

These are questions that have come up, mostly by creditors hoping they will be asked at the creditor's meeting. They were compiled by JG (<http://about.ag/BullionDirect.htm>). You might want to print an extra copy or two for people attending who may desire to have a copy. Any additions will keep the question numbers the same. The last page includes questions that have already been answered, and probably do not need to be asked.

Assets

[A1] What is the estimated value of the intellectual property?

[A2] *The bankruptcy petition shows estimated assets of \$10M-\$50M. Schedule B shows total assets of \$486,107.31.*

What asset(s) have value initially believed to be at least \$10M?

[A3] What was the basis for believing the value of those asset(s)?

[A4] Has a valuation ever been done on any or all of the intellectual property?

[A5] Will the Nucleo patent be sold to raise funds in the event customers cannot be made whole with current assets?

[A6] What is the potential claim against Corbin Tuma for?

[A7] Does Nucleo have any debts?

[A8] Are there any insurance contracts that might cover any of the losses?

[A9] What did the Lloyd s of London insurance policy cover? Did it cover any stored metal (Bullion Direct claimed on its 'fees' page that it covered stored IRA metals)?

[A10] Did Bullion Direct invest in or make loans to companies such as NBFOG, Battery Free Outdoors, Buckscore, LavacaFog, and IngramFog? If so, what is the status of those those investments/loans?

[A11] What was the car that Charles McAllister received a \$9,600 yearly car allowance for?

[A12] Are some of the domain names listed as assets not really owned by Bullion Direct (see note on privacy services)?

Liabilities

[B1] Where did the estimated \$30M+ of lost metal/money go?

[B2] Over what time period was it lost?

[B3] Who are the Market Makers and what was their purpose?

[B4] All website claimants appear to be individuals, Are they all individuals, or are some really businesses?

[B5] Do any of the Marker Makers have other involvement with Bullion Direct?

[B6] Is Dillon Gage, parent of the IDS vault, one of the Market Makers?

[B7] Was Dillon Gage collectively owed more than the value of the metal IDS stored?

[B8] *In Schedule 44, the Website Claimants with 8 largest cash claims are owed \$9.8M, comprising 79% of cash owed to Website Claimants. All but one are names of employees of coin or bullion dealers. Did these bullion dealers have any other role besides being a customer?*

[B9] What business does Fernando Martinez, the largest Website Claimant (#268,3073, #3076,#3077, #6105), owed \$3.5M, represent?

[B10] Did BDI verify that each Website Claimant is owed cash and/or metal strictly based on Orders for physical bullion that were placed by that person? If so, is that database available for independent verification?

IRAs

- [C1] For IRA's, what was the process used to ensure compliance with all IRS regulations regarding the composition of the assets within a portfolio?
- [C2] Are there any reconciliation issues for metals held in IRA's?
- [C3] Due to the additional laws regarding IRAs, do IRA holders have a higher priority?

Terms of Service

- [D1] Were any customers made aware of BD's 'new' interpretation of the 2012 Terms of Service?
- [D2] Was any effort made to correct users on the forums who asserted that accounts were allocated?
- [D3] What does "the purchase, sale, and storage of tangible, physical ... products" mean to BD and its officers?
- [D4] Were catalog orders ever fulfilled from metal that was previously allocated?
- [D5] What did Bullion Direct interpret the words "in fungible form" to mean?
- [D6] What are some "uses" of precious metals that Bullion Direct has exercised in the past?

Pre-Bankruptcy Procedural

- [E1] What was done with product people sent for storage?
- [E2] Did any customers get priority for delivery over others?
- [E3] For catalog purchases, why does it appear that some product was never obtained?
- [E4] Has a third party audit of any assets not held at IDS been performed?
- [E5] What attempts were made prior to bankruptcy to rectify the growing debt?
- [E6] What were BD's annual revenues and profits in 2013, 2014, and 2015?
- [E7] Given the timing of ceasing operations and the coincident move to IDS, what caused the move in the first place?
- [E8] Did the General Manager of Nucleoware benefit from affiliate agreements for products/services Bullion Direct purchased, such as Epicor?
- [E9] What were the business purpose of trips to Dubai & Italy (see 6/1/2015 reimbursement)?
- [E10] What caused the "very large losses" reported to Mr. Martinec in 2012?

Bankruptcy/Procedural

- [F1] Does current Bullion Direct management believe that stored metal is the property of the customer?
- [F2] How will those who had placed, and paid for, catalog orders for "in stock" metals, but never received their products be handled? Must they file a claim, or will they be included without a filing? Are these customers "secured," or "unsecured?"
- [F3] Does Bullion Direct intend to resume operations in the future, or is it done?
- [F4] If we put in a product draw to withdraw bullion that belongs to us that BD was storing for us when will it be fulfilled and when?
- [F5] Are these customers with stored bullion required to file a claim?
- [F6] Are there any reconciliation issues for metals held under the legacy storage program?
- [F7] Are there any reconciliation issues for metals held under the new storage program?

- [F8] Will the company be pursuing any recovery against Charles McAllister?
- [F9] What is the plan for making nucleo/IRA/catalog customers whole?
- [F10] When will shipments/disbursements begin?
- [F11] Has the estate retained any persons trained or qualified to analyze BD's accounting systems?
If not, why not?
- [F12] Has the estate made any efforts to assert its rights against the officers of BullionDirect, current or former? Its attorneys, current or former? [In each case, if not, why not?]
- [F13] What is the current plan for marketing or extracting value from the BD IP portfolio?
- [F14] *The Bensimon Declaration (Docket 16) stated that before the 2012 a purchase would result in deliver or storage of the product.*
What explanation was given for the loss of metal stored prior to 2012?
- [F15] How will those who had sold metal and sent in metal for a Nucleo trades, but never got paid but handled? Must they file a claim, or will they be included without a filing?
- [F16] Was the money coming from the buyer on a Nucleo trade, Bullion Directs property or did it really belong to the person that sent the metal in and Bullion Direct should have just taken the commission off the top and forwarded the funds on to the seller.
- [F17] Are Nucleo sellers and buyers "secured," or "unsecured"?
- [F18] I am not listed as a creditor and/or have not received any E-mails. Will I be listed?
- [F19] Does the Website Claimant status of 'unclaimed' have any significance to creditors?
- [F20] What is the nature of the Brokers Agreement with Dacey, Richard, Philford Johnson & April Sheehy?

Final Months, IDS

- [G1] *Bullion Direct stated in the forums on January 16, 2015 that they had moved their Product Processing Facility, and Bullion Direct vacated their 700 Lavaca LLI location (which had the large vault) in January 2015.*
- [G2] Why was the IDS Custody Agreement dated January 30, 2015? Did Bullion Direct ship the metal weeks before the final papers were signed?
- [G3] Why was the minimum storage fee changed to \$300/mo around March 9, 2015, when the Custody Agreement dated January 30 specified \$100/mo?
- [G4] The IDS Memorandum of Understanding signed January 7, 2015 shows a storage rate of 20-30bps for holdings under \$5M (with a 5bps discount on holdings above that). The IDS Custody Agreement signed January 30, 2015 shows 40-45bps. Why was the storage cost raised?

Tax Returns, Accounting

- [H1] Was customer metal listed in accounting records as an asset of Bullion Direct?
- [H2] *Schedule B section 20 lists "Loss Carry-Forward from 2009/2010 Tax Return (\$17,044,673.00)".*
What fiscal year does Bullion Direct use?
- [H3] Which return was the \$17M loss carried forward *from* (2009 or 2010)?
- [H4] Was the entire loss from that year, or was some carried forward from previous years?
- [H5] What caused the \$17M loss? How did Bullion Direct fund that loss?
- [H6] Did the employees that left in September, 2012 do so because of concerns over signing the tax return?
- [H7] Have you seen any signs of 2 sets of books?

Payments Before Bankruptcy

[I1] *Dillon Gage, Inc. is a bullion wholesaler, and parent company of the IDS vault.*

[I2] What was the nature of the payments made to Dillon Gage, Inc. in the 90 days before the bankruptcy?

[I3] Why were they in rounded amounts (e.g. \$100,000.00)?

[I4] Was this a loan? If so, what were the terms?

[I5] Were they aware of Bullion Direct's insolvency?

Charles McAllister

[J1] What period of time was Charles McAllister president of BullionDirect?

[J2] Did he ever receive any financial benefit from his ownership of BD?

If so, how was he paid, and how frequently?

[J3] Did he ever receive products or goods from his work at BD?

If so, what, and how frequently?

[J4] For what periods of time was Charles McAllister the sole employee and officer of BullionDirect?

[J5] Is the Patrice McAllister listed on the "Certificate of Service" provided by BD the same person Charles McAllister married?

[J6] Is the address on file for same the same as any of BD's or Charles McAllisters known addresses?

[J7] Have any other of Charles McAllisters family or extended family received product from BD?

Who and when?

[J8] Have criminal charges been filed against Charles McAllister? Does anyone plan to file in the future?

[J9] Why does it appear that Charles' wife is is a claimant waiting for delivery? Have deliveries of metal been made to other members of Charles' family over the years?

[J10] What agencies are pursuing action against BD? Against any of its current or former employees or officers?

Misc

[K1] *In "Response to Limited Objection....", it's asserted that Counsel for debtor downloaded, reviewed and charged for services related to the ToS, and in the same filing, asserts that they "did not try very hard to understand it".*

For what purpose was counsels review of the ToS [in 2012]?

[K2] Does the lawyer that represented BDI in the October 9, 2012 meeting with Mr. Martinec have any other connections to Bullion Direct (e.g. a shareholder)?

[K3] Given the extreme losses after discussions and a \$100K retainer w/ Martinec's firm, in what ways are they appropriate counsel for the estate?

[K4] When customers demanded refunds, what was the standard approach to handling it in 2000-2010? From 2013 onward?

[K5] What was the purpose of a commission on nucleo if it was not to induce a trade and enact a transfer of property rights?

Lines of Questions

[L1] Would it be accurate to describe the business of BullionDirect, Inc. as being a facilitator for the buying and selling of precious metal bullion over the Internet? Was BDI engaged in any other business? What other business? Was this other business ever described to the public or to your customer base? Where was it described? Was this business described on the BullionDirect website? (If No then) Is there any reason to believe that the customers would have an interest in this other business? What reason?

[L2] Is it true that BDI offered the sale of precious metal bullion separately from the customers? Were these offers known as the Catalog? Where was the bullion listed in the Catalog procured? Does a full accounting for the receipts for these procurements exist? If independent bullion dealers supplied precious metal for the catalog were those dealers paid in available cash or was it offered as credit? Were you required to offer a lien on assets of BDI in order to secure these loans? Are these creditors considered Secured Creditors? For which business? BDI or Nucleo? Was bullion that had been previously stored for customers offered for sale on the Catalog? How were the proceeds from the sale of customer's bullion on the Catalog used? Were the proceeds used to replenish the customer's bullion in order to keep their account fungible as stated in TOS?

[L3] Did some customers open their accounts by directly sending bullion to the BDI storage facility that was pre-paid from another bullion dealer? When this bullion was received from these customers at the BDI storage facility was it considered to be exclusively allocated to the customer's account? Were these bullion products stored for customers considered to be assets of BDI? Is it true that the customers of BDI were given the opportunity through their online accounts to sell bullion that was stored for them by BDI on a feature found on the BDI website known as the Nucleo Exchange? Is it true that customers with available cash in their individual accounts were given the opportunity to buy precious metal bullion from either the Catalog or from other customers on the Nucleo Exchange? Was this bullion considered to be exclusively allocated to the customer's account? Was this bullion considered to be assets of BDI? Are the customers with accounts showing precious metal bullion available for sale or product draw the property owners of this bullion? If the bullion for these customers is no longer found in any storage facilities utilized by BDI, has the management of BDI filed police reports of theft with the authorities with jurisdiction over where these storage facilities are located?

[L4] Are there pending, fully paid, unfilled orders older than 28 days? How many orders were unfulfilled and older than 28 days at the time of the bankruptcy? What was average the turn-around time for catalog orders? - Before March? - Before June? - Through the bankruptcy?

[L5] When a customer requested delivery from BD, what were BD's obligations? Has BD ever failed to deliver assets within 28 days of demand? Has BD ever offered for sale merchandise it reasonably could know in advance it would not be able to obtain within 28 days?

[L6] Did BD ever advertise accounts as allocated? # For what period of time did BD advertise allocated accounts? Did BD ever advertise products as "not the assets of Bullion Direct"? # For what period of time? When did it become policy of BD to not allocate orders? When did it become the belief of BD that the property was not that of customers? Was this change communicated to customers? # How was this change communicated to customers?

[L7] Did BullionDirect engage in "the purchase, sale, and storage of tangible, physical precious metals and numismatic products ("Products"), directly [with customers]"? Did BD engage in "the matching of purchase and sell orders by BullionDirect®, between and among its customers, including Customer, for their account, for the purchase and sale of Products, including the storage of same."? # Did BD ever represent to customers either of those facts? Did BD ever represent or suggest to customers that "a physical precious metals dealer is one that routinely delivers within 28 days" # Did one of BD's officers? Has BD ever been a "physical precious metals dealer" in its view? Did BD ever stop being a "physical precious metals dealer" in its view? # When did this change occur? # How was it

communicated to customers?

[L8] Did BD ever state that metals were "not the assets of BullionDirect"? Did BD cease being a custodian of customers property? # When did this occur? # How were customers notified? # What was done with customers assets who left product in storage prior to that? # Is all unsold product placed into storage prior to that still present and in BD's custody? ## If not, where did it go? How did BD handle requests for refund or cancellation from customers? # Was this true throughout 2015? Were products that were purchased for IRA's during BD's IRA program allocated? # ... segregated? # ... ever sold without instruction of account holders? ## If so, where did that money go?

[L9] Nucleo software valuation: Are there any software documentation, Help menus, or user's manuals? Is there any Tech Support? What computer operating systems has it been compiled to run on (Windows, Linux, Mac...)? Is it guaranteed to work on the next version of the same operating system? Does it frequently or occasionally experience bug glitches? Was there long-term continuity of the main software developer, or was there a revolving door of new software programmers given the task of digging into 30,000 lines of code to try to figure out how it's written and how it works, basically starting at ground zero each time? How much money did you spend on software development and long-term support? Are you concerned that a single piece of software runs most of the business and could be a single point failure in the future, when it becomes obsolete or experiences compatibility glitches? Was the software written using modern best practices of generous use of internal comment lines, documentation, portability, etc...?

REFERENCES:

\$30M+ of lost metal/money: Schedule F lists Website Claimants cash of \$12.4M and metal valued at over \$20M based on the calculations Bullion Direct used for the Top 20 creditors (\$1106.60/\$14.84). See the spreadsheet at http://about.ag/data/csv/44_redacted.csv.

IRA metal insured by Lloyd s of London:

<https://web.archive.org/web/20110313213626/http://www.bulliondirect.com/IRA/fees.do>

Privacy Services: The right to use a domain name belongs to the Registrant [see e.g. <https://help.yahoo.com/kb/SLN18103.html>]. bulliondirect.com, for example, has a Registrant of a company called “Domains By Proxy, LLC” - a WHOIS privacy service.

Products are allocated, not pool, not assets of Bullion Direct: See

https://web.archive.org/web/20130201000000*/http://www.bulliondirect.com/aboutUs.do?view=storage

REMOVED QUESTIONS:

What are the total net tangible assets of BD?	[See Schedule B]
What are the total gross tangible assets of BD?	[See Schedule B]
How much metal was stated by BD to be in customers accounts?	[See Schedule F]
- in oz?	[See Schedule F]
- in USD?	[See spreadsheet]
What is the approximate stated cash balance of all customer trading accounts in the aggregate?	[See schedule F]
What is the approximate cash on hand?	[See schedule B]
Why did BD stop advertising as allocated?	[Page was removed]
What is the relationship between Bullion Direct and Nucleoware	[BD owns 100% of Nucleo]
Why did Charles McAllister leave Bullion Direct (with suspicious timing) leaving the current owner in place?	[See Docket 57 8I]
What is the nature of any ongoing relationship with Charles McAllister?	[See above]
How did 150k of unsecured debt put a bullion dealer with 15 years experience out of business?	[Unsure of meaning]
Is there any suspicion of fraud or gross negligence at this time?	[See Docket 57]
Is the bullion stored for the customers is secured and available for return? If so, when can the customers with stored bullion expect to receive it?	[Most such metal appears gone]
Given Mr. Bensimons inability to produce even a consistent set of names, let alone dollar figures, why should we trust his private firm to have better math skills?	[Database issue, not math]

How were the costs of operating BDI generated, including overhead such as utilities, rent and salaries?
Was it ever necessary to borrow money in order to pay these costs? (If Yes then) Were you required to offer a lien on assets of BDI in order to secure these loans? Are these creditors considered Secured Creditors? [See Docket 44]