

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

IN RE:	§	
	§	CHAPTER 11
BULLIONDIRECT, INC.	§	
a/k/a BD, BDI, and B Direct, Inc.	§	CASE NO. 15-10940-tmd
Debtor.	§	
EIN: 76-0622534	§	

AMENDED DISCLOSURE STATEMENT

FILED BY THE DEBTOR

ON JUNE 14, 2016

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SUMMARY OF PLAN: A sale of assets to Cheryl Huseman and Jack Murph for \$100,000 and other valuable consideration, was approved by the bankruptcy court on May 23, 2016. The Huseman-Murph Asset Purchase Agreement, an executed copy of which was filed as Doc#183 on June 7, 2016, and which is incorporated herein by reference, provides for a profits interest, ranging from 80% of profits to 50%, retained for the benefit of creditors for a period of 7 years. All other assets, including the contents of the IDS vault, the proceeds of the Profit Interests, and all Preserved Causes of Action will be transferred to a Litigation Trust to be administered by a Litigation Trustee. Payments to holders of allowed claims shall be based on the treatment of claims set forth below in the Plan of Reorganization.

SUMMARY OF TREATMENT OF CLAIMS

<u>Class 1</u>	Administrative Claims - Payable from available funds after reservation of \$50,000 for BDI Litigation Trust, any balance to be paid from BDI Litigation Trust
<u>Class 2</u>	Secured Claims of Governmental Units - Payable over 5 years at 12% interest
<u>Class 3</u>	Priority Unsecured Claims of Governmental Units - Payable over 5 years at 4% interest
<u>Class 4</u>	Priority Unsecured Claims - § 507(a)(7) (up to \$2,775 per claimant) - Pro rata payments from BDI Litigation Trust until paid in full
<u>Class 5</u>	General Unsecured Claims - Payment on pro rata basis from BDI Litigation Trust after payment of Classes 1 through 4
<u>Class 6</u>	Equity Cancellation of stock – No payment

NOTE TO HOLDERS OF CLAIMS AGAINST BULLIONDIRECT, INC.: Unless you object to the plan, you will be deemed to consent to the treatment proposed in the plan for your claim. This includes the treatment proposed in the plan for potential holders of priority claims for deposits for the purchase of undelivered consumer goods under 11 U.S.C. § 507(a)(7).

I. INTRODUCTION

BULLIONDIRECT, INC. also known as BD, BDI and B Direct, Inc., hereinafter referred to as “Debtor,” filed a Voluntary Petition for Reorganization under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 101, et seq. (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Western District of Texas, Austin Division (the “Court”) on July 20, 2015 (the “Filing Date”). The Chapter 11 commenced thereby has been pending since that time before the Honorable Tony M. Davis, United States Bankruptcy Judge, under Case Number 15-10940. The Debtor has operated its business as Debtor-in-Possession pursuant to Section 1108 of the Bankruptcy Code.

The purpose of this Disclosure Statement is to provide such information as will enable a hypothetical, reasonable creditor typical of the holders of such claims to make an informed judgment in exercising his, her, or its right either to accept or reject the Plan. A proposed Plan was filed with this Disclosure Statement. Notice of the date of the hearing on the Disclosure Statement will be sent by the Clerk of the Court. Debtor will provide notice of the hearing on the Disclosure Statement to Website Claimants via Constant Contact.

After approval of this Disclosure Statement, a copy of the approved Disclosure Statement, the proposed Plan, and a ballot will be provided to each party on the mailing matrix and to the claimants whose claim is based on a transaction which occurred on the Debtor’s website, www.bulliondirect.com, hereinafter referred to as “Website Claimants” via e-mail through Constant Contact as authorized by the Court. Notice of the dates of the ballot deadline and the confirmation hearing on the Plan will also be provided. Whether or not you expect to be present at the hearing, you are urged to fill in, date, sign, and properly mail the ballot to:

Martinec, Winn & Vickers, P.C.
919 Congress Avenue, Suite 200
Austin, Texas 78701

Your acceptance of the Plan is important. In order for the Plan to be deemed “accepted” by creditors and interest holders, at least two-thirds (2/3) in amount and more than one-half (1/2)

in number of the allowed claims voting in each class must accept the Plan and at least two-thirds (2/3) in the amount of allowed interests voting in each class must accept the Plan.

In the event the requisite acceptances are not obtained, the Plan may nevertheless be confirmed by the Court pursuant to the provisions of 11 U.S.C. § 1129. Those provisions may permit confirmation in spite of a rejecting class (or classes) if the Court finds that the Plan provides fair and equitable treatment to the rejecting class or classes and meets other tests.

“Fair and equitable” with respect to secured claims is defined as a Plan which provides (1) that the holders of such claims retain the liens securing such claims to the extent of the allowed amount of such claims and that each holder of such claim receive deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the Effective Date of the Plan, of at least the value of such holder’s interest in the estate’s interest in such property; (2) for the sale of any property that is subject to the liens securing such claims, free and clear of such liens, with such liens to attach to the proceeds of such sale, or (3) for the realization by such holders of the indubitable equivalent of such claim.

Unsecured claims are considered to receive fair and equitable treatment if (1) the Plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the Effective Date of the Plan, equal to the allowed amount of such claim; or (2) the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the Plan on account of such junior claim or interest any property.

In the event one or more classes of impaired claims rejects the Plan, the Bankruptcy Court will determine at the hearing for confirmation of the Plan whether the Plan is fair and equitable and whether the Plan discriminates unfairly against any rejecting impaired class of claims. If the Bankruptcy Court determines that the Plan is fair and equitable and does not discriminate unfairly against any rejecting impaired class of claims, the Bankruptcy Court can confirm the Plan over the objection of any impaired class.

CONFIRMATION OF THE PLAN WILL DISCHARGE THE REORGANIZED DEBTOR FROM ALL ITS PRE-FILING DATE DEBTS AND INTERESTS OF INTEREST HOLDERS BY VIRTUE OF THE ORDER OF CONFIRMATION AND § 1141(d) OF THE

BANKRUPTCY CODE, EXCEPT AS PROVIDED FOR SPECIFICALLY IN THE PLAN. CONFIRMATION MAKES THE PLAN BINDING UPON THE REORGANIZED DEBTOR AND ALL CREDITORS AND OTHER PARTIES-IN-INTEREST, REGARDLESS OF WHETHER OR NOT THEY HAVE ACCEPTED THE PLAN. IN ADDITION, PURSUANT TO § 1141(d)(1)(B) OF THE BANKRUPTCY CODE, CONFIRMATION OF THE PLAN WILL RESULT IN THE TERMINATION OF ALL RIGHTS AND INTERESTS OF CREDITORS AND INTEREST HOLDERS OF DEBTOR AS PROVIDED IN THE PLAN, AND THE RESERVED INTEREST AND EXCLUDED ASSETS OF THE REORGANIZED DEBTOR WILL REMAIN THE PROPERTY OF THE REORGANIZED DEBTOR FREE AND CLEAR OF ALL CLAIMS AND INTERESTS OF CREDITORS AND OF EQUITY SECURITY HOLDERS.

II. REPRESENTATIONS

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN SUBMITTED BY THE DEBTOR, UNLESS SPECIFICALLY STATED TO BE FROM OTHER SOURCES. THE INFORMATION CONTAINED HEREIN IS UNAUDITED, UNLESS SPECIFICALLY STATED OTHERWISE.

NO REPRESENTATIONS CONCERNING THE DEBTOR ARE AUTHORIZED BY THE DEBTOR OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT. THE DEBTOR RECOMMENDS THAT ANY REPRESENTATION OR INDUCEMENT MADE TO SECURE YOUR ACCEPTANCE OF THE PLAN WHICH IS NOT CONTAINED IN THIS STATEMENT NOT BE RELIED UPON BY YOU IN REACHING YOUR DECISION ON HOW TO VOTE ON THE PLAN. ANY REPRESENTATION OR INDUCEMENT MADE TO YOU NOT CONTAINED HEREIN SHOULD BE REPORTED TO THE ATTORNEYS FOR THE DEBTOR WHO SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE APPROPRIATE.

DEBTOR HAS MADE EVERY EFFORT TO PROVIDE ACCURATE INFORMATION. THIS STATEMENT CONTAINS ONLY A SUMMARY OF THE PLAN. THE PLAN WHICH WAS FILED WITH THIS DISCLOSURE STATEMENT IS AN INTEGRAL PART OF THIS DISCLOSURE STATEMENT, AND EACH CREDITOR IS URGED TO REVIEW THE PLAN PRIOR TO VOTING ON IT.

DEBTOR MAKES NO REPRESENTATIONS WITH RESPECT TO THE EFFECTS OF TAXATION (STATE OR FEDERAL) ON THE INTEREST HOLDERS OR CREDITORS WITH RESPECT TO THE TREATMENT OF THEIR CLAIMS OR INTERESTS UNDER THE PLAN, AND NO SUCH REPRESENTATIONS ARE AUTHORIZED BY DEBTOR. CREDITORS AND INTEREST HOLDERS ARE ENCOURAGED TO SEEK THE ADVICE OF THEIR OWN PROFESSIONAL ADVISERS IF THEY HAVE ANY SUCH QUESTIONS.

THE PRESENT CONDITIONS OF DEBTOR ARE REFLECTED IN THIS DOCUMENT, OR IN FUTURE AMENDED FORMS, AND NECESSARILY REQUIRED CHANGES TO THE ORIGINALLY FILED SCHEDULES. DEBTOR WILL AMEND THE SCHEDULES AS REQUIRED BY THE BANKRUPTCY CODE.

THE COURT'S APPROVAL OF THE DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT OF ANY OF THE REPRESENTATIONS CONTAINED IN EITHER THE DISCLOSURE STATEMENT OR PLAN, NOR DOES IT CONSTITUTE AN ENDORSEMENT OF THE PLAN ITSELF.

Projections as to future operations are based on the best estimates in light of current market conditions, past experiences, financing which can reasonably be anticipated to be available, and other factors, all of which are subject to change and any of which may cause the actual results to differ from those projected. A successful Chapter 11 is dependent on a two-step process. The Court must approve the Debtor's Disclosure Statement in the first step. After such approval, Debtor will send all creditors a copy of the approved Disclosure Statement and a copy of the proposed Plan of Reorganization, along with a ballot, so that each creditor may accept or reject the Plan. The process of bankruptcy is not complete until the Court has confirmed the Plan.

III. FINANCIAL PICTURE OF THE DEBTOR

INFORMATION CONCERNING THE DEBTOR

DISCLAIMER: Some of the information below is based upon the limited and potentially unreliable information obtained second-hand by the current representatives of the BDI bankruptcy estate and the Official Committee of Unsecured Creditors (the "Creditors Committee"). This information was supplied or created by persons who may have motive and opportunity to falsify information to avoid civil liability and criminal prosecution. A full investigation of these facts has not been undertaken. These allegations should not be construed as binding, final, or complete.

A. Overview of the Debtor

BullionDirect, Inc. ("BDI") is a corporation based in Austin, Texas, which has been involved, since August 1999, in a business in which its customers engaged in the purchase and sale of gold, silver, platinum and other precious metals, primarily coins, using its website, www.bulliondirect.com. BDI currently owns subsidiary entities NBD Holdings, LLC, The BDI Trust and Nucleo Development Company, LLC. All the operations of all the entities, as well as BDI, curtailed most transactions in June 2015, and ceased operating on July 20, 2015, the date BullionDirect, Inc. filed for Chapter 11 bankruptcy. On that date Dan Bensimon ("Bensimon") was appointed as Chief Restructuring Officer ("CRO") of the company. Dan Bensimon had no previous history with the company as an officer, consultant or in any professional capacity. Dan Bensimon met with personnel of BDI on four occasions in the month prior to the July 20th filing, to ascertain the possibilities of reorganizing BDI into a potential business enterprise.

BDI did not integrate the accounting system with the website database from the beginning of its operations. This has resulted in incomplete accounting records and incomplete and non-existent internal controls. General Ledgers which record all transactions from the website were never created, thus sales ledgers and other details of website transactions were not reflected in the accounting system of BDI.

B. Organizational Structure and Management of the Debtor

1. Petition Date. As of the Petition Date, Debtor had stopped most operations in the month previous to the filing. BDI had inadequate capital and fragmented and incomplete books and records. The company hired a Chief Restructuring Officer (“CRO”) to try to reorganize the company within Chapter 11 of the bankruptcy code. The CRO attempted to find potential buyers and explore the possibility of creating cash-flow through completion of “secure packaging” transactions which had been started by prior management in Nucleo Development Company, LLC (“NDC”), a wholly-owned subsidiary of BDI. The CRO, Dan Bensimon, was not hired as an employee, but rather as a contract consultant whose fees are to be approved by the court. As of today, the court has not approved the fees of any professional, thus no funds have been disbursed by BullionDirect, Inc. to any professionals.

2. The Beginning. BDI began operations in August 1999. It began executing precious metal trades on its website on that date. BDI allowed individuals to buy and sell precious metal products on the internet. BDI charged the buyer and seller each a 1% commission on each transaction. No minimum fees were established. Thus sales that were executed in amounts of less than \$100.00, of which there were many, resulted in total commissions of less than \$2.00 per transaction, an amount well below BDI’s costs of doing business. In addition to providing a precious metals trading platform, BDI sold precious metals to customers to be used to fund Individual Retirement Accounts and BDI provided storage services, first at a vault located in Austin, Texas, but later, in 2015, transferred its vault inventory to the IDS vault in Delaware. The storage program was essentially a “loss leader”, implemented to encourage sales. BDI apparently funded its ongoing operating losses with customer deposits.

BullionDirect, Inc.’s activities were largely managed by its largest shareholder, sole director and officer, Mr. Charles McAllister. Mr. McAllister and others managed BullionDirect from its inception through the date of filing. NBD Holdings, LLC, a subsidiary of BDI, which appears to have been formed to deal with a residence purchase for McAllister, was nominally

managed by Bart Behr, a San Marcos, Texas, attorney and friend of McAllister. Nucleo Development Company, LLC, another BDI subsidiary, which was set up to create software for the BDI website, was initially headed up by Randy Russell.

Although McAllister did not initially acknowledge it, the existing BullionDirect records reflected that the BullionDirect business model was flawed from the beginning, charging too low a commission for trades without a minimum charge for small, primarily silver, transactions. However, it is also possible that BullionDirect suffered additional losses due to outright theft by McAllister and other insiders. While current management has not uncovered evidence of theft, McAllister and other insiders had ample opportunity to embezzle assets and conceal this embezzlement in subsequent years.

Since BDI never developed an integrated financial information system, which would have recorded every transaction executed in the database system, former management claims that it was not possible at any point in time to accurately determine the level of its problem, perhaps until the filing of a large group of tax returns in 2010. The company did not have sufficient financial information to file tax returns for its first ten years of operation, or to make well-informed management decisions. The inadequacy of the accounting structure further limited BDI's options. Raising additional funds, or merging with or selling to a stronger entity, were both options that could not be fully pursued because more comprehensive and complete records would be a requirement of due diligence by any potential merger partner or acquirer.

During 2007, as volume of activities increased and volatility in the bullion market increased, management hired additional staff and hired consultants to assist the accounting staff in producing accurate financial information. Those efforts failed, and during Fiscal Year ending June 30, 2009, BDI management hired Randy Russell, a consultant, to help BDI create an accurate financial information system. After spending upwards of two million dollars on a new, comprehensive accounting software, the company still could not integrate the data contained in the website database system with the accounting system.

By August 2010 the consultants had performed enough work that they were able to create financial statements for the prior ten years (without ever detailing all the transactions that had been executed on the website). They used summary estimates and reports to recreate these

financial statements. Tax returns were filed based on these re-creations¹. The returns showed that by June 30, 2002, the end of BullionDirect, Inc.'s third fiscal year, the company had amassed \$829,000 of operating losses on only \$4.5 million in trades. Unfulfilled orders had already amounted to \$722,000. The collapse of the *dot com* bubble had led to a slower growth curve. The company operated on a small amount of funds to stay in operation, thus never developing internal controls, so that its financial information was not reliable. The tax returns for the years 1999 through 2009 were not prepared until August 2010. The reported losses were not disclosed to BullionDirect depository customers.

At some time early in its history, BDI posted a series of *Terms of Service Agreements* to the website. The apparent intent was to bind customers to certain rules and agreements regarding transactions at the website. From the beginning of the company, the various terms of service agreements posted to the website were interpreted by BDI management as allowing BDI to act as “owner” of the stored metals and to “book,” but not complete, transactions. The unfulfilled transactions were referred to as “obligations”. The earliest version of the Terms of Service Agreement, dating from 2008, had very similar language and was presumably interpreted the same as the 2012 version.

It is apparent from claims filed by customers, as well as comments communicated to the Debtor and the Creditors Committee by customers, that customers were lead to believe that the precious metals shown in their account at the website were precious metals held in storage for the customer. On the Chapter 11 petition date, “obligations” appeared to total approximately \$25,000,000, while the vault inventory was estimated to be worth only \$700,000². A significant number of creditors reported that their transactions were not reflected in the filed schedule of claims. The fragmented records confronting Bensimon made analysis and partial reconciliation of the accuracy of the website database slow and tedious.

Equity Trust Company, a precious metals IRA account manager, sent quarterly reports to BDI customers with precious metal funded IRAs, which tended to reinforce the belief of the customer that the purchased precious metals were being held in the vault used by BDI, but, had

¹ The tax returns for the periods 1999 through 2009 were prepared and filed by Cantrell & Cantrell, CPAs. The 2010 return was prepared and filed by Julie Mayfield of Russell & Mayfield, LLC. Mayfield had served as BDI's controller until 2009, but left and joined Randy Russell in a tax consulting firm.

² Although multiple creditors have asserted ownership of specific precious metal products in the vault, the owners of the IDS Vault in Delaware have indicated that the transfer of the vault inventory from Texas to Delaware was not accompanied by documentation that identifies ownership of specific products. The BDI records have not yet produced a documented trail that would trace such ownership.

the vault contents been inspected by Equity Trust, the much smaller amount of inventory would presumably have been noted. It does not appear that Equity Trust ever examined, audited or inspected the vault. Equity Trust has denied any liability resulting from its erroneous and misleading reports³.

3. The Middle. The fiscal years ending June 30, 2010, saw the company grow to over a \$100 million a year in sales transactions. This growth was a direct result of the company's decision to become a seller on its own website. Management appeared to realize that not enough individuals wanted to sell its precious metals on-line, thus the company increased its volume of sales of bullion it did not own. The company monitored the current price of bullion and offered sales of that bullion on its website at prices slightly discounted from the current market price, the policy being that they would immediately purchase the item to be sold at current market price. BullionDirect continued to lose money throughout this period.

Due to this continuing lack of profitability, the company was not able to make promised purchases of silver or gold coins as the obligation arose. During BDI's entire period of existence, at least through June 30, 2011, the price of bullion had increased. Thus, any delay in buying silver and/or gold coins to match website sales resulted in a loss to the company for that transaction.

While sales increased substantially through June 30, 2011 (the end of Fiscal Year 2010), the Company had accumulated operating losses of over \$32 Million and unfilled orders of over \$41 Million (according to the 2010 federal tax return filed by BDI).

In 2009 and 2010, as stated earlier, the company made an effort to create an accurate financial information system and to institute proper internal controls to provide better information to management. Realizing the magnitude of its problem from the 2010 tax return, management tried to make BDI a possible merger partner or target for acquisition. BDI hired consultants, primarily, Randy Russell, to create an accounting system that would integrate the website database. This \$4,000,000+ effort was not successful. In addition, Randy Russell advised BDI management to invest in other transactions, including one for over \$400,000 in one of Russell's own companies, NBFog, Inc. That company has yet to generate any return and is the target of litigation by other investors. BDI's claims against NBFog, Russell and others are under investigation. One of the investors, Jason Parrish, worked for NBFog but in the BDI

³ The Bankruptcy Code does not provide for priority treatment of holders of precious metal funded IRA claims.

offices, and was interviewed by BDI's CRO and counsel, as well as the counsel for the Creditors Committee in late 2015.

4. The End. By the end of Fiscal Year 2011, the company had parted ways with its consultants and reportedly focused all of its attention on reducing the amount of outstanding unfulfilled obligations. An accurate financial information system was never developed. The bank statements stopped being reconciled. The information in the database was never integrated into the accounting system. Accounting again became a secondary function and bank statements stopped being reconciled as of September 30, 2011. Expense records were only sporadically posted after the last tax return was filed (based on the last filed tax return for Fiscal Year 2010).

Records indicate that as late as 2012 BullionDirect still had more than \$4 million in tangible assets. BullionDirect still did not disclose its losses to customers and instead continued to accept payments for orders and provided account statements indicating that customer deposits could be honored in full. At the time of the bankruptcy filing in 2015, these assets had dwindled to less than \$1 million, and total obligations had been reduced to \$25,000,000.

5. Since Filing Bankruptcy. The CRO first had to evaluate the books and records to try to establish some reliability in the numbers generated prior to June 2015. Reconstructing the "unfulfilled" list of transactions (also referred to as "obligations") as of the date of the bankruptcy took a significant amount of time. While transactional information appeared in the website database, accounting information for the years 1999 through June 30, 2011, was not available. The company had switched systems and the prior ledgers could not be retrieved. The Debtor was forced to rely on the tax returns filed. The CRO reviewed the returns for reasonableness based on the information on the website and some available records. The summary of revenue and costs for the taxable periods 1999 through 2009 are listed on Exhibit A, which appears to have been prepared by Cantrell & Cantrell and appears reasonable, except for the "other deductions" amount. "Other deductions" may represent, among other items, overpayments to McAllister for expense reimbursement. The amount of other deductions per BDI's former management was the market value gain or loss on unfulfilled orders. Based on the increase in the value of bullion during the time period involved, these numbers could be reasonable; however, there is not enough information to determine the accuracy of that expense item.

The amount of unfulfilled orders as listed on the Amended Schedule F had to be derived

totally from the database system, since there was no reliable accounting information. The company did not account for these items in its bookkeeping functions. Creating an accurate Schedule F (Creditors Holding Unsecured Nonpriority Claims) required understanding of and testing of the database system, including reviewing all claims and complaints. It took until mid-September to finish this task.

The Debtor, through its professionals, searched for potential caches of money being held by Mr. McAllister and/or real estate in or near the area of operations. The review has not yet revealed any assets of substantial value, but that search will continue under the authority of a Litigation Trustee to be created under the Plan of Reorganization proposed by the Debtor with the cooperation and support of the Creditors Committee⁴.

All the cash available from entities owned by BullionDirect was transferred to BullionDirect, with the exception of cash on hand at Nucleo Development Company, LLC (“NDC”). NDC’s cash was used to pay its past due rent.

The physical assets were secured and stored. All information, IP codes, database, etc. were maintained at third party entities where they were housed prior to the filing. All software licenses are being maintained.

As of today, BullionDirect still has control of all the bullion held in storage, all physical assets held by BullionDirect, all books and records available, and all intellectual property. All expenses paid to date have been for storage or rental costs, insurance, etc. to protect the assets.

In addition the CRO and counsel have cooperated with every state, local and federal agency that has been examining the operations of BullionDirect, including several state attorneys-general.

The company still holds notes receivables from two entities totaling roughly \$150,000 and all of its claims and causes of action. A description and valuation of assets is more fully described below.

At a hearing on May 23, 2016, the bankruptcy court approved the sale of the website platform to Cheryl Huseman and Jack Murph pursuant to the Asset Purchase Agreement (“Huseman-Murphy APA”), which was negotiated by the Debtor and the Creditors Committee,

⁴ On August 24, 2015, the Debtor informed the Creditors Committee that the Debtor intended to assign all litigation rights against former management and related parties to the Creditors Committee and the Litigation Trust. The Creditors Committee has conducted its own limited investigation of possible litigation claims during the pendency of the case.

an executed copy of which was filed as Doc#183 on June 7, 2016, and which is incorporated herein by reference. Huseman held shares in BullionDirect and provided legal advice to BullionDirect about intellectual property issues. She is also Chad McAllister's mother. In 2012 Murph, Huseman's husband, withdrew approximately \$14,000 in assets that he had deposited with BullionDirect.

The details of the sale procedures were set forth in the Sale Motion which was served on creditors and parties in interest on March 8, 2016. The sale proceeds will be used to fund administrative costs of the Chapter 11 and to provide funding for the Litigation Trust to be set up under the Plan. The sale procedures included the solicitation of other parties in the precious metal trading business and other entities which had contacted the Debtor and/or the Creditors Committee.

C. Future Income and Expenses Under the Plan

Under the Plan, future income will be derived from the sale of assets and settlement of or enforcement of judgments arising from the claims and causes of action transferred to The BDI Litigation Trust ("BDILT"). The sale of the BDI website included a future profits interest⁵.

D. Future Management of the Debtor

BullionDirect, Inc. will not conduct any business after plan confirmation. Dan Bensimon will be in charge of filing final reports and tax returns. The BDILT will be operated by a Litigation Trustee to be named prior to the deadline for voting and for objections to the Plan.

E. Accounting Method Used and Source of Financial Information

Debtor uses generally accepted accounting principles on an accrual basis. The information contained in this disclosure statement has been provided by the Debtor and is unaudited.

⁵ The Huseman-Murph APA includes a profits interest for BDI creditors (80%, after the first year, declining to 50% over a 7-year period).

IV. ANALYSIS AND VALUATION OF PROPERTY

DIFFERENCES BETWEEN THIS DISCLOSURE STATEMENT AND DEBTOR'S ORIGINALLY FILED SCHEDULES SHOULD BE REFLECTED IN AMENDMENTS TO THE SCHEDULES AND THE DISCLOSURE STATEMENT REFLECTS THE CURRENT STATUS OF DEBTOR.

A. Real Property

BDI owns no real property. A small office is leased on a month-to-month basis at 700 Lavaca Street, Suite 1400, Austin, Texas.

B. Personal Property

On the petition date BDI owned certain physical assets which were listed on Schedule B (Doc. No. 44). A schedule of assets listed as of July 20, 2015, is shown on Exhibit B, Analysis of Current and Liquidation Value of Assets. The court approved the sale of the BullionDirect “web platform” to Cheryl Huseman and Jack Murph⁶ under an Asset Purchase Agreement. It is believed that the bundled sale of the elements of the web platform, which includes software and other intellectual property owned by Nucleo Development Company, LLC, will generate more funds for the estate than the piecemeal sale of components in a liquidation sale. The assets which were sold under the May 23, 2016, sale order are listed as:

“All intellectual properties owned or claimed to be owned by BDI and all its subsidiaries. This would include but is not limited to all patents, trademarks, domain names; All software developed or in various stages of development; All procedures, manuals, policies, all claims past and present against any infringement on these intellectual properties. All the stock of Nucleo Development Company, LLC. (‘NDC’) including all the same intellectual properties listed above for any and all its subsidiaries and claims and causes of action of BDI or its subsidiaries against NDC.”.

“All the servers stored with ZColo and the assets listed in Exhibit A. This purchase will be subject to Bidding Procedure and Auction, with Bid Procedure and Protections acceptable to Newco; assets purchased shall be free and clear of all liens, claims or encumbrances except as authorized in the Plan;”

⁶ Huseman and Murph elected to take title in the name of Platform Universe, LLC.

The Asset Purchase Agreement excludes the causes of action of NDC, the precious metals, other inventory, and cash, if any, of NDC, and all of the other assets of NDC that are not needed for the operation of Newco⁷. The Huseman-Murph APA provides for payment of \$100,000 plus seven (7) years of shared profits for the listed assets as defined therein. Under the terms of the Asset Purchase Agreement, the purchasers commit to providing \$100,000 to capitalize the new company and up to \$100,000 additional funding if needed and if certain sales threshold targets are met.

C. Intangible Property

The Creditors Committee believes that claims and causes of action owned by the bankruptcy estate against former management, professionals, consultants, vendors, business partners, transferees, and related parties will generate funds for some payment of creditors' claims. Under the proposed Plan, all such causes of action shall be transferred to the BDI Litigation Trust. Valuing such claims prior to completion of investigation would be speculative.

D. Liquidation Value of Assets

None of the assets of the debtor are easily valued. Projecting the amount that might be generated from the website platform sold to Huseman-Murph under the court-approved sale procedure includes elements that are owned by NDC. If not sold under a non-distressed, commercially reasonable sale process, the *components* of the platform are likely to sell at forced sale or "fire sale" prices. As reflected in Exhibit B, Analysis of Current and Liquidation Value of Assets, **Debtor has assets with a market value of approximately \$1,009,886.34, but if sold on a liquidation basis, the probable net proceeds of such a sale would be only \$695,651.00.** These valuations do not take into consideration the costs of administration or litigation on the contested claims. Unless a substantial amount is realized from the sale approved on May 23, 2016, and excluding any amounts that may be recovered from litigation, very little would be available for distribution in a Chapter 7 liquidation.

⁷ The assets purchased also included any claims that the Debtor may have against NDC.

E. Property Possibly Held for Another

The offices of BDI contained 24 boxes of coins, bars and other metals that were unshipped at the time of the bankruptcy filing. The BDI vault in Delaware has precious metals with an estimated value of more than \$650,000. Neither the Debtor's records nor the records of individual customers will provide a basis for determining the ownership of the precious metals in the Debtor's possession or in the IDS vault. **The Plan will provide that these assets will be transferred to the BDILT free and clear of all interests, claims, liens, and encumbrances of any person or entity, including without limitation all creditors and equity security holders of BDI. An objection to the transfer of such assets must be filed on or before July 13, 2016, and must be served on counsel for the Debtor, Martinec Winn & Vickers, PC, Att'n: Joseph D. Martinec, 919 Congress Avenue, Suite 200, Austin, Texas 78701, and counsel for the Creditors Committee, Dykema Cox Smith, Att'n: Jesse T. Moore, 111 Congress Avenue, Suite 1800, Austin Texas 78701.**

V. SUMMARY OF PLAN OF REORGANIZATION

The following summary of claims is derived from the Debtor's schedules and a review of the claims filed in this proceeding. THE EXACT AMOUNT OF EACH CLAIM FOR PURPOSES OF THIS DISCLOSURE STATEMENT, THE PLAN, AND THE SUBSEQUENT DISCHARGE WILL BE AS STATED IN THE DISCLOSURE STATEMENT AND PLAN EXCEPT THAT A PROOF OF CLAIM FILED BY A CREDITOR IS PRIMA FACIE EVIDENCE OF THE AMOUNT OF THE CLAIM, UNLESS AN OBJECTION TO THE PROOF OF CLAIM IS FILED. **A LIST OF OBJECTIONABLE CLAIMS THAT HAVE BEEN IDENTIFIED TO DATE IS ATTACHED AS EXHIBIT F.** THOSE CLAIMS WHICH ARE LISTED AS DISPUTED IN THIS DISCLOSURE STATEMENT WILL BE SETTLED BY AGREEMENT OF THE PARTIES OR BY THE COURT BEFORE DISTRIBUTION UNDER THE PLAN OCCURS.

EACH CREDITOR WILL BE PAID IN THE MANNER SET FORTH BELOW WHICH APPLIES TO THAT PARTICULAR CREDITOR. IN THE EVENT DEBTOR DISCOVERS A POTENTIAL IN THE EVENT THAT DEBTOR DISCOVERS A POTENTIAL VOIDABLE PREFERENCE, FRAUDULENT CONVEYANCE, EQUITABLE SUBORDINATION CLAIM, OR OTHER PRESERVED CAUSE OF ACTION, DEBTOR AND ITS SUCCESSOR, THE BDILT, SPECIFICALLY RETAIN THE RIGHT TO PURSUE SUCH CAUSE OF ACTION.

A. Classification and Treatment of Classes under Plan

Class 1 Administrative Claims

Class 1 administrative claims for fees which occurred prior to confirmation, and for which application is made, shall be paid in full or as the same are allowed, approved, and ordered paid by the Court from estate funds after payment of other Class 1 claims and after transfer of \$50,000 to the BDI Litigation Trust. By voluntary agreement and concessions made by estate and Committee professionals, payment of approved professional fees and expenses shall be subordinated to payment of other approved administrative claims. If approved professional fees and expenses are not paid in full from estate funds, the balance of such claims shall be the BDI Litigation Trustee ahead of all other Classes of claims after reservation of reasonably necessary funds for the administration of the BDI Litigation Trust. The estimated amounts of professional fees, through April 19, 2016⁸, are as follows:

<u>FIRM</u>	<u>Fees</u>	<u>Expenses</u>
Unique Strategies Group (Bensimon)	\$159,000.00 ⁹	\$12,500.00
Martinec Winn & Vickers, PC	\$178,000.00	\$6,800.00
Dykema Cox & Smith	\$60,000.00	\$0.00

The Debtor shall pay to the United States Trustee the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6) on the Effective Date¹⁰ of the Plan of Reorganization and simultaneously provide to the United States Trustee an appropriate affidavit indicating cash disbursements for the relevant period. Quarterly payments will be paid through the quarter the case is dismissed, converted, or closed, or sooner as provided by law.

Class 1 is not a true class and is neither impaired nor unimpaired.

⁸ The professionals in the case will accrue additional fees and expenses through the date of plan confirmation. The amount of those fees and expenses will depend on the complexity of issues relating to the Plan and other administrative matters.

⁹ Does not include a contractual “success fee” of \$100,000 for obtaining a plan confirmation within one year of the Petition Date. Unique Strategies Group has agreed to cap that fee at \$50,000.

¹⁰ “Effective Date” shall mean 15 days after the entry of the Order Confirming the Plan, or in the event an appeal from the Order Confirming Plan is taken, then 21 days after the Notice of Appeal, unless the Order Confirming the Plan is stayed by appropriate Court order.

Class 2 Secured Claims of Governmental Units

Ad valorem taxing authorities will retain statutory liens, and allowed claims will be paid in full with 12% interest in 60 monthly installments, beginning on the first day of the first calendar month after the Effective Date. The BDILT Trustee may elect to provide such claims with more favorable treatment, such as paying the claims in full.

Class 2 is impaired.

Class 3 Priority Unsecured Claims of Governmental Units

Allowed Priority Unsecured Claims of Governmental Units will be paid in full with 4% interest in 60 monthly installments, beginning on the first day of the first calendar month after the Effective Date. The BDILT Trustee may elect to provide such claims with more favorable treatment, such as paying the claims in full.

Class 3 is impaired.

Class 4 Priority Unsecured Claims - § 507(a)(7)

Allowed Priority Unsecured Claims pursuant to 11 U.S.C. § 507(a)(7) will be paid from funds available for distribution from the BDILT on a pro rata basis, up to an aggregate amount of \$2,775 per individual. Payments or distributions from the BDILT will occur only if the BDILT Trustee determines that funds are available for distribution after reserving funds needed for administration of the BDILT.

Class 4 is impaired.

Class 5 General Unsecured Claims

Allowed General Unsecured Claims will be paid after Class 4 claims have been paid in full from funds available for distribution from the BDILT, on a pro rata basis. Payments or distributions from the BDILT will occur only if the BDILT Trustee determines that funds are available for distribution after reserving funds needed for administration of the BDILT.

Class 5 is impaired.

Class 6 Equity Claims

All equity interests in BullionDirect, Inc. will be cancelled upon entry of an order approving the Plan.

Class 6 is impaired.

B. Mechanics/Implementation of Plan

BDI Litigation Trust. The BDI Litigation Trust (“BDILT” or “Litigation Trust”) will be created under the Plan under the provisions of a BDI Litigation Trust Agreement, the form of which shall be provided to creditors and parties in interest on or before July 1, 2016. The identity of the Litigation Trustee of the BDILT, an individual to be selected by the Creditors Committee and approved by the court, will be disclosed at that time.

BDILT Beneficiaries. Beneficiaries of the BDILT will be professionals whose fees and expenses have been approved by the court as § 503(b) administrative claims as set forth in Class 1 and holders of allowed claims in Classes 2 through 5. Payments or distributions to beneficiaries shall be according to the priorities set forth under the Bankruptcy Code.

BDILT Distributions Under the Plan. Payments to holders of allowed claims under Classes 1 through 5 of the Plan as set forth under the Plan from funds transferred by the Debtor to the BDILT or generated by the BDILT from asset sales, settlement of claims or litigation. The Trustee of the BDILT shall be obligated to make distributions only from funds not reasonably required, in the sole discretion of the Litigation Trustee, for the administration of the BDILT and the costs of investigating and pursuing claims assigned to it by the Debtor. The BDI Litigation Trustee shall not be required to make distributions to BDI Litigation Trust Beneficiaries prior to one-hundred and eighty (180) days after the Effective Date. After that time, the BDI Litigation Trustee shall only make distributions at such time as the Litigation Trust, in the sole discretion of the Litigation Trustee (a) has accumulated at least \$250,000 in excess of amounts reasonably necessary for the investigation and prosecution of Preserved Causes of Action and the remaining administration of the BDILT, and (b) such excess funds are sufficient to make any interim

distribution reasonably economical. The BDI Litigation Trustee may seek further Court approval to define and make distributions to an administrative convenience class pursuant to § 1122(b) of the Bankruptcy Code. No de minimis distributions of less than \$5.00 shall be made. Any creditors who would be entitled to receive any interim distributions of less than \$5.00 shall receive the amount of those skipped interim distributions as a catch-up payment in a subsequent interim distribution or a final distribution as long the amount of those subsequent interim distributions or a final distributions is \$5.00 or more.

BDILT Assets. All assets of the Debtor, as described in § 541, which have not been sold prior to confirmation, will be transferred to the BDILT pursuant to § 1123,

All claims, causes of action, and other rights, powers, and interests of BullionDirect, Inc. and its subsidiaries, including without limitation, NBD Holdings, LLC, the BDI Trust and Nucleo Development Company, LLC, are preserved and will be transferred to the BDI Litigation Trust.¹¹ These are known as the “Preserved Causes of Action” and are more fully described in Exhibit E, attached hereto.

Precious Metals Inventories. The inventory of precious metals in the possession of the Debtor and in the IDS vault will be transferred to the BDI Litigation Trust free and clear of all liens, claims, encumbrances, and interests.

C. Feasibility of Plan

Distribution to creditors will be derived from liquidation of assets and the proceeds of settlements or judgments resulting from the BDILT’s investigation and pursuit of litigation claims after payment of the costs and expenses of the BDILT. There is no certainty that there will be funds from settlement or litigation of claims and causes of action available for distribution. To the extent that partial consideration for the sale of the BDI website platform includes any future profits interest for the BDI creditors, there is no certainty that profits will be generated.

¹¹ With the exception of the releases granted under the Huseman-Murph APA.

D. Claims Allowance Procedure

If a creditor or interest is scheduled in the Schedule of Liabilities filed by the Debtor, that schedule constitutes prima facie evidence of the validity and amount of the claims of creditors and interests. It is not necessary for a creditor or interest to file a proof of claim if there is not a disagreement as to the amount owed. If you disagree with the amount scheduled or you are a creditor whose claim or interest is not scheduled or scheduled as unknown, disputed, contingent, or unliquidated, you **MUST** have filed a proof of claim or interest by the bar date, January 25, 2016. Any unscheduled creditor who failed to file a proof of claim shall not be treated as a creditor with respect to such claim for purposes of voting and distribution.

THE BAR DATE FOR FILING PROOFS OF CLAIM IN THIS CASE WAS JANUARY 25, 2016. Any late filed claims will be deemed disallowed without further order of the Court upon confirmation of the Plan pursuant to Bankruptcy Rule 3003. Pursuant to Bankruptcy Rule 3003, any creditor who was scheduled as contingent, unliquidated, or disputed who did not file a claim will be treated as not having a claim for voting or Plan distribution. Notwithstanding the allowance of any creditor claim for purposes of voting, the right to object to allowance of creditor claims for purpose of distribution shall be reserved for and transferred to the BDI Litigation Trust along with any causes of action which could have been asserted against the holder of such claims. A list of Objectionable Claims is attached hereto as Exhibit F.

NO CLAIMS AGAINST ANY ENTITY OR CAUSES OF ACTION WILL BE RELEASED BY THE PLAN—ALL CLAIMS AND CAUSES OF ACTION WILL BE PRESERVED FOR THE BENEFIT OF CREDITORS.¹²
VOTING ON THE PLAN DOES NOT RELEASE ANYONE CASTING BALLOTS—FOR OR AGAINST—FROM ANY LIABILITY.

¹² Except as provided in the exculpation provision in Article XI of the Plan for the BullionDirect, Inc. chapter 11 bankruptcy estate professionals retained by order of the Bankruptcy Court and the releases granted under the Huseman-Murph APA.

Pursuant to Section 502 of the Bankruptcy Code, your claim will be allowed against a Chapter 11 estate in either (1) the scheduled amount or (2) the amount shown on your proof of claim unless the Debtor or a party in interest objects to your claim. The controversy will be set for a hearing, and the allowed amount of your claim will be determined by the Bankruptcy Judge. Generally, unsecured claims will not be allowed to accrue interest after the Filing Date, while secured claims may be allowed post-petition interest and other charges under Section 506 of the Bankruptcy Code. In order to be fully apprised of your claim rights, you should consult an attorney knowledgeable in bankruptcy matters.

You, the Claimant, have the responsibility for determining how your claim has been scheduled in the case. To avoid any possibility of error, you should check the Court records to determine how your claim has been scheduled. In order to protect your interests, consult YOUR ATTORNEY on any questions you may have concerning the Plan.

E. Retention of Jurisdiction

Once a Plan of Reorganization is confirmed by the Court, the Court's role changes. Until the case is closed, the Court shall have jurisdiction over the following matters. This list is meant to be descriptive and is not intended to be an exhaustive recitation of the Court's authority. The Court shall retain jurisdiction:

- 1) To insure that the purpose and intent of this Plan are carried out;
- 2) To consider any modification of this Plan under Section 1127 of the Code;
- 3) To hear and determine all claims, controversies, suits and disputes to which the Debtor or the BDILT is a party, including Preserved Causes of Action transferred to the BDI Litigation Trust;
- 4) To hear and determine all controversies, suits and disputes that may arise in connection with the interpretation or enforcement of this Plan;
- 5) To hear and determine all requests for compensation and/or reimbursement of expenses which may be made after the effective date of the Plan which relate to services rendered prior to confirmation of the Plan;

6) To hear and determine all objections to claims, controversies, suits and disputes that may be pending at or initiated after the effective date of the Plan, except as provided in the confirmation order;

7) To consider and act on the compromise and settlement of any claim against or cause of action on behalf of the Debtor or the estate;

8) To enforce and interpret by injunction or otherwise the terms and conditions of the Plan;

9) To enter an order concluding and terminating this case;

10) To correct any defect, cure any omission, or reconcile any inconsistency in the Plan or confirmation order which may be necessary or helpful to carry out the purposes and intent of the Plan;

11) To determine all questions and disputes regarding titles to the assets of the Debtor or the estate;

12) To classify the claims of any creditor and to re-examine claims which have been allowed for purposes of voting, and to determine objections which may be filed to creditors' claims (the failure by the Debtor to object to, or examine any claim for the purposes of voting shall not be deemed a waiver of the Debtor's right to object to, or re-examine the claim in whole or part);

13) To consider and act on such other matters consistent with this Plan as may be provided in the confirmation order;

14) To consider the rejection of executory contracts that are not discovered prior to confirmation and allow claims for damages with respect to the rejection of any such executory contracts within such further time as this Court may direct.

Consummation of the Plan will occur within 180 days from the Effective Date of the Plan unless there is a matter pending at that time, in which case no Application for Final Decree will be made until that matter is resolved.

F. What Debtor is Retaining

Upon confirmation of the Plan all property of the Debtor, and certain property of its non-debtor subsidiaries, will be transferred to the BDI Litigation Trust.

VI. ALTERNATIVES TO DEBTOR'S PLAN

The alternative to Debtor's Plan is a Chapter 7 liquidation. In the event that this case is converted to a Chapter 7, Debtor's property will be sold at the direction of a Chapter 7 Trustee. These sales are usually operated on a "quick sale" or "fire sale" basis and the amount recovered is only a percentage of the fair market value of the Property. Debtor believes that the most which would be gained from a Chapter 7 would be \$695,651.00 from the sale of the assets. [See **Exhibit B.**] This amount would go to pay administrative expenses, the Trustee's commission, and the secured creditors. Debtor does not believe that any amount would be available to pay unsecured creditors under a Chapter 7 liquidation.

VII. RISKS TO CREDITORS UNDER THE DEBTOR'S PLAN

The financial forecast set forth in this statement reflects the Debtor's judgment based on present circumstances and the most likely set of conditions and courses of action. The assumptions disclosed herein are those that Debtor believes are significant to the financial forecast and are key factors upon which the operating results of Debtor depend. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this statement. Therefore, actual results may vary from the financial forecast. However, Debtor does not believe the variations will be material.

Any forecasts based on Debtor's sales are subject to the risks generally incident to sales, including: adverse changes in national economic conditions; adverse changes in local market conditions due to changes in general or local economic conditions; and other factors which are beyond the control of Debtor.

VIII. CREDITORS' REMEDIES UPON DEFAULT

8.1 In the event that a creditor does not receive a payment required under the Plan, a creditor can send notice of said default to the BDILT Litigation Trustee, requesting a response within fourteen (14) days of receipt. If the BDILT Litigation Trustee fails to respond satisfactorily within 14 days, that creditor may seek relief from the Bankruptcy Court. Failure to seek relief within the applicable statute of limitations after the BDILT Litigation Trustee's failure to make payment required by the terms of this Plan, without regard to whether there has been given notice of failure to pay and without regard to whether default has occurred, shall cause the claim to be barred by limitations and waiver.

8.2 Internal Revenue Service:

(a) That the debt owed by the Debtor to the Internal Revenue Service (IRS) is a Non-Dischargeable debt, except as otherwise provided for in the Code, and that if the Debtor defaults, the IRS is not subject to the provisions of the Bankruptcy Code so that the IRS can take whatever actions are necessary to collect said debt in the event of default; the federal tax liens survive the plan confirmation, a bankruptcy discharge, and dismissal of the case. The Liens continue to be enforceable against all of the Debtor's property under federal law.

(b) A failure by the Debtor to make a payment to the Internal Revenue Service pursuant to the terms of the Plan and/or failure to remain current on filing and paying post-confirmation taxes, shall be an event of default, and as to the Internal Revenue Service, there is an event of default if payment is not received by the 15th day of each month. If there is a default, the Internal Revenue Service must send written demand for payment, and said payment must be received by the Internal Revenue Service within 15 days of the date of the demand letter. The Debtor can receive up to three notices of default from the Internal Revenue Service; however, on the third notice of default from the Internal Revenue Service the third notice cannot be cured, and the Internal Revenue Service may accelerate its allowed claim(s), past and future, and declare the outstanding amount of such claim(s) to be immediately due and owing and pursue any and all available state and federal rights and remedies. These default provisions pertain to the entire claim(s) of the Internal Revenue Service, secured, unsecured priority and unsecured general.

(c) The IRS is bound by the provisions of the confirmed plan and is barred under 11 U.S.C. § 1141 from taking any collection actions against the Debtor for prepetition claims during the duration of the Plan (provided there is no default as to the IRS). The period of limitations on collection remains suspended under 26 U.S.C. § 6503(h) for the tax periods being paid under the Plan and terminates on the earlier of (1) all required payments to the IRS have been made; or (2) 30 days after the date of the demand letter (described above) for which the Debtor failed to cure the default.

IX. TAX CONSEQUENCES TO THE DEBTOR

An analysis of federal income tax consequences of the Plan to Creditors and the Debtor requires a review of the Internal Revenue Code, the Treasury Regulations promulgated thereunder, judicial authority, and current administrative rulings and practice. The Plan and its related tax consequences are complex. The Debtor has not requested a ruling from the Internal Revenue Service, nor has he obtained an opinion of counsel. **This summary is provided for informational purposes only, and we assume no responsibility for the effect consummation of the Plan will have on any given creditor. Therefore, all creditors should consult with their own tax advisors concerning the particular effect to them of the federal, state, local and foreign tax consequences of the Plan.**

A. Tax Consequences to Debtor

Generally speaking, under the Internal Revenue Code of 1986 (the "Tax Code"), the filing of the Chapter 11 bankruptcy petition by Debtor results in the treatment of the estate as a separate taxable entity. The estate must file tax returns and pay taxes on its taxable income generated during the period of administration. Any tax liability payable by the estate would be an administrative claim. Accordingly, if the estate were to have a significant income tax liability, the funds available for distribution to unsecured creditors would be reduced.

The estate succeeds to the Debtor's tax attributes existing as of the first day of the taxable year in which the bankruptcy petition is filed. Accordingly, under the general rule, the estate would succeed to the Debtor's tax attributes existing as of January 1, 2015. These tax attributes could include any of the following: Debtor's net operating loss carryovers, investment tax credit carryovers, and tax bases in assets.

Under Tax Code Section 1398(d)(2), a debtor can make an election to terminate his taxable year as of the day prior to the date of the filing. The deadline for so electing has passed and Debtor did not elect to terminate his tax year.

Until Debtor's tax returns for the pre-bankruptcy period are filed, which is expected to occur prior to the date set for plan confirmation, the magnitude of the tax attributes available to the estate cannot be determined with certainty as of the time of this Disclosure Statement. However, given the large net operating losses reported by the Debtor in tax returns filed through Fiscal Year 2010 as well as preliminary estimates of Debtor's income and expenses for subsequent tax periods, it appears unlikely that the Debtor will have any income tax liability.

As of the date of this Disclosure Statement, no significant taxable events are believed to have occurred since the filing of this case in terms of disposition of estate property. The Tax Code [Section 1398(h)(8)] allows an estate to deduct administrative expenses during a bankruptcy case. Under Section 1398(f)(2) of the Tax Code, transfers from a bankruptcy estate to a debtor upon the termination of the estate will not be treated as a disposition giving rise to recognition of gain or loss. In such event, a debtor succeeds to the tax attributes of the estate.

At least two courts have found that debtors continue to have liability for any taxes resulting from dispositions of assets under plans, although there can be no assurance that such rulings will necessarily be followed by the Court under the facts of this case. The Plan requires Debtor's share of the taxes to be paid prior to any distribution to creditors upon the sale of a property. Taxes are potentially payable from dispositions of property by foreclosure, just as in the event of a voluntary sale. The amount of tax payable for sales of property encumbered by recourse debt would be measured by the fair market value of the property at the time of the sale, less the taxpayer's basis in the property. Further, disposition of property giving rise to losses and

disposition of property giving rise to gains could occur in different tax years. Therefore, the Plan may create some risk of a tax liability to the bankruptcy estate (Debtor).

INDIVIDUAL CREDITORS SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING THE EFFECT OF THE PLAN. TO PROTECT BOTH THE DEBTOR AND THE ESTATE FROM TAX CONSEQUENCES, THE DEBTOR OR ANY PARTY IN INTEREST MAY, WITH COURT APPROVAL, RETAIN ACCOUNTANTS TO EVALUATE TAX ISSUES.

B. Federal Income Tax Consequences to Creditors

The federal income tax consequences of the implementation of the Plan to a creditor will depend in part on whether, for federal income tax purposes, the obligation from which a creditor's claim arose constitutes a "security". The determination as to whether an obligation from which a creditor's claim arose constitutes a "security" for federal income tax purposes is complex. It depends on the facts and circumstances surrounding the origin and nature of the obligation. Generally, corporate debt obligations evidenced by written instruments with maturities, when issued, of five years or less, or arising out of the extension of trade credit, do not constitute "securities", whereas corporate debt obligations evidenced by written instruments with original maturities of ten years or more constitute "securities", the Debtor expresses no views with respect to whether the obligation from which a particular creditor's claim arose constitutes a "security" for federal income tax purposes. Creditors are urged to consult their own tax advisors in this regard.

Exchanges by creditors whose claims arise from obligations that do not constitute "securities", or whose claims are for wages or services, will be fully taxable exchanges for Federal income tax purposes. Such creditors who receive solely cash in discharge of their claims will recognize gain or loss, as the case may be, equal to the difference between (i) the amount realized by the creditor in respect of its claim (other than any claim for accrued interest) and (ii) the creditor's tax basis in its claim (other than any claim for accrued interest). For federal income tax purposes, the "amount realized" by a creditor who receives solely cash in discharge of its claim will be the amount of cash received by such creditor.

Where gain or loss is recognized by a creditor, the character of such gain or loss as a long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the creditor, whether the obligation from which a claim arose has been held for more than six months, and whether and to what extent the creditor has previously claimed a bad debt deduction.

To the extent any amount received (whether cash or other property) by a creditor is received in discharge of interest accrued on its claim during its holding period, such amount will be taxable to the creditor as interest income (if not previously included in the creditor's gross income). Conversely, a creditor will recognize a deductible loss (or, possibly, a write-off against a reserve for bad debts) to the extent any interest accrued on its claim was previously included in the creditor's gross income and is not paid in full.

X. LITIGATION

Civil and Criminal Investigations. On or after the petition date, the Debtor was the subject of inquiries or investigations by multiple attorneys general, the Travis County District Attorney and the Austin Police Department. In addition, investigations were begun by the

Federal Bureau of Investigation, the Internal Revenue Service, and the Commodities Futures Trading Commission. The Chief Restructuring Officer and counsel for the Debtor have fully cooperated with all investigatory authorities. The Chapter 11 proceeding is separate and apart from criminal and regulatory processes and investigations.

Claims Against Former Management and Other Business Partners. The Creditors Committee believes that potential litigation claims and causes of action exist against former management of BullionDirect and BullionDirect's professionals, consultants, vendors, business partners, transferees, and related parties. The Litigation Trustee will investigate, and where appropriate, pursue litigation and causes of action against former management, as well as professionals and consultants hired by the Debtor, all of which claims and causes of action ("Preserved Causes Of Action") are to be transferred by the Debtor to the BDILT.¹³ upon confirmation of the Plan. The Creditors Committee has indicated that causes of action for theft, conversion, malpractice, breach of contract, breach of fiduciary duty, actual fraud, preferential transfer, fraudulent transfer, civil conspiracy, aiding-and-abetting, and racketeering/RICO are among those being investigated. "Preserved Causes of Action" shall mean legal claims and causes of action which are transferred or assigned to the BDI Litigation Trust pursuant to 11 U.S.C. § 1123(a)(5)(B) and more fully described in Preserved Causes of Action, Exhibit E, attached hereto

Vault Inventory. In early 2015 BDI transferred stored metals from its vault in Austin, Texas, to the IDS vault in Delaware. Under the terms of *Joint Stipulation Regarding Contents of Vault* (Doc. No. 17), IDS and the Debtor agreed that no transfers from the vault would occur unless authorized by the bankruptcy court. According to IDS, the transferred metals did not arrive with any indication of the ownership of individual precious metal coins or bars. When the Chapter 11 was filed, the value of the stored metals was estimated at approximately \$700,000¹⁴, while creditors' claims are approximately \$25,000,000. Given the state of BDI's records and the

¹³ With the exception of the releases granted under the Huseman-Murph APA.

¹⁴ The original estimated value was \$700,000; however, the CRO received an unsolicited offer to purchase the contents of the IDS vault for \$650,000.

legal burden of individuals asserting title to specific items, it would be virtually impossible to track or trace the ownership of the coins and bars in the vault. The costs of such an attempt, even if possible, would also be prohibitively expensive. Under the circumstances, the contents of the vault should be transferred to the BDI Litigation Trust, to be liquidated, with the proceeds being used by the Litigation Trustee to administer the BDILT and for distribution to creditors if possible.

IF THE PLAN IS CONFIRMED, THE INVENTORY OF PRECIOUS METALS IN THE IDS VAULT AND IN THE POSSESSION OF THE DEBTOR WILL BE TRANSFERRED TO THE BDI LITIGATION TRUST FOR LIQUIDATION FREE AND CLEAR OF CREDITOR CLAIMS AND INTERESTS, WITH THE PROCEEDS TO BE USED FOR COSTS OF ADMINISTRATION, COSTS OF LITIGATION, OR FOR PAYMENT TO CREDITORS.

XI. ASSOCIATION OF DEBTOR WITH AFFILIATES¹⁵

Debtor is associated with affiliates as that term is defined in 11 U.S.C. § 101.

A. Nucleo Development Company, LLC (“NDC”) – A Texas limited liability company formed August 5, 2011. NDC is a wholly owned subsidiary of Debtor. NDC’s subsidiaries are Nucleo Staffing, LLC, NucleoCore, LLC, and NumisDirect, LLC. The entity was formed to develop the software necessary to implement the BDI web platform and patent, but also engaged in negotiations to acquire rights to security packaging technology for licensing or re-sale to end users. NDC also had its own subsidiary, NumisDirect, LLC, which attempted to operate a numismatic product trading site at www.numisdirect.com. It is anticipated that the BDI equity interest in, or assets of, NDC will be acquired by the party which purchases the BDI web-platform. Non-operating assets of NDC and NumisDirect will be transferred to the BDI Litigation Trust.

¹⁵ Debtor has filed reports under Bankruptcy Rule 2015.3 regarding the listed subsidiaries. The second such report, which was filed on March 9, 2016 (Doc. No. 145), contains additional detail.

B. NBD Holdings, LLC – A Texas limited liability company formed October 8, 2010. NBD is a wholly owned subsidiary of Debtor. As of the petition date, this entity had the Shaune and Christie Maycock note (balance \$38,751), which arose from a sale of a hangar at the San Marcos airport, and the Fort Worth Coin Company, Inc. note (balance \$92,000). Both notes had been treated as BDI assets, so that payments under both notes have been deposited into the BDI Debtor-in-Possession bank account. This entity also invested \$405,000 in NBFog, Inc. A San Marcos, Texas, attorney, Bart Behr, served as the chief executive of NBD Holdings, according to him as an accommodation to Charles McAllister. NBD Holdings and all of its assets will be transferred to the BDI Litigation Trust.

C. BDI Trust – A trust set up in 2011 primarily for hedging. On the petition date, BDI Trust had a bank account balance of \$20,158.45, which was transferred to BDI. BDI Trust will be transferred to the NBD Holdings and all of its assets will be transferred to the BDI Litigation Trust.

XII. SUMMARY OF SIGNIFICANT ORDERS ENTERED DURING THIS CASE

As of the date this Disclosure Statement was filed, the only significant orders entered in this case are as follows:

#	Date Entered	Description
29	8/4/2015	Order Authorizing Payment of Expenses of Debtor in Possession
36	8/7/2015	Agreed Order Granting Debtor's Emergency Motion for Order Limiting Notice and Implementing Certain Notice Procedures
38	8/10/2015	Agreed Order Authorizing the Disposition of Undeposited Checks
43	8/11/2015	Order Granting Complex Chapter 11 Bankruptcy Case Treatment
96	9/15/2015	Order Extending Deadline for Filing Proofs of claim by Creditors to January 25, 2016
110	9/28/2015	Order Authorizing Debtor to Destroy, Return or Deposit Checks
155	3/29/2016	Order (a) Authorizing Debtor to Enter Into an Agreement for the Sale of Assets Free and Clear of Claims, Interests, Liens and Encumbrances, (b) Approving Procedures and Notice with Respect to Sale, (c) Scheduling an Auction and Hearing for Approval of Sale, and (d) Granting Related Relief
168	5/19/2016	Order Establishing Procedures for Omnibus Procedural Objections to Proofs of Claim Filed Against the Debtor's Estate
172	5/23/2016	Order Approving Debtor's Sale of Assets Free and Clear of Claims, Interests, Liens and Encumbrances Pursuant to 11 U.S.C. §§ 105 and 363

XIII. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

13.1 Rejection of Executory Contracts.

13.1.1 On the Effective Date, all executory contracts and unexpired leases to which the Debtor is a party that have not otherwise been previously assumed or rejected pursuant to a Final Order of the Court or which are otherwise listed on Exhibit C hereto shall be deemed rejected without further notice or order.

13.1.2 The Confirmation Order shall constitute an order of the Bankruptcy Court approving such rejections, pursuant to Section 365 of the Bankruptcy Code, effective as of the Petition Date. Any party to an executory contract or unexpired lease identified for rejection as provided herein may, within the same deadline and in the same manner established for filing objections to Confirmation, file any objection thereto. Failure to file any such objection within the time period set forth above shall constitute consent and agreement to the rejection.

13.2 Bar Date for Filing Rejection Claims.

If the rejection of an executory contract or unexpired lease pursuant to this Plan gives rise to a Rejection Claim by the other party or parties to such contract or lease, such Rejection Claim, to the extent that it is timely filed, shall be classified as a general Unsecured Claim; *provided, however,* any Rejection Claim arising from the rejection of an executory contract or unexpired lease shall be forever barred and shall not be enforceable against the Debtor, the Estate, or after the Effective Date, the BullionDirect, Inc. Litigation Trust, unless a proof of Rejection Claim is filed and served on the Debtor or the Litigation Trustee, as applicable, by the Rejection Damages Bar Date (which Rejection Damages Bar Date is thirty (30) days after the Effective Date). The Litigation Trustee shall file any objection to a Rejection Claim on or before the Claims Objection Deadline.

XIV. EXCULPATIONS

The Debtor, including the Chief Restructuring Officer, the Creditors Committee, and their respective directors, managers, officers, employees, partners, members, agents, representatives, accountants, financial advisors, investment bankers, or attorneys (but solely in their capacities as such) shall not have or incur any liability for any claim, cause of action or other assertion of liability for any act taken or omitted to be taken since the Commencement Date in connection with, or arising out of, the Chapter 11 Case, the formulation, dissemination, confirmation, consummation, or administration of this Plan, property to be distributed under the Plan, or any other act or omission in connection with the Chapter 11 Cases, this Plan, the

Disclosure Statement or any contract, instrument, document or other agreement related thereto; provided, however, that the foregoing shall not affect the liability of any Person that would otherwise result from any such act or omission to the extent such act or omission is determined by a Final Order to have constituted willful misconduct, gross negligence, actual fraud, or criminal conduct, or intentional unauthorized misuse of confidential information that causes damages. In addition, under the stalking horse bid of Huseman and Murph, which was accepted and approved by the Court, Huseman, Murph, Platform Universe, LLC (the new company they formed to purchase the assets), and their legal counsel for the bankruptcy case received a limited release of Preserved Causes of Action.

XV. CONCLUSIONS

Debtor believes that this Disclosure Statement provides adequate information to its creditors and that the Court should so find.

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Respectfully submitted,

BULLIONDIRECT, INC.

By: 

Dan Bensimon, President/CRO
Debtor-in-Possession

MARTINEC, WINN & VICKERS, P.C.
919 Congress Avenue, Suite 200
Austin, TX 78701- 2117
(512) 476-0750/FAX (512) 476-0753
martinec@mwvmlaw.com

By: 

Joseph D. Martinec
State Bar No. 13137500
Attorneys for Debtor-in-Possession

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing *Amended Disclosure Statement* has been served via the Court's ECF Noticing System, by First Class Mail, postage prepaid, or by e-mail upon the current Master Limited Service List on this 14th day of June, 2016.

U. S. Trustee
903 San Jacinto, Ste. 230
Austin, TX 78701
(via ECF)


Joseph D. Martinec

BullionDirect, Inc. - Summary of Tax Returns (1999 - 2009)*

Bullion Direct Inc.												
Summary Tax Return by Year												
September 16, 2010												
	For the year	For the year	For the year	For the year	For the year	For the year	For the year	For the year	For the year	For the year	For the year	
	Ended 6-30-00	Ended 6-30-01	Ended 6-30-02	Ended 6-30-03	Ended 6-30-04	Ended 6-30-05	Ended 6-30-06	Ended 6-30-07	Ended 6-30-08	Ended 6-30-09	Ended 6-30-10	
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Summary
Income and Deductions												
Gross Receipts	382,200	1,144,071	2,015,643	5,106,779	9,740,142	8,900,840	16,773,017	32,693,419	72,498,591	104,382,433	75,886,773	329,523,908
Cost of Goods Sold	362,887	1,224,259	1,942,583	4,466,601	10,076,758	10,210,099	16,275,445	36,781,183	74,081,612	106,530,414	74,333,474	336,285,315
Gross Profit	19,313	(80,188)	73,060	640,178	(336,616)	(1,309,259)	497,572	(4,087,764)	(1,583,021)	(2,147,981)	1,553,299	(6,761,407)
Interest Income	420	28	0	0	0	103	694	1,202	285	224,316	23,923	250,971
Capital Gain	0	0	2	0	57,185	96,024	82,862	17,053	11,208	0	(5,984)	258,350
Other Income	214	(120)	130	1	4	3	7	78	124	185,612	2,194	188,247
Total Income	19,947	(80,280)	73,192	640,179	(279,427)	(1,213,129)	581,135	(4,069,431)	(1,571,404)	(1,738,053)	1,573,432	(6,063,839)
Compensation of Officers	51,750	80,290	69,000	69,000	69,000	79,183	79,917	137,500	242,202	365,251	311,000	1,554,093
Salaries and wages	15,912	39,676	36,262	22,502	85,898	121,181	201,249	359,407	658,987	1,025,404	1,308,021	3,874,499
Repairs and Maintenance	216	0	0	0	1,892	758	331	2,483	5,953	1,840	15,614	29,087
Bad Debts	0	0	0	0	0	0	0	0	537	13,983		14,520
Rents	21,253	20,336	11,861	12,923	12,012	22,610	32,412	73,918	78,584	78,206	140,975	505,090
Taxes and Licenses	6,350	11,491	8,309	8,925	13,561	17,979	22,529	47,750	63,992	85,919	124,671	411,476
Interest Expense	560	4,513	10,808	19,161	8,029	9,025	3,598	952	77	75,997	12,572	145,292
Depreciation	25,367	133,796	131,070	109,043	3,687	4,844	5,749	17,960	29,948	41,367	235,990	738,821
Advertising	465	292	2,857	136	13	1,000	0	1,848	14,281	3,321	3,216	27,429
Other Deductions	45,674	62,714	51,633	134,465	107,683	98,930	155,657	372,685	436,525	698,738	1,276,614	3,441,318
Total Deductions	167,547	353,108	321,800	376,155	301,775	355,510	501,442	1,014,503	1,531,086	2,390,026	3,428,673	10,741,625
Taxable Income	(147,600)	(433,388)	(248,608)	264,024	(581,202)	(1,568,639)	79,693	(5,083,934)	(3,102,490)	(4,128,079)	(1,855,241)	(16,805,464)
NOL Carry Forward	(147,600)	(580,988)	(829,596)	(565,572)	(1,146,774)	(2,715,413)	(2,635,720)	(7,719,654)	(10,822,144)	(14,950,223)	(16,805,464)	
Balance Sheet												
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
Cash	27,564	55,880	12,076	(18,132)	46,873	38,895	865,948	874,913	1,105,814	1,693,189	2,642,715	
Trade Notes and Accounts Receivable	0	0	0	0	0	0	0	0	535,660	535,660	535,660	
Inventories	38,281	0	0	0	0	0	0	0	0	0	0	
Other Current Assets	5,251	5,251	428,627	616,632	789,781	1,285,716	27,058	1,548,637	45,282	261,632	508,202	
Loans to Shareholders	0	0	0	0	0	84,936	184,453	335,784	407,058	526,302	1,441,476	
Other Investments	0	0	0	54,130	117,385	120,512	29,057	(2,587)	8,906	172,975	238,025	
Buildings and other Depreciable Assets	379,521	242,121	111,051	4,292	7,550	10,019	30,808	44,398	86,733	137,811	1,075,481	
Other Assets	0	0	0	0	0	0	0	0	25,241	580,956	0	
Intangible Assets	794	514	234	0	0	0	0	1,000	3,575	3,330	147,528	
Total Assets	451,411	303,766	551,988	656,922	961,589	1,540,078	1,137,324	2,802,145	2,218,269	3,911,855	6,589,087	
Liabilities and Shareholders' Equity												
Accounts Payable	26,836	57,935	15,534	20,758	10,109	4,340	9,211	54,849	3,140	51,315	1,674,872	
Other Current Liabilities	25,091	16,339	19,106	25,978	4,800	9,585	7,485	18,986	18,954	46,079	108,090	
Loans from Shareholders	0	50,000	50,000	50,000	0	0	0	0	0	0	0	
Mortgages/Notes payable 1 year or more		186,483	723,943	559,108	1,552,765	3,703,995	3,354,440	10,063,696	12,458,617	18,498,977	21,376,252	
Other Liabilities	145,000	145,000	145,000	139,400	114,800	112,300	0	0	216,343	0	0	
Common Stock	403,000	430,000	430,000	430,000	430,000	430,000	430,000	430,000	430,000	430,000	430,000	
Retained Earnings	(148,516)	(581,991)	(831,595)	(568,322)	(1,150,885)	(2,720,142)	(2,663,812)	(7,765,386)	(10,908,785)	(15,114,516)	(17,000,127)	
Total Liabilities and Shareholders' Equity	451,411	303,766	551,988	656,922	961,589	1,540,078	1,137,324	2,802,145	2,218,269	3,911,855	6,589,087	

* The tax return data contained in this summary appears to have been based on "estimated" data provided by management of BDI to the tax return preparer, Cantrell & Cantrell. The CRO is unable to verify the accuracy of the data contained in the returns or this summary.

BULLIONDIRECT, INC.

Analysis of Current and Liquidation Value of Assets

#/Category	Description	Scheduled Value	Value (3/1/2016)	Liquidation Value
1. Cash	\$1.00 Silver Certificate	\$1.00	\$1.00	\$1.00
2. Bank Accounts	Wells Fargo Accounts	\$181,215.62	\$204,984.34	\$0.00
8. Firearms	Bushmaster A3 Carbine	\$900.00		
	Springfield Armory XD(M) Pistol	500.00		
	Total Firearms	\$1,400.00	\$900.00	\$900.00
9. Insurance	Northwestern Mutual Term Life Insurance (Key-man policy – Charles McAllister)	Unknown	\$0.00	\$0.00
13. Stock	100% Stock in NBD Holdings, LLC	\$56,500.83	--	
	Shaune & Christie Maycock Note*		38,751.00	
	Receivable from Chad McAllister*		18,000.00	
	Total NBD Holdings	\$56,500.83	\$56,751.00	\$15,000.00
	100% Stock in Nucleo Development Company, LLC (Debts exceed cash on hand)	Unknown	\$0.00	\$0.00
16. Accounts Receivable	Receivable from Nucleo Development Company, LLC	Unknown	\$0.00	\$0.00
18. Notes Receivable	Fort Worth Coin Company, Inc.	\$98,886.41	\$92,000.00	\$25,000.00
20. Interest in Trust	The BDI Trust (Scheduled amount overestimated by \$5,000; all cash transferred to BDI DIP Account)	\$20,158.45	\$0.00	\$0.00

F:\BullionDirect Inc\Disclosure Statement & Plan of Reorganization\Personal Property List.docx

* Previously included in the value of NBD Holdings, LLC

EXHIBIT B

#/Category	Description	Scheduled Value	Value (3/1/2016)	Liquidation Value
21. Other Contingent Claims	Loss Carry-Forward from 2009/2010 Tax Return (\$17,044,673.00)	Unknown	\$0.00	\$0.00
	Insurance Claim against Lloyds, London for Lost Product (Collected; September MOR)	\$7,045.00	\$0.00	\$0.00
	Claim against IDS for Shipping Error on Product sent to Beverly Frye	\$2,950.00	\$0.00	\$0.00
	Potential Claim Against Corbin Tuma	Unknown	Unknown	Unknown
	Potential Claim against Charles H. McAllister and any other officer or director of BullionDirect, Inc.	Unknown	Unknown	Unknown
	Potential Claim against Equity Trust Company/Sterling Trust Company	Unknown	Unknown	Unknown
22. Patents, trademarks, intellectual property	Domain Names	Unknown	Unknown	Unknown
	Patent #7584135 – Electronic trading and delivery platform	Unknown	Unknown	Unknown
	Trademarks	Unknown	Unknown	Unknown
24. Customer list	Customer List	Unknown	Unknown	Unknown
28. Office equipment, furnishings	Gun Safes	\$600.00		
	3 Computers	450.00		
	Filing Cabinets	150.00		
	Tool Cabinet and Tools	50.00		
	Total Office Equipment/Furnishings	\$1,250.00	\$1,000.00	\$500.00
	Office Furniture & Equipment (In Storage)-IDS, New Castle, Delaware, & CubeSmart	Unknown	\$4,000.00	\$4,000.00

#/Category	Description	Scheduled Value	Value (3/1/2016)	Liquidation Value
29. Machinery, fixtures, equipment Used in Business	Nikon Camera, Tripod, Lenses, and Equipment	\$700.00	\$250.00	\$250.00
30. Inventory Held for Others	IDS Vault Inventory**, New Castle, Delaware	Unknown	\$650,000.00	\$650,000.00
	Inventory (Insurance Value), Austin, Texas (Now included in Vault Inventory)	\$116,000.00	0.00	0.00
	Total Inventory	\$116,000.00	\$650,000.00	\$650,000.00
	GRAND TOTAL	\$486,107.31	\$1,009,886.34	\$695,651.00

** Under the Debtor's Plan the contents of the vault will be transferred to the BullionDirect, Inc. Litigation Trust.

B 6G (Official Form 6G) (12/07)

In re BullionDirect, Inc.,

Debtor

Case No. 15-10940-tmd

(if known)

SCHEDULE G - EXECUTORY CONTRACTS AND UNEXPIRED LEASES☐ Check this box if debtor has no executory contracts or unexpired leases.

NAME AND MAILING ADDRESS, INCLUDING ZIP CODE, OF OTHER PARTIES TO LEASE OR CONTRACT.	DESCRIPTION OF CONTRACT OR LEASE AND NATURE OF DEBTOR'S INTEREST. STATE WHETHER LEASE IS FOR NONRESIDENTIAL REAL PROPERTY. STATE CONTRACT NUMBER OF ANY GOVERNMENT CONTRACT.
CubeSmart 610 E. Stassney Lane Austin, TX 78745	Description: Rental of Storage Unit (with Nucleo Development Company, LLC) Nature of Debtor's Interest: Lessee
Efax 6922 Hollywood Blvd., 5th Floor Los Angeles, CA 90028	Description: Email Fax Service Contract Nature of Debtor's Interest: Contractor
Contegix Attn: Billing 210 North Tucker, 6th Floor St. Louis, MO 63101	Description: Hosting BullionDirect Website Nature of Debtor's Interest: Contractor
Constant Contact 85 Second Street, Ste. 100 San Francisco, CA 94105	Description: Marketing/Communication Nature of Debtor's Interest: Contractor
Live Person 475 Tenth Avenue, 5th Floor New York, NY 10018	Description: Customer Service Portal Nature of Debtor's Interest: Contractor
PayPal 2211 N. First St. San Jose, CA 95131	Description: Merchant Account Nature of Debtor's Interest: Contractor
Rackspace P.O. Box 730759 Dallas, TX 75373-0759	Description: Cloud Hosting Nature of Debtor's Interest: Contractor
Amazon Web Services, Inc. 410 Terry Ave. North Seattle, WA 98109-5210	Description: Hosting Nature of Debtor's Interest: Contractor
Phone.com 211 Warren Street Newark, NJ 07103	Description: Telephone/Voicemail Service Nature of Debtor's Interest: Contractor

B 6G (Official Form 6G) (12/07)

In re BullionDirect, Inc.,

Debtor

Case No. 15-10940-tmd

(if known)

SCHEDULE G - EXECUTORY CONTRACTS AND UNEXPIRED LEASES

NAME AND MAILING ADDRESS, INCLUDING ZIP CODE, OF OTHER PARTIES TO LEASE OR CONTRACT.	DESCRIPTION OF CONTRACT OR LEASE AND NATURE OF DEBTOR'S INTEREST. STATE WHETHER LEASE IS FOR NONRESIDENTIAL REAL PROPERTY. STATE CONTRACT NUMBER OF ANY GOVERNMENT CONTRACT.
Dream Host 12235 El Camino Real, Ste. 200 San Diego, CA 92130	Description: Hosting Nature of Debtor's Interest: Contractor
Hootsuite Media 5 E. 8th Ave. Vancouver, BC V5T 1R6 CANADA	Description: Marketing Suite Nature of Debtor's Interest: Contractor
Junction Networks 55 Broad Street, 20th Floor New York, NY 10004	Description: VOIP Phone Service Contract Nature of Debtor's Interest: Contractor
Endicia 278 Castro Street Mountain View, CA 94041-1204	Description: Shipping Software Nature of Debtor's Interest: Contractor
Time Warner Cable Attn: Recovery Support 3347 Platt Springs Rd. West Columbia, SC 29170	Description: Internet Services Nature of Debtor's Interest: Contractor
3Seventy 2224 Walsh Tarlton Lane #220 Austin, TX 78746	Description: Mobile Site Maintenance Nature of Debtor's Interest: Contractor
Zayo Colocation, Inc. P.O. Box 209008 Dallas, TX 75320	Description: Hosting - Telecommunications Service Nature of Debtor's Interest: Contractor
Kount, Inc. 917 Lusk St. Boise, ID 83706	Description: Fraud Filtering Software Service Nature of Debtor's Interest: Contractor

B 6G (Official Form 6G) (12/07)

In re BullionDirect, Inc.,

Debtor

Case No. 15-10940-tmd

(if known)

SCHEDULE G - EXECUTORY CONTRACTS AND UNEXPIRED LEASES

NAME AND MAILING ADDRESS, INCLUDING ZIP CODE, OF OTHER PARTIES TO LEASE OR CONTRACT.	DESCRIPTION OF CONTRACT OR LEASE AND NATURE OF DEBTOR'S INTEREST. STATE WHETHER LEASE IS FOR NONRESIDENTIAL REAL PROPERTY. STATE CONTRACT NUMBER OF ANY GOVERNMENT CONTRACT.
Travelers P.O. Box 660317 Dallas, TX 75266-0317	Description: Liability Insurance Nature of Debtor's Interest: Purchaser
Diamond State Depository, LLC d/b/a International Depository Services of Delaware (IDS) Attn: Operations Department 406 West Basin Road New Castle, DE 19720	Description: Corporate Custody Agreement Nature of Debtor's Interest: Contractor
Dacey, Richard, Philford Johnson & April Sheehy 100 Passaic Avenue, Ste. 110 Fairfield, NJ 07004	Description: Brokers Agreement dated 7/25/2014

PRESERVED CAUSES OF ACTION

**NO CLAIMS OR CAUSES OF ACTION WILL BE RELEASED BY THE
PLAN—ALL CLAIMS AND CAUSES OF ACTION WILL BE PRESERVED
FOR THE BENEFIT OF CREDITORS.¹**

**VOTING ON THE PLAN DOES NOT RELEASE ANYONE CASTING
BALLOTS—FOR OR AGAINST—FROM ANY LIABILITY.**

All claims, causes of action, and other rights, powers, and interests of BullionDirect, Inc. and its subsidiaries, including without limitation, NBD Holdings, LLC, the BDI Trust and Nucleo Development Company, LLC, are preserved. These are known as the “Preserved Causes of Action.”

The Preserved Causes of Action include all claims, causes of action, and other rights, powers, and interests that may be asserted by BullionDirect, Inc. under 11 U.S.C. § 544, including the rights that may be asserted by hypothetical lien creditors, execution creditors, or bona fide purchasers of real property from the debtor.

The Preserved Causes of Action include all claims and causes of action against any person or entity, regardless of whether they are creditors or not, and regardless of whether they voted on the Plan or not. No person may obtain a release of any potential liability by supporting or opposing the Plan. Instead, any potential claims for liability are being preserved for the benefit of all creditors.

The Preserved Causes of Action may arise from the beginning of time through the consummation of the Plan, and shall be fully preserved and vested in the BDI Litigation Trust.

The BDI Litigation Trust shall have full power over the Preserved Causes of Action, and may prosecute, settle, release, sell, or otherwise dispose of the Preserved Causes of Action.

Examples of potential Preserved Causes of Action and potential defendants are provided below are not complete. The listing of these potential causes of action and defendants is provided without limitation and does not release any unlisted potential causes of action or unlisted potential defendants from any potential liability.

The listing of these potential defendants does not mean that any position whatsoever is being taken about the liability, culpability, or legal responsibility of any person or entity listed below. The persons and firms listed below may have no involvement whatsoever with BullionDirect. They may be completely innocent of any wrongdoing and free of liability. This extensive disclosure is only being made out an abundance of caution to ensure that all claims and causes of action are fully preserved for the benefit of creditors in accordance with binding legal precedents set by United State Court of Appeals for the Fifth Circuit. *See Dynasty Oil & Gas, L.L.C. v. Citizens Bank (In re United Operating, L.L.C.)*, 540 F.3d 351 (5th Cir. 2008) and

¹ Except as provided in the exculpation provision in Article XII of the Plan for the BullionDirect, Inc. chapter 11 bankruptcy estate professionals retained by order of the Bankruptcy Court.

PRESERVED CAUSES OF ACTION

Spicer v. Laguna Madre Oil & Gas II, LLC (In re Texas Wyoming Drilling, Inc.), 647 F.3d 547 (5th Cir. 2011).

1. The Preserved Causes of Action include, without limitation:
 - a. all causes of action arising under the Bankruptcy Code, including without limitation claims arising under or relating to 11 U.S.C. §§ 105, 362, 363(m), 363(n), 510(c), 524, 541, 542, 543 544, 545, 547, 548, 549, 550, 551, and 553;
 - b. all causes of action arising under other applicable federal law, including without limitation claims under the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. § 1961 *et seq.*, and the Securities Act of 1933 and the Securities Exchange Act of 1934, 15 U.S.C. §§ 77a *et seq.* and 78a *et seq.*;
 - c. all causes of action under the applicable laws of any state or country, including without limitation the Texas Uniform Transfer Act, Tex. Bus. & Com. Code § 24.001 *et seq.*, the Texas Securities Act, Tex. Rev. Civ. Stat. Art. 581-1, *et seq.*, and the Texas Theft Liability Act, Tex. Civ. Prac. & Remedies Code, § 134.001 *et seq.*;
 - d. all claims arising under or relating to that certain *Asset Purchase Agreement and Release* approved by the Bankruptcy Court on May 23, 2016, Docket No. 172;
 - e. all common law claims and causes of action under the applicable laws of any state or country, including without limitation claims for breach of fiduciary duty, corporate waste, legal malpractice, other professional malpractice, theft, conversion, trover, detinue, trespass, replevin, embezzlement, fraud, fraudulent inducement, breach of contract, and unjust enrichment; and
 - f. all claims for secondary or vicarious liability, including without limitation claims for conspiracy, aiding and abetting, respondeat superior, and controlling person liability.
2. The potential defendants in the Preserved Causes of Action include, without limitation:
 - a. any creditors or other persons or entities who filed proofs of claim in the Bankruptcy Case or who are listed on any of the schedules filed in the Bankruptcy Case;
 - b. Any persons or entities listed on the Statement of Financial Affairs filed in the Bankruptcy Case;
 - c. all officers, directors, and employees of BullionDirect, Inc. or its subsidiaries including without limitation Charles McAllister, Corbin Tuma, Randy Russell, Greg Russell, Taylor Russell, Julie Mayfield, Natash Bernal, Bradley Plies, Blake Thomas, Travis Irmen, Jason Parrish, Jason Otteson, Yalim Aytul, Jim Cannon, Garrett Schaefer, Richard Meisenheimer;
 - d. all shareholders of BullionDirect, Inc. or its subsidiaries including without limitation Charles McAllister, Bradley Plies, Vivek Katyal, Royal Precious Metals Company, John McNamara, Curtis and Sherry Lang, Norman and Maxine McAllister, Kathy and Ronald White, Beverly Dickinson, Michael and Lee Hartung, James and Cherry Wong, Douglas Cressman, Joyce Orrell, Robert Mills, Billy Mills, Celeste Scarborough, Roberta Mills,;

PRESERVED CAUSES OF ACTION

- e. all immediate recipients of funds, assets, investments, or other property or consideration from BullionDirect, Inc. or its subsidiaries, including without limitation NBFog, Inc., Texas Wildlife Unlimited, Inc., United Realty, 370 Mobile Application Company, Lavaca Ingram, Inc., Lavaca Fog, Inc., Ingram Fog, Inc. and persons associated with entities, including Michael Bonner, Laura Doerfler, Mike Williams, Lindsey Burtall, Tuc Saniloglu, Theresa Semester, Brett _____, Kim _____, Matt Merit, Sammy Knight, Mike Callahan, Hugh Sanderson, David Love, Bill Bryant, Dubois Bryant & Campbell, LLP, Marty Akins, Bryant Lee;
- f. all parties owing contractual obligations to BullionDirect, Inc. or its subsidiaries, including without limitation Fort Worth Coin Company, Inc., Lloyds of London, and Platform Universe, LLC, and Cheryl Huseman and Jack Murph;²
- g. all professionals and professional firms providing services to BullionDirect, Inc. or its subsidiaries, including without limitation Russell & Mayfield, LLP, Clark Thomas Winters, LLP, Dechert LLP, Jackson Walker, LLP, Munsch Hart Kopf & Harr, PLLC, The Martin Law Firm, LLP, Duggins Wren Mann & Romero, LLP, Cantrell & Cantrell, LLP, and the individual professionals associated with such firms;
- h. all vendors providing goods and services to BullionDirect, Inc. or its subsidiaries, including without limitation Dillon Gage, Inc., Institutional Depository Services, Inc., Institutional Depository Services of Delaware, Inc., and Diamond State Depository, Inc.;
- i. Equity Trust Company and Sterling Trust Company;
- j. all of the parents, subsidiaries, directors, officers, employees, representatives, and other affiliates of the above-mentioned persons or entities;
- k. any person or entity who controlled, conspired with, aided and abetted, or are otherwise legally responsible for or culpable for any of the above-mentioned persons or entities; and
- l. all subsequent transferees of the above-mentioned persons or entities.

² As stated above, nothing in this Exhibit creates or releases any claims. Instead, this Exhibit only preserves any claims that may exist. This Exhibit accordingly does not affect the terms of the Huseman-Murph APA or the releases provided therein.

BULLIONDIRECT, INC.

Objectionable Claims

NOTICE: The failure by the Debtor to object to any claim for the purposes of allowance for voting shall not be deemed a waiver of the Debtor's or Litigation Trustee's right to re-examine or object to the claim in whole or part.

Claim No	Claimant	Filed in Debtor's Name	Duplicate Claims*	Secured	Priority	Unliquidated Claim	Paid	Claim Exceeds Scheduled Amount**	Late-Filed
289	Alcantara, Edwin L.			✓					
382	BullionDirect/Allen, Brian	✓							
207	Anderson, Joel			✓	✓			✓	
82, 90	Andrasek, Michael (Conflicting Claim Amounts)		✓			✓			
266	BullionDirect/Armstrong, James E. IV	✓							
15	Asif Siddiqui, Omer							✓	
133, 136	Banerjee, Santanu (Conflicting Claim Amounts)		✓		✓	✓		✓	
158	Barnwell, William			✓					
146	Beasley, Vicki C.						✓		
168, 170	Bentz, Gary Robert		✓						
294, 317	Bocanegra, Lorraine D.		✓						
361	Borders, Guy T.							✓	
362	Borders, Marisa H.							✓	
446	Boyd, Elizabeth A. (Conflicting Claim Amounts)			✓		✓			
196	Bradstreet, Austin			✓					
84	Brewster, Michael							✓	
494	Burns, Kenneth S. Jr.							✓	
350	Busby, Milton S.			✓	✓				

Claim No	Claimant	Filed in Debtor's Name	Duplicate Claims*	Secured	Priority	Unliquidated Claim	Paid	Claim Exceeds Scheduled Amount**	Late-Filed
401	BullionDirect/Cain, Tim	✓							
461	Cappon, Cheryl			✓					
222	Carter, Jon					✓			
488	BullionDirect/Cate, Blaine W.	✓							
237	Chang, Ming-Ji			✓					
312	Chinnathambi, Shan			✓					
86	Christian, Cecil			✓					
167	Cody, Douglas R.			✓					
405	BullionDirect/Corrente, Peter P.	✓		✓					
516	Consolidated Recovery Group, LLC (Intuit Payment Solutions)							✓	
226	Covey, James D.			✓					
48	Crespin, Sherri			✓					
315	Curry, Tia			✓				✓	
356	Davidson, Kevin			✓					
443	DeFore, Anthony N.			✓				✓	
163	Dinsmore, Alton J.			✓				✓	
302	Donahue, Jim			✓					
83	Fahrenbacher, Ronald J. & Dorothea M.			✓					
521	Farrelly, Peter Robert								✓
73	Filippelli, Vincent J.			✓					
270	Franek, Matthew			✓					
211	BullionDirect/Friend, Jed	✓							
463	Gande, Sampath				✓				
201	Gilbert, Marvin L.					✓			
63	Goebel, Werner							✓	
307	Gosper, Brian			✓					
308	Gosper, Kirsten			✓					
269	BullionDirect/Gratzel, Christopher	✓							

Claim No	Claimant	Filed in Debtor's Name	Duplicate Claims*	Secured	Priority	Unliquidated Claim	Paid	Claim Exceeds Scheduled Amount**	Late-Filed
110	Greenleaf, Clint			✓					
444	Guardino, Joseph D.				✓				
9	Gupta, Kshitiz			✓					
368, 157	Gupta, Rajan & BullionDirect	✓ (157)	✓		✓ (157)				
369, 157	Gupta, Rajan & BullionDirect	✓ (157)	✓		✓				
11, 419	Halepoto, Zeba		✓			✓ (11)		✓ (419)	
504	Haworth, Jeff					✓			
520	BullionDirect/Hilton, Bradley	✓							✓
432	BullionDirect/Hoffman, Marc	✓			✓				
400	Holloway, Nathaniel			✓					
257	Hopkins, Kathleen			✓					
46	Hryncewich Jr., John A.			✓					
8, 259	Hsieh, Jerry		✓						
330	Hughes, Peter S.			✓					
519	BullionDirect/Illano III, Edilberto C.	✓							✓
198	Jack, Bryson					✓			
171	James, Johnathan Earl			✓					
202	Jennings, Thomas L.				✓				
263	Jett, Walter (Walter Shields Jett SEP IRA)							✓	
74	Johnson, Michael			✓					
492	Jordan, Jeffery B.							✓	
450	Jubran, Sid / Sadiq Jubran			✓					
219	Kandukuri, Rajendra Prasad					✓			
438	Key, J. Scott			✓					
94	Khan, Murtuza				✓				

Claim No	Claimant	Filed in Debtor's Name	Duplicate Claims*	Secured	Priority	Unliquidated Claim	Paid	Claim Exceeds Scheduled Amount**	Late-Filed
117	Kjeer, Clayton				✓				
445	Klein, Robert S.			✓					
5	Kline, James Bradford					✓			
6	Kline, Kristy Pierce					✓			
107	Knight, Kirk M.			✓	✓				
115	Komarek, Stefan R.			✓					
47	Kount, Inc. (Schedule G)							✓	
288	Krueger, Donald E.				✓				
68	Lastowiecki, Przemyslaw							✓	
358, 359	Lennen, Ralph & BullionDirect	✓ (358)	✓						
515	Lettang, Peter			✓				✓	
104	Levey, Norman H.			✓					
394	Levine, Phyllis J.			✓	✓				
286, 287	Lewis, Joshua & BullionDirect	✓ (286)	✓			✓ (287)			
465	BullionDirect/Luebke, Tyler J.	✓							
227	M2S Consulting 401k Plan (Joel Gladden, President/CEO)				✓				
411	Mahon, Kirk & Stephanie							✓	
384	BullionDirect/Martin, Michael Rabon	✓							
281	Martinez, Sherry					✓			
513	McCann, Jr. MD, Louis S.			✓				✓	
197	McCullough, David			✓	✓				
153	McKee, Brigitte S.			✓				✓	
64	McLean, Paul E.			✓					
283	Miller, Jacki					✓			
282	Miller, Stephen					✓			
19	Minin, Germano			✓					
353	Mir, Tauseef Ali			✓					

Claim No	Claimant	Filed in Debtor's Name	Duplicate Claims*	Secured	Priority	Unliquidated Claim	Paid	Claim Exceeds Scheduled Amount**	Late-Filed
275	Moon, Inung			✓					
206	Morgan, Warren				✓				
441	Moskala, David C.			✓					
16	Murdock, Jr., Michael D.					✓			
311	Narayanan, Krishnappan			✓					
455	Nixon, Kas			✓					
522	Norris, Steve								✓
113	O'Donnell, Mark D.			✓					
464	Oh, Sook Ja				✓				
442	Oleksa, Ronald J.			✓				✓	
213, 225, 471	O'Neill, Thomas (or Tomas) (Conflicting Claim Amounts)		✓			✓			
93	Pair, Lawrence A.			✓				✓	
96	Palmiere, Daniel W.							✓	
417	PayPal Inc. (Schedule G)							✓	
316	Pea, Terry D.			✓	✓				
518	Perkins, Jared								✓
507	Phillips, Pamela Lynn							✓	
326	Pietri, Stefano			✓					
334	Plante, Joseph E.							✓	
336	Plume, Susan			✓					
185, 186	Popiel, Eric		✓						
218	Powell, Richard A. (Conflicting Claim Amounts)			✓		✓			
514	Price, Clinton A. (Conflicting Claim Amounts)			✓		✓			
303	Price, James D.			✓					
216	BullionDirect/Ramanathan, Natarajan	✓							

Claim No	Claimant	Filed in Debtor's Name	Duplicate Claims*	Secured	Priority	Unliquidated Claim	Paid	Claim Exceeds Scheduled Amount**	Late-Filed
425	Reiner, Seth A.			✓					
208	Rings, Ben			✓					
103	Rivers, Richard P.					✓			
381	Robidoux, Nolan Anthony			✓					
246	BullionDirect/Roe, Judith	✓							
77	Rozenberg, Yelena N.							✓	
98	Rutar, Richard					✓			
249	Salcedo, Jonathan							✓	
389	Sangani, Mihir J. (Conflicting Claim Amounts)			✓	✓	✓			
179	BullionDirect/Schreiner, Walter	✓							
37	Scofield, Raymond							✓	
203	BullionDirect/Sells, Gary Lee	✓							
347, 348, 349, 351, 396	Serocki, John T.		✓			✓			
102	Sholder, Shaun W.			✓				✓	
101	Simpson, David W.			✓					
137	Singh, Geeta							✓	
87	Siry, Richard A.							✓	
402, 403	Sithambaram, Ramasamy		✓	✓					
59, 378	Sivva, Madhusudan (Conflicting Claim Amounts)		✓	✓ (59)		✓			
205	Smedra, Diane E.			✓					
491, 506	Smith, Pedro & BullionDirect (Conflicting Claim Amounts)	✓ (491)	✓			✓			
61	Smith, Wendy K.			✓					

Claim No	Claimant	Filed in Debtor's Name	Duplicate Claims*	Secured	Priority	Unliquidated Claim	Paid	Claim Exceeds Scheduled Amount**	Late-Filed
138, 254	Somers, Robert D.		✓		✓				
132	Stephenson, Cecil							✓	
279	Stirling, Mark			✓					
125	Stover, Karen							✓	
339	Streed, Karl			✓					
149	Suen, Christopher							✓	
36	Summers, Stephen L.			✓					
429	Suzuki, James H.							✓	
38, 51	Swick, Douglas Wayne		✓	✓					
388	Taylor, Robert (Conflicting Claim Amounts)			✓		✓			
108	Tomitz, Jason Timothy					✓			
258	Tondreau, Brett			✓					
81	Truong, David					✓			
324	BullionDirect/Tupurani, Vyjayanthi	✓		✓					
517	Waddell, Constance L.			✓	✓				✓
366	Ward, Kenneth J.			✓					
71	Wheatley, Michael J.			✓					
439	BullionDirect/Wheeler, Julie K.	✓			✓				
252	Wilke, Thomas M.			✓					
505	Zasso, Dan							✓	

* Each creditor should be allowed only one claim.

** Claims analysis has not been completed, but the check-marked claims exceed the scheduled amounts (only differences of \$5,000.00 or more are shown).