's a claim, but that's not going to prevent  
04:53 15 a foreclosure action.

16 That's why we need control. We need to be able to  
17 speak, continue to speak directly with the property manager  
18 with no impediments. We need the control over those properties  
19 and, again, let me flip this around as far as the way the  
04:53 20 defendants portray it.

21 We can't sell those properties, or do anything with  
22 those properties if they are added to the receivership without  
23 Your Honor's permission. So there would be full notice and due  
24 process. But we would certainly have the benefit of knowing  
04:53 25 what's happening with those properties, controlling them, if

1 they're being utilized in any other way, because the path of  
2 the diverted funds, the investor funds right into those  
3 properties, it's very direct, and we need that.

4 We need the expansion over the other consulting  
04:53 5 companies. Certain of those consulting companies have made  
6 separate transactions, sometimes loans to some -- and, again,  
7 I'm talking about loans, not merchant cash advances, but  
8 actually loans that secure real property to certain merchants  
9 that are in this portfolio, and we're unable to resolve matters  
04:54 10 with those merchants with respect to their cash advances  
11 because those properties and those agreements are impinged by  
12 those other transactions.

13 For instance, in Colorado Homes, there is a common  
14 interest agreement with Pink Lion. Pink Lion is just an entity  
04:54 15 that was create Ms. McElhone to take an interest in a merchant  
16 who was not keeping current with his merchant cash advance.  
17 They provided that merchant through one of the consulting  
18 companies' additional funds.

19 Now, we have no control over that. And that merchant  
04:54 20 has come to us and said, for instance, "You know, I want to  
21 refinance, but I need to resolve these common interest  
22 agreements."

23 We have no control over that. We don't control the  
24 consulting company that made the loan. We don't control the  
04:55 25 company the nominally has its interest in the common interest

1 agreement. So we cannot protect the investor's interest  
2 without Your Honor expanding the receivership as we have asked.

3 And those are just the two most recent examples that  
4 come to mind.

04:55 5 **THE COURT:** And, like I said, I want, because I know  
6 there's a -- there's someone talking if you could silence your  
7 iPhone, please, or your phone.

8 I am look through every single line of this, again, I  
9 have read the motion a couple of times, and so I'm trying to  
04:55 10 decide if there's a combination of relief, if full relief, so I  
11 want the defendants to understand I need it for clarification  
12 of the pleadings. This is not an issue of entertaining oral  
13 argument today, and if I need oral argument, you will be  
14 prompted to present oral argument at this point, but I just  
04:55 15 wanted to get into it.

16 The only other question I really have that I want to  
17 touch on, and, Mr. Alfano, you can follow up with me on this.  
18 I would venture a guess that if we expand the receiver, it  
19 would absolutely enable us to make a larger potential recovery  
04:56 20 for all investors.

21 **MR. ALFANO:** There's absolutely no question about  
22 that, Your Honor. Those properties in Philadelphia in  
23 particular are worth tens of millions of dollars.

24 **THE COURT:** In fact, I would venture a guess that  
04:56 25 looking at commingling of funds and everything that is moved

1 around here, that ultimately, even if we find ourselves in an  
2 inability to collect on outstanding loans as much as we would  
3 like, we will never be able to make up the shortfall, but we  
4 can at least significantly close the gap if we have control  
04:56 5 down the line. Again, we need to remember, this is for  
6 dissipation and protection so that everyone understands what  
7 we're talking about, this isn't about disgorgement at this  
8 junction, but this is to make sure that if we get to the end of  
9 this litigation, that we have funds that are sitting and  
04:56 10 protected for the benefit of investors if the evidence leads us  
11 to disbursing these funds for the benefit of investors, but I  
12 think it's pretty clear to me, again, maybe if circumstances  
13 change on some of the loans, but that the efforts on collection  
14 I think are going to a major struggle, whereas a lot of the  
04:57 15 money that is sitting in real estate and in some of these other  
16 companies is readily ascertainable and could at least provide  
17 investors a lot more relief than anything we may be able to  
18 get, especially from the exclusive portfolio that dominates the  
19 holdings of the MCA, right?

04:57 20 I mean, a lot of this money that -- you know, we talk  
21 a lot about chasing the money, the investors write me every day  
22 and they say, "What's happening to our loans, Judge, collect  
23 our loans," and we have attempted, I think, through the  
24 receiver's presentations to explain some of these loans are  
04:57 25 very difficult or challenging to collect given the

1 circumstances under which some of these businesses find  
2 themselves, whether it's criminal, bankruptcy, foreclosure or  
3 otherwise.

4 But the expansion is talking about money that went to  
04:57 5 some of these related entities, properties sand investments,  
6 and similar to the initial seizure of the airplane and other  
7 things that was very easily verifiable, this gives us funds  
8 that we can actually look at that don't require collection  
9 efforts, but can be protected by the receiver as a potential  
04:58 10 benefit for investors at the end of the day.

11 Is that a correct statement of how things look?

12 **MR. ALFANO:** Your Honor, absolutely. There's no  
13 question about that, and, again, they would be within the  
14 Court's jurisdiction and we couldn't take any significant  
04:58 15 action with respect to those assets without Your Honor's  
16 approval.

17 **THE COURT:** Right. Meaning, again, that a lot of the  
18 concerns we're having on this, I think, I don't want to say  
19 they're overblown, but all we're doing is we're putting in an  
04:58 20 extra level of protection on some of these entities.

21 Now, that's not to say that the Court doesn't have to  
22 satisfy itself that the standard is met on some of the law that  
23 has been presented to me to make sure I'm not granting the  
24 receiver powers in equity they're not entitled to have or that  
04:58 25 they haven't made a sufficient preliminary showing to ask for,

1 but I just wanted to get that clarification.

2 So I appreciate that, and for the benefit of all  
3 defendants to understand, the Court is going to attempt to rule  
4 on that expansion as soon as possible.

04:58 5 I will just ask Mr. Alfano, again, I don't know if you  
6 were privy to it, I really held off on this only because, you  
7 know, I'm reading tea leaves, I was asked by defendants give  
8 use a chance to work this out.

9 Do we have even a conversation because before I pull  
04:59 10 the trigger on the expansion, I don't know if conversations are  
11 even ongoing for resolution. I mean, I don't even -- it sounds  
12 to me like they aren't. I mean, if we can't even get  
13 production of data, we are nowhere near this and the Court  
14 should be ready to rule, but I did want to ask you if there is  
04:59 15 any development in that front so that I can rule or should hold  
16 off on ruling, because I think at this point we just have to  
17 deal with this expansion, right?

18 **MR. ALFANO:** Your Honor, I would ask you to simply  
19 rule. We haven't had a conversation about this since before  
04:59 20 the mediation and, again, I wasn't privy, the receiver was not  
21 privy to the mediation, what occurred there, but this hasn't  
22 been resolved and we would ask you to rule.

23 **THE COURT:** So I will make this promise to all parties  
24 here that by the end of the week, the Court will have ruled on  
04:59 25 the expansion, whether I grant, deny, or find something in the

1 middle, I am going to go back, take a look at this. I just  
2 wanted to double-check my intuition on some of the pleading  
3 that I read so that I can figure out what exactly I'm able to  
4 do and the comfort level I have in regards to opening up the  
05:00 5 receiver.

6 You know, I do understand that Mr. Abbonizio has his  
7 own little issue on New Field. I'm looking at that as well so  
8 I don't want Mr. Abbonizio's counsel to see that we are not  
9 seeing his arguments on that point as well.

05:00 10 Let me finish, if I could because, again, this is not  
11 oral argument and we have already, I think, taken care of the  
12 discovery roadblock and we're going move to that.

13 I want to point out a couple -- one second. I want to  
14 point out a couple of other deadlines, if you will, that are  
05:00 15 fast approaching and the Court is looking out for.

16 I'm aware that joint motion to dismiss is not yet  
17 ripe. It will be ripe, as far as I know, unless there's any  
18 other extensions requested, the reply is due December 18th.

19 The receiver's motion for leave to file unredacted  
05:00 20 copies of Ms. McElhone's financial statements and related  
21 communications, a response, if any, is due today, 12-15. I  
22 have not checked my NEFs in docket, so I don't know if one has  
23 been filed or if one is forthcoming.

24 Did you want to --

05:01 25 **MR. FUTERFAS:** Your Honor, may I speak to that? This



1 is Alan Futerfas.

2 THE COURT: Yeah, are we getting a reply to that today  
3 or do you want to address that?

4 MR. FUTERFAS: We are going to go do brief reply but I  
05:01 5 can tell Your Honor what our reply is going to say.

6 THE COURT: Listen let, me read the reply, Mr.  
7 Futerfas, don't waste my time.

8 MR. FUTERFAS: We are going to get it. It's should be  
9 brief. It's going to be brief.

05:01 10 THE COURT: All right. I'll read it and I'll rule on  
11 that but I just wanted to make sure that was forthcoming before  
12 I do anything.

13 Now, I never got a mediation report. Please, they are  
14 required even if it's to tell me there is an impasse, it was  
05:01 15 due, I believe, yesterday, December 14th. Let's go ahead and  
16 comply with local rules, please, and rules that I require my  
17 scheduling orders, let's get in a report from Mr. Shafer, I  
18 think it was who did the mediation, to let me know what  
19 happened.

05:01 20 Obviously, the receiver's fee application is due  
21 tomorrow. The Court will be waiting for that to see what that  
22 looks like so that I can get my hands around that, and, of  
23 course, as I mentioned earlier, Ms. McElhone and Mr. Barleta's  
24 response to show to cause is due on December 22nd. Once that  
05:02 25 hits, I will be in touch about setting another hearing.

1           Those are all the immediate deadlines. In the  
2 background lurking is the discovery impediments that I think  
3 today we're going start drilling down on to get that out of the  
4 way, and the expansion of the receiver is on my to-do list.

05:02 5 It's the only thing that I have right now that is ripe and that  
6 I need to rule on. But I'm going get involved, as I said, on  
7 the discovery front to see if I can clean this thing up so that  
8 we can get one narrative here and we stop saying the sky is  
9 green and the sky is red. We got to try to get one set of  
05:02 10 numbers we can all live with and study. That should help this  
11 litigation, no matter what, going forward.

12           So I know that some folks wanted to chime in briefly  
13 if we could, it's 5:00 o'clock, we have done, I think, a very  
14 productive two hours and moved the needle, I hope, and we have  
05:02 15 some to-do things to do over the next few days.

16           What did you want to add, Ms. Berlin?

17           **MS. BERLIN:** Thank you, Your Honor. I just wanted to  
18 add the dispute, the issues about the numbers or the defendant  
19 and the receiver, I just wanted to make sure I didn't miss  
05:03 20 anything, the SEC is not involved in that discovery dispute  
21 that we're having nor are we planning on being sort of like  
22 roped into or hamstrung into some sort of set of numbers that  
23 the defendant and the receiver agree to. We have our own  
24 accountants and experts and they will analyze the numbers.

05:03 25           And, once again, you know, I think a lot of what

1 they're arguing about, there are matters that are not relevant  
2 to the elements of the case that maybe have to do with side  
3 disputes between the receiver and the defendants. But I just  
4 wanted to identify my that.

05:03 5 And thank you, Your Honor, for ruling on the motion to  
6 expand the receivership this week. It has been a concern about  
7 investor monies that might be held in various entities.

8 And just one thing to add to what the Court was saying  
9 about, you know, that it would sort of hold on to the assets  
05:03 10 and protect them. Another thing that it would do is it would  
11 allow the receiver to have -- to step into their shoes, do they  
12 have any potential claims. So, for example, sometimes we see  
13 investor money goes into a property or it goes into a business  
14 and then it goes out on the other end.

05:04 15 And, you know, if the receiver is -- if the receiver  
16 moves into these properties or these entities, they can then  
17 bring the fraudulent transfer claims or any other claims they  
18 need to, to bring money back in. So it's -- there are multiple  
19 ways that it helps with the collection effort.

05:04 20 **THE COURT:** Let me point out a couple of things and to  
21 your point, Ms. Berlin, because I'm a little worried about the  
22 characterization that the numbers that the receiver is pulling  
23 together is a side issue.

24 You know, let me be clear, unless I'm missing  
05:04 25 something, you know, the SEC brought this case. Okay. The SEC

1 expedited this matter. The SEC asked me to put in a receiver.  
2 It's not never lost on me that the SEC got the receiver in here  
3 with me and now the SEC couldn't run further away from the  
4 receiver. Every time I deal with this I feel like you have  
05:05 5 washed your hands of what the receiver is doing and you're just  
6 -- the SEC is kind of over here in the corner, we're not  
7 getting into this thing, although, let's remember, you brought  
8 this, you asked for this, the Court agreed, based upon what I  
9 saw. So let's take ownership of the way we're litigating this  
05:05 10 case from the SEC's perspective.

11 You know, I get a little cautious and a little  
12 concerned when we make it look like this is a receiver-  
13 defendant fight. You got a case to prove.

14 As far as I can tell --

05:05 15 **MS. BERLIN:** Yes.

16 **THE COURT:** -- I know you got your numbers, but I  
17 think you would agree with me that the last time I checked, a  
18 defense is allowed to put on their own set of data and numbers  
19 to try to show the Court or a jury down the road why your  
05:05 20 calculations are off. So it seems to me that it makes a lot of  
21 sense to streamline litigation to enable Ryan and Tim on the  
22 receiver side to provide what they need to provide and what  
23 they found at the Court's direction to the defendants and,  
24 arguably, to the SEC because this material is not only crucial,  
05:05 25 but it shows everybody the nature of the business and I think

1 would go a long way towards the eventually disgorgement battles  
2 that will be waged at the end. So I want to be very clear that  
3 I would pray that the SEC does not believe that the first hour  
4 of the status conference to try to destroy the blockade on  
05:06 5 discovery to the defense side and give the receiver peace of  
6 mind was a waste because I think that we have got -- we won't  
7 move in this litigation at all, and we have talked a lot about  
8 keeping the costs down, and you know what doesn't keep the  
9 costs down, not having a situation where my receiver can feel  
05:06 10 comfortable turning over data. All that's doing is generating  
11 bills, right, and I've got investors who are worried about  
12 sticker shock just like I am and, you know what, that wouldn't  
13 happen if I get involved right now, roll up my sleeves and say,  
14 "Turn it over, we got these protection, we're good."

05:06 15 But I just want to be clear because that statement I'm  
16 just worried, I want to make sure the SEC understands and  
17 agrees with the Court that it is important to expedite  
18 discovery in this matter and get not only the receivership part  
19 expanded, I know that's what you want to do, and I'm going to  
05:07 20 look at that, but I think you agree with me that getting the  
21 universe of numbers that Sharp and DSI are looking at in front  
22 of a defense expert so that we can figure out where the rubber  
23 hits the road, I think is very important and it would help a  
24 lot of defense lawyers, I think, sit down and have  
05:07 25 conversations with their clients about what they have and don't

1 have to mount their defense. And I'm not going to sit here and  
2 allow this to be, you know, litigation one hand tied behind  
3 their back and the SEC getting a drop on them. We have done  
4 this long enough. We have got to be able to have some exchange  
5 in a way that lets everybody look at the veracity of the  
6 numbers so that I can get to the bottom of it, too.

7 So do you understand my concern on this? Is the SEC  
8 with me on this.

9 MS. BERLIN: Yes, Your Honor, and I so sorry, I must  
05:07 10 have spoken in a way that completely expressed something that  
11 was not at all what I was trying to convey.

12 First of all, the SEC and the receiver and the staff  
13 work very closely together, and I don't think we have ever run  
14 from the receiver or what they are doing. In fact, we try to  
05:08 15 support whatever they need and provide it and there's  
16 absolutely no running away from the receiver whatsoever or the  
17 tremendous work that he's doing. So that's just --

18 THE COURT: Remember, you don't have to be with the  
19 receiver on all issues. The receiver is an arm of the Court  
05:08 20 so, at the end of the day, the receiver's only obligation is to  
21 follow the Court's direction and try to protect investors and  
22 recover funds, which is --

23 MS. BERLIN: Of course.

24 THE COURT: -- why I put them there in the first  
05:08 25 place.

1 MS. BERLIN: Yeah.

2 THE COURT: But I want to make sure that any dispute  
3 on the discovery, the SEC cannot tell me, listen, you know,  
4 that's between defense versus the receiver. You're not being  
05:08 5 asked to get involved in this, that's not what I mean, but it  
6 is important in the life of the case that we get the right data  
7 in front of all parties so we work off one set of reality.

8 What I can't keep working off is alternative  
9 realities.

10 MS. BERLIN: Agreed.

11 THE COURT: And that's been the frustration for the  
12 Court and, as you heard Mr. Stumphauzer, that's the receiver's  
13 frustration because they're not able to clear things up because  
14 they can't turn over what they believe supports Sharp's  
05:09 15 position, and I would imagine that the SEC, as well, is very  
16 invested in making sure that the narrative and the declaration  
17 affidavit from Sharp is the one the SEC has been explaining,  
18 and I think you missed this part, you hadn't joined this yet,  
19 and I'm not going to belabor it, but I opened recalling your  
05:09 20 statement early in the litigation that as far as the SEC knew  
21 this wasn't a Ponzi scheme, and I read Sharp's report and, I  
22 mean, as Mr. Stumphauzer put it eloquently, there are many  
23 definitions of a Ponzi scheme.

24 Well, this Court knows a couple and taking from Peter  
05:09 25 to pay Paul is one of them, and that's what it said in Sharp's

1 entire report.

2 Now you don't want to call it that, and I think the  
3 receiver's careful not to go there but, you know --

4 **MS. BERLIN:** No.

05:09 5 **THE COURT:** -- we need to be sure we focus on what the  
6 case is about as it evolves.

7 **MS. BERLIN:** Thank you so much.

8 May I please respond to that?

9 **THE COURT:** Yeah, briefly.

05:09 10 **MS. BERLIN:** Yes. First of all, we never said it was  
11 not a Ponzi scheme. What we stated at the beginning of the  
12 case is that we had not yet done that analysis to determine  
13 whether or not it was a Ponzi scheme, so we were not making any  
14 claim one way or the other at that time because we didn't have  
05:10 15 all of the records, first of all.

16 Second of all, yes, in fact, the receiver is utilizing  
17 part of our same expert witness, so we are working off of the  
18 same data and everyone is going to use the same data. All I  
19 was -- we have never at single turn run from the receiver nor  
05:10 20 have we had any discovery dispute with any party. Instead, we  
21 have been working collaboratively and wonderfully, I think,  
22 with defense counsel and the receiver.

23 My point was that the discovery dispute between the  
24 receiver and the defense counsel we have not been involved in.  
05:10 25 We have found our own way to address production of documents



1 with defendant. That I don't think we are part of that issue.  
2 And, of course, I think there should be complete flow of  
3 documents which is why we have turned over every single thing  
4 in our investigative file, Your Honor, and we have working with  
05:11 5 the receiver and sharing the same information.

6 There might be two experts who have two different  
7 opinions at the end of the day, which is something for the  
8 Court to decide.

9 The only thing I was saying, Your Honor, is that we're  
05:11 10 not involved in the discovery dispute between them. We have  
11 resolved our -- we have resolved it ourselves with them which  
12 is why you don't see us referenced in those motions.

13 **THE COURT:** Look, I don't want to spend more time and  
14 money involving a party that has no skin in the game. This is  
05:11 15 about the receiver trying to offer its data for inspection to  
16 the defense and doing what they need to do as an officer of the  
17 Court and looking for sufficient safeguards do so, which the  
18 Court is standing at the ready to facilitate along with a  
19 ruling on the expansion of the receiver.

05:11 20 So with that being said, I think we have made this  
21 issue clear. I just want to make sure that we're all on the  
22 same page regarding the importance of what the Court is trying  
23 to do to try to knock down some of these delays that have  
24 literally plagued us for months and I think is a large source  
05:11 25 of multiple filings from the defense where they feel that

1 they're not being able to address the data appropriately  
2 because we haven't been be able to sort out things like this  
3 protective order.

05:12 4 But, you know, these numbers, again, these numbers are  
5 the core of this case so that we can get a better picture of  
6 recovery we can and cannot do and what exactly is going on in  
7 this business, which I think goes a large part to some of the  
8 elements of the claim and some of the issues regarding the  
9 notes that were being offered.

05:12 10 Now, Mr. Soto, did you want to add something before we  
11 conclude here today on something else I may have missed?

12 Go ahead.

13 **MR. SOTO:** Yes, Your Honor, it's not anything that  
14 you've missed but you've just been touching on it right now,  
05:12 15 which is the fact that the data, the documents that we have yet  
16 to receive, are critical to this case, it's critical to the  
17 defendant's ability to defend themselves, and when you're  
18 analyzing the issue with respect to expansion of the trust,  
19 it's part and parcel to our argument when you look at the issue  
05:12 20 of commingling and the arguments first alleged by the SEC that  
21 there were gross proceeds of the investor dollars that were  
22 used to pay two of the defendants in this case and some of that  
23 money went to some of the entities at issue here in the trust,  
24 we haven't had access to the documents in order to unearth and  
05:13 25 to do a forensic accounting of that very information in order

1 to respond to the allegations made by the receiver. That's the  
2 first thing, Your Honor.

3 The second thing is there are less restrictive means  
4 available to the Court in order to accomplish what it wants,  
05:13 5 which is to maintain the status quo, and I'll give you one  
6 example just to respond briefly because I know you didn't want  
7 this to be oral argument on this.

8 Ms. Berlin just mentioned that there is a possibility  
9 that money could move out of assets held in the trust and, of  
05:13 10 course, that's a possibility. Now, that would be a violation  
11 of an asset freeze because the trust is under a 14.3 million  
12 dollar asset freeze, so that is a protection that's already in  
13 place.

14 And with that, the Court, based on the case law as the  
05:13 15 Court has already said a few times here, can use that  
16 least-restrictive mean, which is the asset freeze that's  
17 already in place.

18 The second thing is we have proposed to the receiver  
19 to provide the receiver access to information including bank  
05:14 20 accounts, including a live look at bank accounts in addition to  
21 lis pendens on these properties in order to give the Court and  
22 the receiver comfort that not a single dollar has moved from  
23 July 27th to this day, and going forward will not move without  
24 the receiver knowing it or anyone else in this Court.

05:14 25 So there are other less restrictive means and I would

1 remind the Court you already have one fee application by this  
2 receiver. This receiver is an arm of the Court but this  
3 receiver is not cheap, it's expensive, and to have the receiver  
4 come in and take over properties and expand the receivership is  
05:14 5 going to expand the cost of this receivership, and if at the  
6 end of the day a conclusion is made that some of this money  
7 should go to investors, we should all be concerned about the  
8 cost, and it is much less costly to have a lis pendens in place  
9 and to give the receiver access to documents in order to allay  
05:15 10 any concerns about dissipation.

11 And one other thing, Your Honor, there's no evidence  
12 of dissipation in the receiver's motion. There's no evidence  
13 that a single property has been sold, that a single dollar has  
14 left the trust asset.

05:15 15 Now, I'm arguing and I don't mean to argue, but my  
16 request here, Your Honor, is if you are going to rule on this,  
17 especially since the receiver and, to some degree, the SEC has  
18 had an opportunity to weigh in, we'd like to have oral  
19 argument. We can schedule it for any time the Court is  
05:15 20 available in order to have these issues hashed out, but my  
21 primary concern, Judge, as you just touched on it a moment ago,  
22 is the SEC initially filed a complaint, an amended complaint.  
23 This was not alleged as a Ponzi scheme.

24 Now, I'm not suggesting that the SEC is married to  
05:15 25 that position. Ms. Berlin just said she filed it based on the

1 information she had at the time and perhaps things have  
2 evolved. But to this point, the defendants have not had an  
3 opportunity to review documents to defend themselves, to  
4 provide a meaningful opportunity to the expansion argument and  
05:16 5 the other assertions made here.

6 We'd ask, at minimum, that documents be produced to us  
7 that our forensic accountant be given an opportunity to review  
8 them so that, if necessary, we can further respond to these  
9 allegations of money leaving Par Funding, the fact that some of  
05:16 10 the -- the allegations that these are commingled funds or that  
11 gross investor proceeds are at issue here.

12 These are not things that we can answer without access  
13 to the documents. So it would be -- Your Honor, you mentioned  
14 due process. It would -- it has to implicate due process if  
05:16 15 you're talking about a receiver taking over bank accounts,  
16 properties, businesses that belong to a trust.

17 And so we'd ask for, at minimum, access to those  
18 documents and an opportunity to be heard by this Court before  
19 Your Honor rules on it.

05:16 20 Right now, there's an asset freeze in place and there  
21 are other means that we can -- and there is no evidence of  
22 dissipation to this point.

23 Thank you, Your Honor.

24 **THE COURT:** Understood. I will briefly turn to Mr.  
25 Alfano, who just wants to make a final --

1           **MR. ALFANO:** Your Honor, I don't know, first of all,  
2 how counsel can say there's no evidence of dissipation when  
3 they failed to pay a \$300,000 building assessment and the  
4 properties which we don't control, they control, are now  
05:17 5 subject to foreclosure here in Philadelphia.

6           **MR. SOTO:** I can answer that.

7           **THE COURT:** Here is the issue, I'll tell you this.  
8 We're not here for oral argument. I understand the request. I  
9 also understand the pleading is very fulsome and I read it and  
05:17 10 I read a number of cases and what the standard is to make this  
11 request from an equitable perspective.

12           I will say this, I don't think that anyone could make  
13 a lack of due process argument in that the Court is going to  
14 review all the pleadings, we have allowed this to be fully  
05:17 15 briefed before the Court even considers it. If I have any  
16 further questions when I go back and review it now that I've  
17 had the last few points of it kind of clarified, I will set it.

18           But, again, I also want everyone to understand that  
19 it's very thorough briefing. So, to me, I should be able to  
05:17 20 rule on the papers and part and parcel is to your exact point,  
21 I'm trying to keep the train moving, making it fair and not  
22 spending too much more time and money when the pleadings are  
23 very thorough.

24           But I will take a second look before ultimately I rule  
05:18 25 and if I feel I cannot make an effective ruling or

1 determination without oral argument, I will contact the parties  
2 to set one. I think that the same argument, though, of course  
3 of the receiver and the costs that will be borne by investors  
4 and the receiver has a flip side to it, and that is to the  
05:18 5 point Mr. Alfano has made about the dissipation.

6 I understand, Mr. Soto, in the view of the defendants  
7 that there is no true evidence purportedly of any dissipation  
8 of assets and that the protections are sufficient. Obviously,  
9 Mr. Alfano believes otherwise, as does the receiver.

05:18 10 I think at the same time I have to consider what would  
11 be mounting costs that the receiver would actually incur to  
12 manage a larger portfolio. The flip side of that is stopping  
13 short of expansion and when the time comes to collect for  
14 investors, we don't have money left or that money is no longer  
05:19 15 as protected as it could be in the case of properties, for  
16 example, because it's either subject to foreclosure or some  
17 other claim.

18 So there's a balancing here as many times happens in  
19 these types of cases with receiverships. I have to look at the  
05:19 20 equities on both sides, I will do so, and I know this has been  
21 pending, really at the request of the parties, because I didn't  
22 want to get involved until mediation came and went.

23 But I will look at it, I will try to rule as promptly  
24 as possible, and I will take a second look, Mr. Soto, and I  
05:19 25 will entertain oral argument if I think it is necessary.

1           Was there something else? I do want to wrap up here.  
2 Does anybody else need to chime in? But other than what we  
3 have discussed, I think we have a game plan for what I'm  
4 expecting to see from the parties over the next few days, try  
05:19 5 to take care of some these protective order issues, but  
6 anything else before we conclude today from any counsel?

7           **MR. FUTERFAS:** Yes, Your Honor, Alan Futerfas. The  
8 date of December 22nd, I've got a family member in Miami who is  
9 quite ill, I just spent many weeks there. She's quite elderly.  
05:20 10 I'm going to be filing a motion if Your Honor, requests that I  
11 do to just move our response because I'm going be tied up with  
12 that and other --

13           **THE COURT:** That's fine. That's fine. Just file a  
14 motion so I know the date range and I can calculate it.

05:20 15           **MR. FUTERFAS:** Just a couple weeks into early January.  
16 That's fine.

17           **THE COURT:** That's fine. It will be met with no  
18 opposition from the Court. I'd rather give you the time, make  
19 sure you have a chance to respond, just let me know how much  
05:20 20 time you need.

21           **MR. FUTERFAS:** Thank you. That's it.

22           **THE COURT:** Did the receiver want to add in something?  
23 Guys, anything else I may have missed on the receiver's end or  
24 anything we have discussed? I have been hearing from  
05:20 25 Mr. Alfano. I don't know if you wanted to add anything else to



1 the expansion. I mean, again, I don't want us to argue it, I  
2 think you guys explained your reasons for it, but anything else  
3 on the receiver's end?

05:20 4 **MR. STUMPHAUZER:** Your Honor, I just wanted to make a  
5 practical point. The receivership has admittedly required a  
6 lot of hours and is undoubtedly expensive.

7 The main asset we're talking about is the properties.  
8 Luckily, they have one property management group that handles  
9 everything. As it just so happens, Mr. Alfano knows the person  
05:20 10 that runs that property management group. We have been in  
11 touch. We plug and play. They will continue to manage the  
12 property. There will not be additional expenses from what I  
13 can tell, and we will have the security knowing that tens of  
14 millions of dollars of investor money will be protected.

05:21 15 **THE COURT:** So what you're telling me is I don't have  
16 to worry about Mr. Stumphauzer collecting rent in a  
17 condominium, because that was my worry when I read it, the next  
18 thing I know is that you guys were going to be playing landlord  
19 and I was going to have more costs. And I do not want anybody  
05:21 20 to be spending that time and money.

21 **MR. STUMPHAUZER:** There is a property management  
22 company in place. I don't think there's just more, but I just  
23 wanted to add that practical point and that's it.

24 **THE COURT:** That's useful because it is a concern of  
05:21 25 mine, as Mr. Soto pointed out. The costs spiral out of control

1 and make it unmanageable, but if it is plug and play, that will  
2 make life a lot easier, I think, for everybody and save time  
3 and money.

4           **MR. SOTO:** Your Honor, I don't want to belabor the  
05:21 5 point, I sure would appreciate an hour of the Court's time to  
6 argue this. This is a significant motion that's being filed.  
7 I'd like to be able to explain why this is not going to be plug  
8 and play. I don't think it would take a lot of the Court's  
9 time. I'll make myself available any time this week. I think  
05:22 10 it's worth the time, Your Honor, to talk about this, and I feel  
11 like I need to respond every time you give the receiver an  
12 opportunity to respond.

13           I don't mean to belabor the point but I would  
14 reiterate and ask for that time, Your Honor.

05:22 15           **THE COURT:** Sure, and, again, I will seriously take it  
16 under consideration. I can't give you that promise now, but  
17 I'm going to go back and look at it again and if it's necessary  
18 for the Court, I'll set it. If the Court feels comfortable  
19 that I can cobble together an order on my own, then I will do  
05:22 20 so.

21           Anybody else that needs to address any points we have  
22 made before we conclude today? Any other points? This,  
23 obviously, will -- our next step here is to get this discovery  
24 issue under control, deal with the expansion, go on from there,  
05:22 25 get into next year, and then I anticipate setting a followup

1 status conference with the new parameters in place requested by  
2 Mr. Soto and Mr. Futerfas on production of reports, et cetera,  
3 at some point in January, early February.

4 So anything else from anybody that I have not touched  
05:23 5 on or needs to be heard? Anybody else?

6 **MS. BERLIN:** Your Honor, if I may, one quick thing.  
7 Just to remind all defense counsel in case they're not aware, I  
8 know we have fresh faces, hearing them argue and talk about  
9 their financial documents, any defendant who wants, we have the  
05:23 10 financial records, we have our own expert who has analyzed them  
11 and done an accounting, and any defendant can have them, you  
12 don't even know need to do a Request For Production, you just  
13 send me an e-mail, I will tell you size data locker to send,  
14 send it to me, you get it back, and you have it within a matter  
05:23 15 of days.

16 So I just wanted to, for some of the folks who are new  
17 today, I just wanted to sort of restate that on the record.  
18 That might also help move things forward.

19 And then, Your Honor, also as to -- I'm not going to  
05:23 20 respond to what Mr. Soto stated, I disagree with it. I think  
21 the transcript of the hearing speaks for itself about what we  
22 stated and demonstrated on the Ponzi scheme before he was on  
23 the case.

24 I did just want to offer defendants can contact me for  
05:24 25 any documents in the full investigative file and all records at

1 any time.

2 **THE COURT:** Thank you for that update.

3 With that being said, I do not believe there's

4 anything left to cover for today's purposes and we have some

05:24 5 homework to do to try to get defense counsels' access to

6 records that have been sorrily needed and to get the receiver

7 the protections he needs to make those available, and the Court

8 will, as I stated earlier, get down to brass tacks, take a look

9 at the expansion motion for the third or fourth time I think at

05:24 10 this stage, and entertain and debate over whether I will set an

11 oral argument. If necessary, you will hear from me in short

12 order. If not, you will receive an order one way or the other.

13 With that being said, I'm going to conclude the status

14 conference at this time. Thank you, everyone, for your time

05:24 15 and attention to this matter and, as always, we will be in

16 touch.

17 Have a great rest of your day, everyone. The Court is

18 adjourned.

19 (Thereupon, the above hearing was concluded.)

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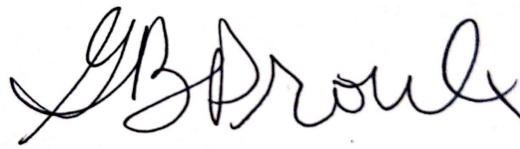
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This hearing occurred during the COVID-19 pandemic and is therefore subject to the technological limitations of reporting remotely.

I hereby certify that the foregoing is an accurate transcription of the proceedings in the above-entitled matter.



12/21/2020

DATE COMPLETED

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GIZELLA BAAN-PROULX, RPR, FCRR

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