

The Tulving Company, Inc. - Trustee Report #10

February 10, 2017

Weneta M.A. Kosmala, the duly appointed Chapter 7 trustee (“Trustee”) in The Tulving Company, Inc. (“Tulving”) bankruptcy case, provides this Tenth Trustee Report (Trustee Report #10).

As set forth in my August 2016 report to you, my professionals and I are addressing a number of matters in the administration of the Tulving bankruptcy case. These include: (1) the retention of professionals to grade Presidential Error-Missing Letter Coins and Double Edge Coins (collectively, the “Error Coins”), so that each Error Coin may be properly valued, (2) thereafter, the preparation of a schedule listing the specific Error Coin(s) proposed to be distributed (the “Distribution Schedule”) to each creditor who was a victim of Tulving’s fraud (the “Victim/Creditors”) on account of their claims; (3) the filing of a motion to approve the distribution of the Error Coins pursuant to the Distribution Schedule; (4) continuation of the litigation filed by the Tulving estate against Levon Gugasian and Armen Gugasian; and (5) pursuit of possible other claims which may belong to the estate but have not been fully resolved. The status of these matters is as follows:

Retention of Great Collections

In September 2016, I caused a motion to be filed with the Bankruptcy Court for authorization to retain GreatCollections.com d/b/a Great Collections (“Great Collections”), a renowned coin auctioneer (and the purchaser of the Debtor’s customer lists), to grade the Presidential Error Coins through PCGS, a national coin grading service, as part of its inventory and auction services.<sup>1</sup> The motion was granted in October 2016.

Pursuant to the motion, Great Collections transported the Error Coins from Heritage’s offices in Dallas, Texas to its location in Irvine, California in or about November 2016. Great Collections has submitted the Error Coins to PCGS for grading. I am advised by Great

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<sup>1</sup> Recall that the grading was required because the value previously ascribed to the Error Coins by the Debtor’s coin valuation expert could not be substantiated and was, in fact, contested by other coin experts including Heritage Numismatic Auctions, d/b/a Heritage Auctions (“Heritage”), the entity that sold the Debtor’s non-Error Coins.

Collections that approximately half of the Error Coins have been graded and that PCGS expects to complete the grading by the end of February.

Once the grading of the Error Coins has been completed, my professionals will prepare a Distribution Schedule (as described above). By motion to be filed with the Bankruptcy Court and served on creditors, I will request that the Court approve the Distribution Schedule and authorize the estate to distribute the Error Coins (through Great Collections) in accordance with that schedule. My motion will also request that the Bankruptcy Court approve a further “opt-out” period so that, once the values and allocation schedule are finalized, Victim/Creditors may determine whether or not to receive the coins based on the Distribution Schedule. (Previously, approximately 31 creditors opted-out of receiving coins in partial payment of their claims. I believe that Victim/Creditors should have another opportunity to make that determination after they are notified of the specific coins they are to receive and the graded values of those coins.) The Error Coins that would otherwise be sent to Victim/Creditors who determine to “opt-out” of receiving them will be auctioned by Great Collections and the net sale proceeds will be distributed pro rata to all Victim/Creditors at the close of the chapter 7 case. I anticipate that the motion to approve the Distribution Schedule will be filed in March 2017.

#### Litigation Against Gugasians

As noted in prior reports, the estate commenced lawsuits against Levon Gugasian and Armen Gugasian. Discovery in those lawsuits is under way and my professionals intend to depose various parties including, without limitation, Hannes Tulving Jr. We anticipate that these lawsuits will go to trial sometime during the second or third quarter of 2017.

#### Other Claims and Causes of Action

As was reported previously, the estate holds a claim against an account debtor for a receivable in the amount of \$600,000. That account debtor entered into a repayment agreement to repay that claim and signed a stipulated judgment. After the account debtor defaulted in its payment terms to the estate, we pursued state law remedies and the estate recently retained a collection firm to pursue recovery on the judgment on a contingency basis.

The estate is continuing to evaluate certain other claims based upon Tulving's transactions with other coin dealers. The Trustee has obtained documents from third parties concerning these transactions and intends to conduct an oral examination to resolved outstanding questions. In this process, I am mindful of the administrative cost to the estate of undertaking these actions and have endeavored to proceed in a streamlined cost-effective manner.

### Conclusion

I will apprise creditors of further progress on these matters and we will be serving notice of the distribution motion and other pleadings via e-mail to creditors as has been authorized by order of the Court. If you are unsure that we have your correct e-mail information, please provide your name and e-mail address to: [sferrero@thinkbrg.com](mailto:sferrero@thinkbrg.com) at the offices of my financial advisors. Thank you for your continued patience as we work through the remainder of these issues.