UNITED STATES BANKRUPTCY COURT WESTERN DISTRICT OF TEXAS AUSTIN DIVISION

IN RE:

BULLIONDIRECT, INC.,

8

CHAPTER 11

CASE NO. 15-10940-tmd

Debtor.

NOTICE OF FILING OF RED-LINED DISCLOSURE STATEMENT FILED BY THE DEBTOR

A Disclosure Statement Filed by the Debtor on April 19, 2016, was filed as Doc#159. Revisions to the Disclosure Statement have been made prior to the hearing on approval of Disclosure Statement scheduled for June 6, 2016, at 1:30 p.m. Attached is a red-lined Amended Disclosure Statement showing the changes made to the previously filed Disclosure Statement.

DATED:

May 31, 2016

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

I hereby certify that a true copy of the foregoing Notice has been served via the Court's ECF Noticing System, by First Class Mail, postage prepaid, via e-mail or by facsimile transmission, if so indicated, to the creditors and parties in interest on the current Master Service List on the 31st day of May, 2016.

Joseph D. Martinec

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15-10940-tmd Doc#175 Filed 05/31/16 Entered 05/31/16 15:18:27 Main Document $\,$ Pg 3 of Summary $\,$

5/31/2016 12:36:00 PM

Differences exist between documents.

New Document:

Disclosure Statement (for Notice of Filing Amended Disclosure Statement) - 5-31-2016
105 pages (3.87 MB)
5/31/2016 12:35:40 PM
Used to display results.

Old Document:

#159 - Disclosure Statement - 041916 58 pages (3.59 MB) 5/31/2016 12:35:39 PM

Get started: first change is on page 1.

No pages were deleted

How to read this report

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LUNITED STATES BANKRUPTCY COURT WESTERN DISTRICT OF TEXAS AUSTIN DIVISION

IN RE:	§	
	§	CHAPTER 11
BULLION DIRECT, 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 , 2016

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

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- F. Objectionable Claims

UNITED STATES BANKRUPTCY COURT WESTERN DISTRICT OF TEXAS AUSTIN DIVISION

AMENDED DISCLOSURE STATEMENT

FILED BY THE DEBTOR

ON JUNE , 2016

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 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).

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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

<u>DISCLAIMER</u>: 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 Ifrom 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

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.

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

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-1, 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 tax return for Fiscal Year 2010, which was prepared by Julie Mayfield, is attached as Exhibit A-2.

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

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.

("Huseman-Murphy APA") attached hereto as Exhibit D, which was negotiated by the Debtor and the Creditors Committee. Huseman held shares in BullionDirect and provided legal advice to BullionDirect. 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 are 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 interest⁶.

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.

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. <u>Personal Property</u>

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 Murph⁷ under an Asset Purchase Agreement, a copy of which is attached hereto as Exhibit D, on May 23, 2016. 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;"

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 Newco. The Huseman-Murph APA provides for payment of \$100,000 plus seven (7) years of shared profits for the listed assets. Under the terms of the Asset Purchase Agreement, the purchasers commit to providing \$100,000 to 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.

LE. 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 claims and interests.

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 VOIDABLE PREFERENCE, FRAUDULENT CONVEYANCE, OR EQUITABLE SUBORDINATION CLAIM, DEBTOR SPECIFICALLY RETAINS THE RIGHT TO PURSUE SUCH CAUSE OF ACTION.

A. Classification and Treatment of Classes under Plan

Class 1 <u>Administrative Claims</u>

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:

FIRM	Fees	Expenses
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.

Class 2 <u>Secured Claims of Governmental Units</u>

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.

Lass 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 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.

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.

[&]quot;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.

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 ten (10) days prior to the deadline set for voting on or objecting to the Plan of Reorganization. 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 and then only at such time as the Litigation Trust has accumulated at least \$250,000 in excess of amounts reasonably necessary, in the sole discretion of the Litigation Trustee, for the investigation and prosecution of Preserved Causes of Action.

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. 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 and encumbrances.

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.

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 <u>MUST</u> 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 to the BDI Litigation Trust along with any causes of action which could have been asserted against the holder of such claims.

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

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;
- To hear and determine all claims, controversies, suits and disputes to which the Debtor or the BDILT is a party, including actions transferred to the BDI Litigation Trust;

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.

- 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 nondebtor 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.
- 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. <u>Tax Consequences to Debtor</u>

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 of 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. 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 \$700,000¹², while creditors' claims are approximately \$25,000,000. Given the state of BDI's records and the 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 AFFILIATES¹³

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

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

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

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.

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.

- 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. <u>BDI Trust</u> 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	Description	
Ą		Entered		
	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, 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.

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
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 day of June, 2016.
U. S. Trustee 903 San Jacinto, Ste. 230 Austin, TX 78701 (via ECF)
Joseph D. Martinec

15-10940-tmd Doc#175 Filed 05/31/16 Entered 05/31/16 15:18:27 Main Document Pg 38 of 108

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	
Income and Deductions	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	Summar
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	329,523,90
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	336,285,31
	4										4	
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	(6,761,40
		(1.1, 1.1,			(2.2.2/22/	(/ / /		(/ / / / / / / / / / / / / / / / / / /	(/ / / / / / / / / / / / / / / / / / /			
Interest Income	420	28	0	0	0	103	694	1.202	285	224.316	23.923	250.97
Capital Gain	0	0	2	0	57,185	96,024	82,862	17,053	11,208	0	(5,984)	258,3
Other Income	214	(120)	130	1	4	3	7	78	124	185,612	2,194	188,24
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	(6,063,8
Total moonio	10,011	(00,200)	70,102	0.10,170	(270,127)	(1,210,120)	001,100	(1,000,101)	(1,011,101)	(1,700,000)	1,070,102	(0,000,0
0	E4 750	00.000	00.000	00.000	00.000	70.400	70.047	407.500	040.000	205.054	244.000	4.554.04
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	1,554,09
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	3,874,49
Repairs and Maintenance	216	0	0	0	1,892	758	331	2,483	5,953	1,840	15,614	29,0
Bad Debts	0	0	0	0	0	0	0	0	537	13,983		14,5
Rents	21,253	20,336	11,861	12,923	12,012	22,610	32,412	73,918	78,584	78,206	140,975	505,0
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	411,47
Interest Expense	560	4,513	10,808	19,161	8,029	9,025	3,598	952	77	75,997	12,572	145,29
Depreciation	25,367	133,796	131,070	109,043	3,687	4,844	5,749	17,960	29,948	41,367	235,990	738,82
Advertising	465	292	2,857	136	13	1,000	0	1,848	14,281	3,321	3,216	27,42
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	3,441,31
Other Deductions	45,074	02,714	51,033	134,403	107,003	30,330	100,007	372,000	430,323	090,736	1,270,014	3,441,3
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	10,741,62
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)	(16.805.46
Taxable meeme	(111,000)	(100,000)	(2.10,000)	201,021	(001,202)	(1,000,000)	70,000	(0,000,001)	(0,102,100)	(1,120,070)	(1,000,211)	(10,000,10
	4											
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)	
	4										4	
D. 1	-											
Balance Sheet												
			2001	2002	2003	2004	2005	2006	2007	2008	2009	
	1999	2000										
	1999	2000										
Cash				(18.132)	46.873	38.895	865,948	874.913	1.105.814	1.693.189	2.642.715	
	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	27,564	55,880	12,076	0	0	0	0	0	535,660	535,660	2,642,715 535,660	
Trade Notes and Accounts Receivable Inventories	27,564 0 38,281	55,880 0 0	12,076 0 0	0	0	0	0	0	535,660 0	535,660	535,660	
Trade Notes and Accounts Receivable Inventories	27,564	55,880	12,076	0	0	0 0 1,285,716	0	0	535,660	535,660		
Trade Notes and Accounts Receivable Inventories Other Currrent Assets	27,564 0 38,281	55,880 0 0	12,076 0 0	0	0	0	0	0	535,660 0	535,660	535,660	
Trade Notes and Accounts Receivable Inventories Other Currrent Assets Loans to Shareholders	27,564 0 38,281 5,251 0	55,880 0 0 5,251	12,076 0 0 428,627	0 0 616,632 0	0 0 789,781 0	0 0 1,285,716 84,936	0 0 27,058 184,453	0 0 1,548,637 335,784	535,660 0 45,282 407,058	535,660 0 261,632 526,302	535,660 0 508,202 1,441,476	
Cash Trade Notes and Accounts Receivable Inventories Other Current Assets Loans to Shareholders Other Investments	27,564 0 38,281 5,251 0	55,880 0 0 5,251 0	12,076 0 0 428,627 0 0	0 0 616,632 0 54,130	0 0 789,781 0 117,385	0 0 1,285,716 84,936 120,512	0 27,058 184,453 29,057	0 0 1,548,637 335,784 (2,587)	535,660 0 45,282 407,058 8,906	535,660 0 261,632 526,302 172,975	535,660 0 508,202 1,441,476 238,025	
Trade Notes and Accounts Receivable Inventiones Other Current Assets Loans to Shareholders Other Investments Buildings and other Depreciable Assets	27,564 0 38,281 5,251 0 0 379,521	55,880 0 0 5,251 0 0 242,121	12,076 0 0 428,627 0 0 111,051	0 616,632 0 54,130 4,292	0 789,781 0 117,385 7,550	0 0 1,285,716 84,936 120,512 10,019	0 27,058 184,453 29,057 30,808	0 0 1,548,637 335,784 (2,587) 44,398	535,660 0 45,282 407,058 8,906 86,733	535,660 0 261,632 526,302 172,975 137,811	535,660 0 508,202 1,441,476 238,025 1,075,481	
Trade Notes and Accounts Receivable Inventories Other Current Assets Loans to Shareholders Other Investments Buildings and other Depreciable Assets Other Assets	27,564 0 38,281 5,251 0 0 379,521	55,880 0 0 5,251 0 0 242,121	12,076 0 0 428,627 0 0 111,051	0 616,632 0 54,130 4,292	0 789,781 0 117,385 7,550	0 1,285,716 84,936 120,512 10,019 0	0 0 27,058 184,453 29,057 30,808	0 0 1,548,637 335,784 (2,587) 44,398 0	535,660 0 45,282 407,058 8,906 86,733 25,241	535,660 0 261,632 526,302 172,975 137,811 580,956	535,660 0 508,202 1,441,476 238,025 1,075,481 0	
Trade Notes and Accounts Receivable Inventories Other Currrent Assets Loans to Shareholders Other Investments	27,564 0 38,281 5,251 0 0 379,521	55,880 0 0 5,251 0 0 242,121	12,076 0 0 428,627 0 0 111,051	0 616,632 0 54,130 4,292	0 789,781 0 117,385 7,550	0 0 1,285,716 84,936 120,512 10,019	0 27,058 184,453 29,057 30,808	0 0 1,548,637 335,784 (2,587) 44,398	535,660 0 45,282 407,058 8,906 86,733	535,660 0 261,632 526,302 172,975 137,811	535,660 0 508,202 1,441,476 238,025 1,075,481	
Trade Notes and Accounts Receivable Inventories Other Current Assets Loans to Shareholders Other Investments Buildings and other Depreciable Assets Other Assets	27,564 0 38,281 5,251 0 0 379,521	55,880 0 0 5,251 0 0 242,121	12,076 0 0 428,627 0 0 111,051	0 616,632 0 54,130 4,292	0 789,781 0 117,385 7,550	0 1,285,716 84,936 120,512 10,019 0	0 0 27,058 184,453 29,057 30,808	0 0 1,548,637 335,784 (2,587) 44,398 0	535,660 0 45,282 407,058 8,906 86,733 25,241	535,660 0 261,632 526,302 172,975 137,811 580,956	535,660 0 508,202 1,441,476 238,025 1,075,481 0	
Trade Notes and Accounts Receivable Inventories Other Currrent Assets Loans to Shareholders Other Investments Buildings and other Depreciable Assets Other Assets Intangible Assets	27,564 0 38,281 5,251 0 0 379,521 0 794	55,880 0 0 0 5,251 0 0 242,121 0 514	12,076 0 0 428,627 0 0 111,051 0 234	0 0 616,632 0 54,130 4,292 0	0 0 789,781 0 117,385 7,550 0	0 0 1,285,716 84,936 120,512 10,019 0	0 0 27,058 184,453 29,057 30,808 0	0 1,548,637 335,784 (2,587) 44,398 0 1,000	535,660 0 45,282 407,058 8,906 86,733 25,241 3,575	535,660 0 261,632 526,302 172,975 137,811 580,956 3,330	535,660 0 508,202 1,441,476 238,025 1,075,481 0 147,528	
Trade Notes and Accounts Receivable Inventories Other Current Assets Loans to Shareholders Other Investments Buildings and other Depreciable Assets Other Assets	27,564 0 38,281 5,251 0 0 379,521	55,880 0 0 5,251 0 0 242,121	12,076 0 0 428,627 0 0 111,051	0 616,632 0 54,130 4,292	0 789,781 0 117,385 7,550	0 1,285,716 84,936 120,512 10,019 0	0 0 27,058 184,453 29,057 30,808	0 0 1,548,637 335,784 (2,587) 44,398 0	535,660 0 45,282 407,058 8,906 86,733 25,241	535,660 0 261,632 526,302 172,975 137,811 580,956	535,660 0 508,202 1,441,476 238,025 1,075,481 0	
Trade Notes and Accounts Receivable Inventories Other Current Assets Loans to Shareholders Other Investments Buildings and other Depreciable Assets Other Assets Intangible Assets Total Assets	27,564 0 38,281 5,251 0 0 379,521 0 794	55,880 0 0 0 5,251 0 0 242,121 0 514	12,076 0 0 428,627 0 0 111,051 0 234	0 0 616,632 0 54,130 4,292 0	0 0 789,781 0 117,385 7,550 0	0 0 1,285,716 84,936 120,512 10,019 0	0 0 27,058 184,453 29,057 30,808 0	0 1,548,637 335,784 (2,587) 44,398 0 1,000	535,660 0 45,282 407,058 8,906 86,733 25,241 3,575	535,660 0 261,632 526,302 172,975 137,811 580,956 3,330	535,660 0 508,202 1,441,476 238,025 1,075,481 0 147,528	
Trade Notes and Accounts Receivable Inventories Other Current Assets Loans to Shareholders Other Investments Buildings and other Depreciable Assets Other Assets Intangible Assets Total Assets	27,564 0 38,281 5,251 0 0 379,521 0 794	55,880 0 0 0 5,251 0 0 242,121 0 514	12,076 0 0 428,627 0 0 111,051 0 234	0 0 616,632 0 54,130 4,292 0	0 0 789,781 0 117,385 7,550 0	0 0 1,285,716 84,936 120,512 10,019 0	0 0 27,058 184,453 29,057 30,808 0	0 1,548,637 335,784 (2,587) 44,398 0 1,000	535,660 0 45,282 407,058 8,906 86,733 25,241 3,575	535,660 0 261,632 526,302 172,975 137,811 580,956 3,330	535,660 0 508,202 1,441,476 238,025 1,075,481 0 147,528	
Trade Notes and Accounts Receivable Inventories Other Current Assets Loans to Shareholders Other Investments Buildings and other Depreciable Assets Other Assets Intangible Assets Total Assets	27,564 0 38,281 5,251 0 0 379,521 0 794	55,880 0 0 0 5,251 0 0 242,121 0 514	12,076 0 0 428,627 0 0 111,051 0 234	0 0 616,632 0 54,130 4,292 0	0 0 789,781 0 117,385 7,550 0	0 0 1,285,716 84,936 120,512 10,019 0	0 0 27,058 184,453 29,057 30,808 0	0 1,548,637 335,784 (2,587) 44,398 0 1,000	535,660 0 45,282 407,058 8,906 86,733 25,241 3,575 2,218,269	535,660 0 261,632 526,302 172,975 137,811 580,956 3,330	535,660 0 508,202 1,441,476 238,025 1,075,481 0 147,528	
Trade Notes and Accounts Receivable Inventories Other Current Assets Loans to Shareholders Other Investments Buildings and other Depreciable Assets Other Assets Intangible Assets Total Assets Liabilities and Shareholders' Equity	27,564 0 38,281 5,251 0 0 379,521 0 794	55,880 0 0 5,251 0 0 242,121 0 514 303,766	12,076 0 0 428,627 0 0 111,051 0 234 551,988	0 0 616,632 0 54,130 4,292 0 0 0	0 0 789,781 0 117,385 7,550 0 0	0 0 1,285,716 84,936 120,512 10,019 0	0 0 27,058 184,453 29,057 30,808 0 0	0 1,548,637 335,784 (2,587) 44,398 0 1,000	535,660 0 45,282 407,058 8,906 86,733 25,241 3,575 2,218,269	535,660 0 261,632 526,302 172,975 137,811 580,956 3,330 3,911,855	535,660 0 508,202 1,441,476 238,025 1,075,481 0 147,528 6,589,087	
Trade Notes and Accounts Receivable Inventories Other Current Assets Loans to Shareholders Other Investments Buildings and other Depreciable Assets Other Assets Intangible Assets Total Assets Liabilities and Shareholders' Equity Accounts Payable	27,564 0 38,281 5,251 0 0 379,521 794 451,411	55,880 0 0 5,251 0 0 242,121 0 514 303,766	12,076 0 0 428,627 0 0 111,051 0 234 551,988	0 0 616,632 0 54,130 4,292 0 0 656,922	0 0 789,781 0 117,385 7,550 0 0 961,589	0 0 1,285,716 84,936 120,512 10,019 0 1,540,078	0 27,058 184,453 29,057 30,808 0 0 1,137,324	0 1,548,637 335,784 (2,587) 44,398 0 1,000 2,802,145	535,660 0 45,262 407,058 8,906 86,733 25,241 3,575 2,218,269	535,660 0 261,632 526,302 172,975 137,811 580,956 3,330 3,911,855	535,660 508,202 1,441,476 238,025 1,075,481 0 147,528 6,589,087	
Trade Notes and Accounts Receivable Inventories Other Current Assets Loans to Shareholders Other Investments Buildings and other Depreciable Assets Other Assets Intangible Assets Total Assets Liabilities and Shareholders' Equity Accounts Payable Other Current Liabilities	27,564 0 38,281 5,251 0 0 379,521 794 451,411	55,880 0 0 5,251 0 0 242,121 0 514 303,766	12,076 0 0 428,627 0 0 111,051 0 234 551,988	0 0 616,632 0 54,130 4,292 0 0 656,922	0 0 789,781 0 117,385 7,550 0 0 961,589	0 0 1,285,716 84,936 120,512 10,019 0 0 1,540,078	0 0 27,058 184,453 29,057 30,808 0 0 1,137,324	0 1,548,637 335,784 (2,587) 44,398 0 1,000 2,802,145	535,660 0 45,282 407,058 8,906 86,733 25,241 3,575 2,218,269 3,140 18,954	535,660 0 261,632 526,302 172,975 137,811 580,956 3,330 3,911,855 51,315 46,079	535,660 0 508,202 1,441,476 238,025 1,075,481 0 147,528 6,589,087	
Trade Notes and Accounts Receivable Inventories Other Current Assets Loans to Shareholders Other Investments Buildings and other Depreciable Assets Other Assets Intangible Assets Total Assets Liabilities and Shareholders' Equity Accounts Payable Other Current Liabilities Loans from Shareholders	27,564 0 38,281 5,251 0 0 379,521 794 451,411	55,880 0 0 5,251 0 0 242,121 0 514 303,766 57,935 16,339 50,000	12,076 0 0 428,627 0 0 111,051 0 234 551,988 15,534 19,106 50,000	0 0 616,632 0 54,130 4,292 0 0 0 656,922 20,758 25,978 50,000	0 0 789,781 0 117,385 7,550 0 0 961,589	0 0 1,285,716 84,936 120,512 10,019 0 0 1,540,078 4,340 9,585 0	0 0 27,058 184,453 29,057 30,808 0 0 1,137,324 9,211 7,485	0 1,548,637 335,784 (2,587) 44,398 0 1,000 2,802,145 54,849 18,986 0	535,660 0 45,282 407,058 8,906 86,733 25,241 3,575 2,218,269 3,140 18,954	535,660 0 261,632 526,302 172,975 137,811 580,956 3,330 3,911,855 51,315 46,079 0	535,660 0 508,202 1,441,476 238,025 1,075,481 0 147,528 6,589,087 1,674,872 108,090 0	
Trade Notes and Accounts Receivable Inventories Other Current Assets Loans to Shareholders Other Investments Buildings and other Depreciable Assets Other Assets Intangible Assets Total Assets Liabilities and Shareholders' Equity Accounts Payable Other Current Liabilities Loans from Shareholders Mortgages/Notes payable 1 year or more	27,564 0 38,281 5,251 0 0 379,521 794 451,411 26,836 25,091 0	55,880 0 0 5,251 0 0 242,121 0 514 303,766 57,935 16,339 50,000 186,483	12,076 0 0 428,627 0 0 111,051 0 234 551,988 15,534 19,106 50,000 723,943	0 0 616,632 0 54,130 4,292 0 0 656,922 20,758 25,978 50,000 559,108	0 0 789,781 0 117,385 7,550 0 0 961,589	0 0 1,285,716 84,936 120,512 10,019 0 0 1,540,078 4,340 9,585 0 3,703,995	0 0 27,058 184,453 29,057 30,808 0 0 1,137,324	0 1,548,637 335,784 (2,587) 44,398 0 1,000 2,802,145	535,660 45,262 407,058 8,906 86,733 25,241 3,575 2,218,269 3,140 18,954 0 12,458,617	535,660 0 261,632 526,302 172,975 137,811 580,956 3,330 3,911,855 51,315 46,079	535,660 0 508,202 1,441,476 238,025 1,075,481 0 147,528 6,589,087	
Trade Notes and Accounts Receivable Inventories Other Current Assets Loans to Shareholders Other Investments Buildings and other Depreciable Assets Other Assets Intangible Assets Total Assets Liabilities and Shareholders' Equity Accounts Payable Other Current Liabilities Loans from Shareholders Mortgages/Notes payable 1 year or more	27,564 0 38,281 5,251 0 0 379,521 794 451,411	55,880 0 0 5,251 0 0 242,121 0 514 303,766 57,935 16,339 50,000	12,076 0 0 428,627 0 0 111,051 0 234 551,988 15,534 19,106 50,000	0 0 616,632 0 54,130 4,292 0 0 0 656,922 20,758 25,978 50,000	0 0 789,781 0 117,385 7,550 0 0 961,589	0 0 1,285,716 84,936 120,512 10,019 0 0 1,540,078 4,340 9,585 0	0 0 27,058 184,453 29,057 30,808 0 0 1,137,324 9,211 7,485	0 1,548,637 335,784 (2,587) 44,398 0 1,000 2,802,145 54,849 18,986 0	535,660 0 45,282 407,058 8,906 86,733 25,241 3,575 2,218,269 3,140 18,954	535,660 0 261,632 526,302 172,975 137,811 580,956 3,330 3,911,855 51,315 46,079 0	535,660 0 508,202 1,441,476 238,025 1,075,481 0 147,528 6,589,087 1,674,872 108,090 0	
Trade Notes and Accounts Receivable Inventories Other Current Assets Loans to Shareholders Other Investments Buildings and other Depreciable Assets Other Assets Intangible Assets Total Assets Liabilities and Shareholders' Equity Accounts Payable Other Current Liabilities Loans from Shareholders Mortgages/Notes payable 1 year or more Other Liabilities	27,564 0 38,281 5,251 0 0 379,521 0 794 451,411 26,836 25,091 0	55,880 0 0 5,251 0 0 242,121 0 514 303,766 57,935 16,339 50,000 186,483 145,000	12,076 0 0 428,627 0 0 111,051 0 234 551,988 15,534 19,106 50,000 723,943 145,000	0 0 616,632 0 54,130 4,292 0 0 656,922 20,758 25,978 50,000 559,108	0 0 789,781 0 117,385 7,550 0 0 961,589 10,109 4,800 0 0 1,552,765	0 0 1,285,716 84,936 120,512 10,019 0 0 1,540,078 4,340 9,585 0 3,703,995 112,300	0 0 27,058 184,453 29,057 30,808 0 0 1,137,324 9,211 7,485 0 3,354,440	0 1,548,637 335,784 (2,587) 44,398 0 1,000 2,802,145 54,849 18,986 0 10,063,696	535,660 0 45,282 407,058 8,906 86,733 25,241 3,575 2,218,269 3,140 18,954 0 12,458,617 216,343	535,660 0 261,632 526,302 172,975 137,811 580,956 3,330 3,911,855 51,315 46,079 0 18,498,970 0	535,660 0 508,202 1,441,476 238,025 1,075,481 0 147,528 6,589,087 1,674,872 108,090 0 21,376,252	
Trade Notes and Accounts Receivable Inventories Other Current Assets Loans to Shareholders Other Investments Buildings and other Depreciable Assets Other Assets Intangible Assets Total Assets Liabilities and Shareholders' Equity Accounts Payable Other Current Liabilities Loans from Shareholders Mortgages/Notes payable 1 year or more Other Liabilities Common Stock	27,564 0 38,281 5,251 0 0 379,521 0 794 451,411 26,836 25,091 0 145,000 403,000	55,880 0 0 5,251 0 0 242,121 0 514 303,766 57,935 16,339 50,000 186,483 145,000 430,000	12,076 0 0 428,627 0 0 111,051 0 234 551,988 15,534 19,106 50,000 723,943 145,000 430,000	0 0 0 0 616,632 0 54,130 4,292 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0 0 0 789,781 0 117,385 7,550 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0 0 1,285,716 84,936 120,512 10,019 0 0 1,540,078 4,340 9,585 0 3,703,995 112,300 430,000	0 0 27,058 184,453 29,057 30,808 0 0 1,137,324 9,211 7,485 0 3,354,440 0 430,000	0 1,548,637 335,784 (2,587) 44,398 0 1,000 2,802,145 54,849 18,986 0 10,063,696 0 430,000	535,660 0 45,282 407,058 8,906 86,733 25,241 3,575 2,218,269 3,140 18,954 0 12,458,617 216,343 430,000	535,660 0 261,632 526,302 172,975 137,811 580,956 3,330 3,911,855 51,315 46,079 0 18,498,977 0 430,000	535,660 0 508,202 1,441,476 238,025 1,075,481 0 147,528 6,589,087 1,674,872 108,090 0 21,376,252 0 430,000	
Trade Notes and Accounts Receivable nventories Other Current Assets Loans to Shareholders Other Investments Suitidings and other Depreciable Assets Other Assets Intangible As	27,564 0 38,281 5,251 0 0 379,521 0 794 451,411 26,836 25,091 0	55,880 0 0 5,251 0 0 242,121 0 514 303,766 57,935 16,339 50,000 186,483 145,000	12,076 0 0 428,627 0 0 111,051 0 234 551,988 15,534 19,106 50,000 723,943 145,000	0 0 616,632 0 54,130 4,292 0 0 656,922 20,758 25,978 50,000 559,108	0 0 789,781 0 117,385 7,550 0 0 961,589 10,109 4,800 0 0 1,552,765	0 0 1,285,716 84,936 120,512 10,019 0 0 1,540,078 4,340 9,585 0 3,703,995 112,300	0 0 27,058 184,453 29,057 30,808 0 0 1,137,324 9,211 7,485 0 3,354,440	0 1,548,637 335,784 (2,587) 44,398 0 1,000 2,802,145 54,849 18,986 0 10,063,696	535,660 0 45,282 407,058 8,906 86,733 25,241 3,575 2,218,269 3,140 18,954 0 12,458,617 216,343	535,660 0 261,632 526,302 172,975 137,811 580,956 3,330 3,911,855 51,315 46,079 0 18,498,970 0	535,660 0 508,202 1,441,476 238,025 1,075,481 0 147,528 6,589,087 1,674,872 108,090 0 21,376,252	
Trade Notes and Accounts Receivable Inventories Other Current Assets Loans to Shareholders Other Investments Buildings and other Depreciable Assets Other Assets Intangible Assets Total Assets Liabilities and Shareholders' Equity Accounts Payable Other Current Liabilities Loans from Shareholders Mortgages/Notes payable 1 year or more Other Liabilities Common Stock Retained Earnings	27,564 0 38,281 5,251 0 0 379,521 794 451,411 26,836 25,091 0 145,000 403,000 (148,516)	55,880 0 0 5,251 0 0 242,121 0 514 303,766 57,935 16,339 50,000 186,483 145,000 430,000 (581,991)	12,076 0 0 428,627 0 0 111,051 0 234 551,988 15,534 19,106 50,000 723,943 145,000 430,000 (831,595)	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0 0 789,781 0 117,385 7,550 0 0 961,589 10,109 4,800 0 1,552,765 114,800 430,000 (1,150,885)	0 0 1,285,716 84,936 120,512 10,019 0 0 1,540,078 4,340 9,585 0 3,703,995 112,300 430,000 (2,720,142)	0 0 27,058 184,453 29,057 30,808 0 0 1,137,324 9,211 7,485 0 3,354,440 430,000 (2,663,812)	0 1,548,637 335,784 (2,587) 44,398 0 1,000 2,802,145 54,849 18,986 0 10,063,696 0 430,000 (7,765,386)	535,660 0 45,282 407,058 8,906 86,733 25,241 3,575 2,218,269 3,140 18,954 0 12,458,617 216,343 430,000 (10,908,785)	535,660 0 261,632 526,302 172,975 137,811 580,956 3,330 3,911,855 51,315 46,079 0 18,498,77 0 430,000 (15,114,516)	535,660 0 508,202 1,441,476 238,025 1,075,481 0 147,528 6,589,087 1,674,872 108,090 0 21,376,252 0 430,000 (17,000,127)	
Trade Notes and Accounts Receivable nventories Other Current Assets Loans to Shareholders Other Investments Suitidings and other Depreciable Assets Other Assets Intangible As	27,564 0 38,281 5,251 0 0 379,521 0 794 451,411 26,836 25,091 0 145,000 403,000	55,880 0 0 5,251 0 0 242,121 0 514 303,766 57,935 16,339 50,000 186,483 145,000 430,000	12,076 0 0 428,627 0 0 111,051 0 234 551,988 15,534 19,106 50,000 723,943 145,000 430,000	0 0 0 0 616,632 0 54,130 4,292 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0 0 0 789,781 0 117,385 7,550 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0 0 1,285,716 84,936 120,512 10,019 0 0 1,540,078 4,340 9,585 0 3,703,995 112,300 430,000	0 0 27,058 184,453 29,057 30,808 0 0 1,137,324 9,211 7,485 0 3,354,440 0 430,000	0 1,548,637 335,784 (2,587) 44,398 0 1,000 2,802,145 54,849 18,986 0 10,063,696 0 430,000	535,660 0 45,282 407,058 8,906 86,733 25,241 3,575 2,218,269 3,140 18,954 0 12,458,617 216,343 430,000	535,660 0 261,632 526,302 172,975 137,811 580,956 3,330 3,911,855 51,315 46,079 0 18,498,977 0 430,000	535,660 0 508,202 1,441,476 238,025 1,075,481 0 147,528 6,589,087 1,674,872 108,090 0 21,376,252 0 430,000	
rade Notes and Accounts Receivable nventories Ther Current Assets coans to Shareholders Ther Investments Sulfiding and other Depreciable Assets Total Assets Total Assets Liabilities and Shareholders' Equity Accounts Payable Ther Current Liabilities coans from Shareholders 1 year or more Ther Liabilities Common Stock Retained Earnings	27,564 0 38,281 5,251 0 0 379,521 794 451,411 26,836 25,091 0 145,000 403,000 (148,516)	55,880 0 0 5,251 0 0 242,121 0 514 303,766 57,935 16,339 50,000 186,483 145,000 430,000 (581,991)	12,076 0 0 428,627 0 0 111,051 0 234 551,988 15,534 19,106 50,000 723,943 145,000 430,000 (831,595)	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0 0 789,781 0 117,385 7,550 0 0 961,589 10,109 4,800 0 1,552,765 114,800 430,000 (1,150,885)	0 0 1,285,716 84,936 120,512 10,019 0 0 1,540,078 4,340 9,585 0 3,703,995 112,300 430,000 (2,720,142)	0 0 27,058 184,453 29,057 30,808 0 0 1,137,324 9,211 7,485 0 3,354,440 430,000 (2,663,812)	0 1,548,637 335,784 (2,587) 44,398 0 1,000 2,802,145 54,849 18,986 0 10,063,696 0 430,000 (7,765,386)	535,660 0 45,282 407,058 8,906 86,733 25,241 3,575 2,218,269 3,140 18,954 0 12,458,617 216,343 430,000 (10,908,785)	535,660 0 261,632 526,302 172,975 137,811 580,956 3,330 3,911,855 51,315 46,079 0 18,498,77 0 430,000 (15,114,516)	535,660 0 508,202 1,441,476 238,025 1,075,481 0 147,528 6,589,087 1,674,872 108,090 0 21,376,252 0 430,000 (17,000,127)	

^{*} 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.

15-10940-tmd Doc#175 Filed 05/31/16 Entered 05/31/16 15:18:279 Maint Documents 5932 Form 1120 -U.S. Corporation Income Tax Return OMB No. 1545-0123 For calendar year 2010 or tax year beginning Jul 1 ,2010, ending Jun 30 Department of the Treasury Internal Revenue Service ► See separate instructions. A Check if: 1 a Consolida B Employer identification number a Consolidated return (attach Form 851) . X BullionDirect, Inc. 76-0622534 b Life/nonlife consolidated return Number, street, and room or suite number. If a P.O. box, see instructions. C Date incorporated Print Personal holding co (attach Sch PH) ... PO Box 1987 08/30/1999 Type State ZIP code D Total assets (see instructions) Personal service corp (see instr) Austin TX 78767 9,979,666. Schedule M-3 attached Check if: (1) Initial return Final return (3) Name change Address change 10,069,013. Less returns & allowances . To Gross receipts or sales 22,358. c Balance.. > 1c 10,046,655. 2 Cost of goods sold (Schedule A, line 8) 1,196,332. 3 8,850,323. Dividends (Schedule C, line 19) 4 LNCOME Interest 46,819. Gross rents 7 Gross royalties 7 9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797) 9 19,187. 10 -19,936,085. Total income. Add lines 3 through 10 11 11 -11,019,756. 12 Compensation of officers (Schedule E, line 4) 12 271,967. DEDUCT 13 Salaries and wages (less employment credits) 13 718,110. Repairs and maintenance 14 7,620. 15 15 878,147. 16 175,694. Taxes and licenses 17 17 98,812. 0 18 18 1,194. NS Charitable contributions 19 20 Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562) 20 459,844. 21 Depletion 21 22 Advertising 22 23 Pension, profit-sharing, etc, plans 23 24 Domestic production activities deduction (attach Form 8903) 20. 24 37,740. 25 25 26 Other deductions (attach schedule) . . See. Other . Deductions . Statement 26 1,742,615. 27 27 4,391,743. 28 Taxable income before net operating loss deduction and special deductions. Subtrate 28 -15,411,499. 29 29 c Taxable income. Subtract line 29c from line 28 (see instructions) 30 -15,411,499. Total tax (Schedule J, line 10) 32a 2009 overpayment credited to 2010 ... 32a AND b 2010 estimated tax payments 32b c 2010 refund applied for on Form 4466 32 c 32 d PAYME 32 e 0. f Credits: (1) Form (2) Form 32f g Refundable credits from Form 3800, line 19c, and Form 8827, line 8c . . . 32h 33 Amount owed. If line 32h is smaller than the total of lines 31 and 33, enter amount owed Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid Enter amount from line 35 you want: Credited to 2011 estimated tax Refunded ► Under penalties of perjury, I declare that I have examined this return, including accompa nying schedules and statements, and to the best of my knowledge is based on all information of which preparer has any knowledge. May the IRS discuss this return with the preparer shown below (see instructions)? Sign hh Here President Signature of officer Yes No 590-CC14 Print/Type preparer's name Paid Julie Mayfield P01269961 self-employed Preparer ► RUSSELL & MAYFIELD, Firm's EIN 27-3685356 Use Only ► 4601 HUDSON BEND RD., AUSTIN TX 78734-2175 Phone no. BAA For Paperwork Reduction Act Notice, see separate instructions. Form 1120 (2010) CPCA0212 02/09/11

orm	15-10940-tmd Doc#175 1120 (2010) BullionDirect	. Inc.	of 108	7	76-0622534	nent Pg 40 Page 2
Sch	redule A Cost of Goods Sold	(see instructions)			
1	Inventory at beginning of year					
2	Purchases					
3	Cost of labor					
4	Additional section 263A costs (attach schedule)				4	
5	Other costs (attach schedule) See	Other. Costs. Stateme	nt		5	1,196,332.
6	Total. Add lines 1 through 5				6	1,196,332.
7	Inventory at end of year					
8	Cost of goods sold. Subtract line 7 fr	rom line 6. Enter here	and on page 1, line	2	8	1,196,332.
9a	Check all methods used for valuing cl	losing inventory:		Market Control of the	7	
	(i) Cost			THE PERSON NAMED IN COLUMN TO PERSON NAMED I		
	(ii) Lower of cost or market	9	and the same of th			
	(iii) Other (Specify method used and attack	ch explanation.)	/			
b	Check if there was a writedown of sul					
	Check if the LIFO inventory method w		•••• The Best of the Colonian			
	If the LIFO inventory method was use computed under LIFO	/			9d	
е	If property is produced or acquired for	resale, do the rules of	of section 263A app	ly to the corporation	on?	Yes No
f	Was there any change in determining closing inventory2 If Yes, attach exp	quantities, cost, or va	aluations between o	pening and		Tyes TNo
Sel	nedule C Dividends and Spec	cial Deductions	4	Dividends	(b) Percentage	(c) Special deductions
	(see instructions)			received	(a) i diddinago	(a) x (b)
1	Dividends from less-than-20%-owned than debt-financed stock)	domestic corporation	s (other		70	
2	Dividends from 20%-or-more-owned	domestic corporations	(other			
	than debt-financed stock)				80	
3	Dividends on debt-financed stock of domestic a				see instructions	
4	Dividends on certain preferred stock of less-that				42	
5	Dividends on certain preferred stock of 20%-or			4 4	48	
. 6	Dividends from less-than-20%-owned foreign of	corporations and certain FSC	S		70	
7	Dividends from 20%-or-more-owned foreign co				80	
8					100	
9	Dividends from wholly owned foreign Total. Add lines 1 through 8. See inst	tructions for limitation		(184. P.) 1 (18. P.)		
10	Dividends from domestic corporations received company operating under the Small Business In	by a small husiness investr	ment		100	*
11	Dividends from affiliated group memb				100	
12	Dividends from certain FSCs				100	
13					经验的复数设施	
14	Income from controlled foreign corporations un	der subpart F (attach Form)	(s) 5471)			
15	Foreign dividend gross-up					
16	IC-DISC and former DISC dividends not include					
17	Other dividends					
18	Deduction for dividends paid on certain preferr					116,
	Total dividends. Add lines 1 through 17. Enter					建全部的技术
20	Total special deductions. Add lines 9	9, 10, 11, 12, and 18.	Enter here and on p	page 1, line 29b	>	
Scl	nedule E Compensation of O					15
_	Note: Complete Schedul	e E only if total receip				0 or more.
1	(a)	(b)	(c) Percent of time devoted to business	Percent of corp	oration stock owned	(f) Amount of
	Name of officer	Social security number	to business	(d) Common	(e) Preferred	compensation
Cha	arles H. McAllister	466-67-1020	100.0%	49.3%		
_			ક	8		
			8	8		
	TO SOLUTION SECTION AND A COMMENT OF THE COMMENT OF		8	*		
-				1 %		
	Total compensation of officers					
3						
4	Subtract line 3 from line 2. Enter the	result here and on pa	ge 1, line 12			Form 1120 (2010)
						1 01111 1120 (2010)

Schedule J Tax Computation (see instructions		76-062	22534 Page
1 Check if the corporation is a manufact of a contact of	s)		
officer if the corporation is a member of a controlled grou	up (attach Schedule O (Form 1120)) .	▶ 🔲 🍇	
2 Income tax. Check if a qualified personal service corpora	tion ·		
(see instructions)			
3 Alternative minimum tax (attach Form 4626)			
4 Add lines 2 and 3		4	
5a Foreign tax credit (attach Form 1118)	5a	· .	
b Credit from Form 8834, line 29			
c General business credit (attach Form 3800)	5c		
d Credit for prior year minimum tax (attach Form 8827)	5d		
e Bond credits from Form 8912			
6 Total credits. Add lines 5a through 5e			
7 Subtract line 6 from line 4			
8 Personal holding company tax (attach Schedule PH (Form			
	orm 8697		
	ther (att schedule)		
10 Total tax. Add lines 7 through 9. Enter here and on page	1, line 31	10	
Schedule K Other Information (see instruction			
	Accrual c X Other (specify) ►	Hybrid	Yes No
2 See the instructions and enter the:			
a Business activity code no. ► 421940			
b Business activity ► Online Sales			The second secon
c Product or service ► Precious Metals			
3 Is the corporation a subsidiary in an affiliated group or a	parent-subsidiary controlled group? .		x
If 'Yes,' enter name and EIN of the parent corporation ▶			
			AND CASE MICEOU
4 At the end of the tax year:			
a Did any foreign or domestic corporation, partnership (incl	luding any entity treated as a partners	hip), trust, or tax-exe	empt
a Did any foreign or domestic corporation, partnership (incl organization own directly 20% or more, or own, directly o the corporation's stock entitled to vote? If 'Yes,' complete	or indirectly, 50% or more of the total v	voting power of all cla	asses of
			A STATE OF THE PARTY OF THE PAR
b Did any individual or estate own, directly 20% or more, or all classes of the corporation's stock entitled to vote? If "\">	r own directly or indirectly, 50% or mo Yes ' complete Part II of Schedule G (I	ore of the total voting	DOLLIOT OF BUSINESSESSES
5 At the end of the tax year, did the corporation:			chedule G) X
		om 1120) (attach o	chedule G) . X
			130 44
a Own directly 20% or more, or own, directly or indirectly, to vote of any foreign or domestic corporation not include	50% or more of the total voting power	of all classes of stoc	k entitled
a Own directly 20% or more, or own, directly or indirectly, to vote of any foreign or domestic corporation not include ownership, see instructions	50% or more of the total voting power	of all classes of stoc	130 44
a Own directly 20% or more, or own, directly or indirectly, to vote of any foreign or domestic corporation not include ownership, see instructions If 'Yes,' complete (i) through (iv)	50% or more of the total voting power ed on Form 851, Affiliations Schedule	of all classes of stoc ? For rules of constru	k entitled active X
a Own directly 20% or more, or own, directly or indirectly, to vote of any foreign or domestic corporation not include ownership, see instructions	50% or more of the total voting power ed on Form 851, Affiliations Schedule	of all classes of stoc ? For rules of constru	k entitled active X
a Own directly 20% or more, or own, directly or indirectly, to vote of any foreign or domestic corporation not include ownership, see instructions If 'Yes,' complete (i) through (iv)	50% or more of the total voting power	of all classes of stoc	k entitled
a Own directly 20% or more, or own, directly or indirectly, to vote of any foreign or domestic corporation not include ownership, see instructions If 'Yes,' complete (i) through (iv)	50% or more of the total voting power ed on Form 851, Affiliations Schedule	of all classes of stoc ? For rules of constru	k entitled active X
a Own directly 20% or more, or own, directly or indirectly, to vote of any foreign or domestic corporation not include ownership, see instructions If 'Yes,' complete (i) through (iv)	50% or more of the total voting power ed on Form 851, Affiliations Schedule	of all classes of stoc ? For rules of constru	k entitled active X
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a Own directly 20% or more, or own, directly or indirectly, to vote of any foreign or domestic corporation not include ownership, see instructions If 'Yes,' complete (i) through (iv)	50% or more of the total voting power ed on Form 851, Affiliations Schedule	of all classes of stoc ? For rules of constru	k entitled active X
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a Own directly 20% or more, or own, directly or indirectly, to vote of any foreign or domestic corporation not include ownership, see instructions If 'Yes,' complete (i) through (iv)	50% or more of the total voting power ed on Form 851, Affiliations Schedule	of all classes of stoc ? For rules of constru	k entitled active X
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a Own directly 20% or more, or own, directly or indirectly, to vote of any foreign or domestic corporation not include ownership, see instructions If 'Yes,' complete (i) through (iv)	50% or more of the total voting power ed on Form 851, Affiliations Schedule	of all classes of stoc ? For rules of constru	k entitled active X
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a Own directly 20% or more, or own, directly or indirectly, to vote of any foreign or domestic corporation not include ownership, see instructions If 'Yes,' complete (i) through (iv)	50% or more of the total voting power ed on Form 851, Affiliations Schedule	of all classes of stoc ? For rules of constru	k entitled active X
a Own directly 20% or more, or own, directly or indirectly, to vote of any foreign or domestic corporation not include ownership, see instructions If 'Yes,' complete (i) through (iv)	50% or more of the total voting power ed on Form 851, Affiliations Schedule	of all classes of stoc ? For rules of constru	k entitled active X
a Own directly 20% or more, or own, directly or indirectly, to vote of any foreign or domestic corporation not include ownership, see instructions If 'Yes,' complete (i) through (iv)	50% or more of the total voting power ed on Form 851, Affiliations Schedule	of all classes of stoc ? For rules of constru	k entitled active X
a Own directly 20% or more, or own, directly or indirectly, to vote of any foreign or domestic corporation not include ownership, see instructions If 'Yes,' complete (i) through (iv)	50% or more of the total voting power ed on Form 851, Affiliations Schedule	of all classes of stoc ? For rules of constru	k entitled active X
a Own directly 20% or more, or own, directly or indirectly, to vote of any foreign or domestic corporation not include ownership, see instructions If 'Yes,' complete (i) through (iv)	50% or more of the total voting power ed on Form 851, Affiliations Schedule	of all classes of stoc ? For rules of constru	k entitled active X
a Own directly 20% or more, or own, directly or indirectly, to vote of any foreign or domestic corporation not include ownership, see instructions If 'Yes,' complete (i) through (iv)	50% or more of the total voting power ed on Form 851, Affiliations Schedule	of all classes of stoc ? For rules of constru	k entitled active X
a Own directly 20% or more, or own, directly or indirectly, to vote of any foreign or domestic corporation not include ownership, see instructions If 'Yes,' complete (i) through (iv)	50% or more of the total voting power ed on Form 851, Affiliations Schedule	of all classes of stoc ? For rules of constru	k entitled active X
a Own directly 20% or more, or own, directly or indirectly, to vote of any foreign or domestic corporation not include ownership, see instructions If 'Yes,' complete (i) through (iv)	50% or more of the total voting power ed on Form 851, Affiliations Schedule	of all classes of stoc ? For rules of constru	k entitled active X

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Form	15-10940-tmd Doc#175 Filed 05/31/16 Ent	ered 05/31/16 15:18	8:27 Main Docu	ıment Pg	42 Page 4
Sc	nedule K Continued	JI 100	70 0022334		1 age 4
DOK TANDAMO	Own directly an interest of 20% or more, or own, directly or indir partnership (including an entity treated as a partnership) or in the ownership see instructions If 'Yes,' complete (i) through (iv)	ectly, an interest of 50% or re e beneficial interest of a trus	more in any foreign or other structures of constructions.	domestic ctive	x
	(i) Name of Entity	(ii) Employer Identifica- tion Number (if any)	(iii) Country of Incorporation	(iv) Ma Percentage Profit, Loss	Owned in
-			Wilson To The Control of the Control		
E	During this tax year, did the corporation pay dividends (other that excess of the corporation's current and accumulated earnings are if 'Yes,' file Form 5452, Corporate Report of Nondividend Distribution in this is a consolidated return, answer here for the parent corporate that any time during the tax year, did one foreign person own, directly all classes of the corporation's stock entitled to vote or (b) the to For rules of attribution see section 318. If 'Yes," enter: (i) Percentage owned and (ii) Owner's country (c) The corporation may have to file Form 5472. Information Returns (c) The corporation may have to file Form 5472. Information Returns (c) The corporation may have to file Form 5472. Information Returns (c) The corporation may have to file Form 5472.	nd profits? (See sections 301 utions. ration and on Form 851 for eactly or indirectly, at least 25 tal value of all classes of the	and 316.)	g power of	x
	(c) The corporation may have to file Form 5472, Information Reti Corporation Engaged in a U.S. Trade or Business. Enter the nun Check this box if the corporation issued publicly offered debt inst	nber of Forms 5472 attached			
8	Check this box if the corporation issued publicly offered debt inst If checked, the corporation may have to file Form 8281, Information Return for Pi			▶∐	
9	Enter the amount of tax-exempt interest received or accrued dur				
-	E (. H				
11	If the corporation has an NOL for the tax year and is electing to a lift the corporation is filing a consolidated return, the statement reattached or the election will not be valid.	forego the carryback period, quired by Regulations section	check here	t be	
12	Enter the available NOL carryover from prior tax years (do not reduce it by any de	eduction on line 29a.) > \$	17,	044,673.	
13	Are the corporation's total receipts (line 1a plus lines 4 through of the tax year less than \$250,000?			t the end	x
¥.	If 'Yes,' the corporation is not required to complete Schedules L, the total amount of cash distributions and the book value proper made during the tax year. \$\\$\\$\\$\\$\\$\\$\\$\\$\\$\\$\\$\\$\\$\\$\\$\\$\\$\\$	M-1, and M-2 on page 5. In ty distributions (other than ca	stead, enter ash)		
14	Is the corporation required to file Schedule UTP (Form 1120), Ur If 'Yes,' complete and attach Schedule UTP.	ncertain Tax Position Statem	ent (see instructions)?		X

Form 1120 (2010)

Form	15-10940-tmd Doc#175 Filed 0 1120 (2010) BullionDirect, Inc.	5/31/16 Entered of 10		:27 Main Docun 76-0622534	
	edule L Balance Sheets per Books	Beginning (End of to	Page 5
Suffer d S	Assets	(a)	(b)	(c)	(d)
1	Cash	(4)	2,642,715.		
-	Trade notes and accounts receivable	535,660.	2,042,713.	250,000.	7,310,437.
	Less allowance for bad debts	333,000.	535,660.	230,000.	250 000
	Inventories		333,660.		250,000.
4	U.S. government obligations	to all the same of			
5	Tax-exempt securities (see instructions)	是解析。其实是整个			
6	Other current assets (attach schedule) Ln 6 Stmt		370,317.		209,516.
7	Loans to shareholders		1,503,743.		0.
8	Mortgage and real estate loans				
9	Other investments (attach schedule) Ln9 Stmt		238,025.		517,469.
10a	Buildings and other depreciable assets	1,771,782.		2,689,709.	是不是特殊的。
b	Less accumulated depreciation	696,301.	1,075,481.	1,111,443.	1,578,266.
11 a	Depletable assets				
b	Less accumulated depletion				4
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)	171,038.		171,038.	有数据的
	Less accumulated amortization	23,510.	147,528.	57,060.	113,978.
14	Other assets (attach schedule)		0.	A SHEET WAS	
	Total assets	Langue from the same	6,513,469.		9,979,666.
	Liabilities and Shareholders' Equity		0/010/100.		373737000:
16	Accounts payable	的 对数数据	1,675,027.		733,629.
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach sch) Ln. 18.S.tmt		111,090.		28,139.
19	Loans from shareholders	AND THE STATE OF			
20	Mortgages, notes, bonds payable in 1 year or more		21,238,367.		41,145,413.
21	Other liabilities (attach schedule)				
22	Capital stock: a Preferred stock				
	b Common stock	430,000.	430,000.	430,000.	430,000.
23	Additional paid-in capital	LA SERVICE SE			
24	Retained earnings — Approp (att sch)				
-25	Retained earnings - Unappropriated		-16,941,015.		-32,357,515.
26	Adjmnt to shareholders' equity (att sch)				
27	Less cost of treasury stock	建筑建设的企业		4.4	
28	Total liabilities and shareholders' equity		6,513,469.	2000年2月日日日2000年2日	9,979,666.
Scl	Reconciliation of Income Note: Schedule M-3 required ins	(Loss) per Books tead of Schedule M-1 if	With Income per R total assets are \$10 mi	eturn Ilion or more - see inst	ructions
1	Net income (loss) per books	-15,416,500.	7 Income recorded	on books this year not	
2	Federal income tax per books		included on this re		
3	Excess of capital losses over capital gains				4章 的复数
4	Income subject to tax not recorded on books		on one in the state of		体的工作的 ""。
	this year (itemize):				
			8 Deductions on this ret	urn not charged	THE PROPERTY OF THE PARTY OF TH
5	Expenses recorded on books this year not		against book income t		
-	deducted on this return (itemize):		-	177	特化的企业
			h observed a served		
	Depreciation\$	THE PERSON NAMED IN	D Charitable contribns 2		
	Charitable contributions \$100.	"在大学是 "。			
•	Travel & entertainment \$4,901.	发展 等指的复数形式			
-					
-		5,001.	1		
	Add lines 1 through 5	-15,411,499.		28) — line 6 less line 9	-15,411,499.
Thinks of the	nedule M-2 Analysis of Unappropriat				
1	Balance at beginning of year		The state of the s	a Cash	
2	Net income (loss) per books	-15,416,500.		c Property	
3	Other increases (itemize):		6 Other decreases	(itemize):	The second secon
					21
_			7 Add lines 5 and 6	5	
4	Add lines 1, 2, and 3	-32.357.515.	8 Balance at end of year	r (line 4 less line 7)	-32.357.515.

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Department of the Treasury

N

► Attach to Form 1120, 1120-C, 1120-F, 1120-S, 1065, and 1065-B.

OMB No.	1545-XXXX
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-	Reveilue Service		Employer identification	
ame			Employer identification	number
1	Inventory at beginning of year	1		
2	Purchases	2		
3	Cost of labor	3		
4	Additional section 263A costs (attach schedule)	4		+
5	ther costs (attach schedule)	5		
6	Total. Add lines 1 through 5	6	1196 332	
7	Inventory at end of year	7		
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8		
9a	Check all methods used for valuing closing inventory: (i) ☐ Cost (ii) ☐ Lower of cost or market (iii) ☐ Other (Specify method used and attach explanation.) ▶			*
b	Check if there was a writedown of subnormal goods			
c	Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)			□ ·
d	If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed	9d		1
е	If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? .		🗌 Yes 🛭	No .
f	Was there any change in determining quantities, cost, or valuations between opening and closing inventant attach explanation		If "Yes,"	□.No
		40-03/07	All and the second second	

Section references are to the Internal Revenue Code unless otherwise noted

General Instructions Purpose of Form

Use Form 1125-A to calculate and deduct cost of goods sold for certain entities.

Who Must File

Complete and attach Form 1125-A to Form 1120, 1120-C, 1120-F, 1120-S, 1065, or 1065-B, if the applicable entity reports a deduction for cost of goods sold.

Inventories

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of merchandise is an income-producing factor. See Regulations section 1.471-1. If inventories are required, you generally must use an accrual method of accounting for sales and purchases of inventory items.

Exception for certain taxpayers. If you are a qualifying taxpayer or a qualifying small business taxpayer (defined below), you can adopt or change your accounting method to account for inventoriable items in the same manner as materials and supplies that are not incidental.

Under this accounting method inventory costs for raw materials purchased for use in producing finished goods and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year you paid for the raw materials or merchandise, if you are also using the cash method).

If you account for inventoriable items in the same manner as materials and supplies that are not incidental, you can currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs.

Qualifying taxpayer. A qualifying taxpayer is a taxpayer that, (a) for each prior tax year ending after December 16, 1998, has average annual gross receipts of \$1 million or less for the 3 prior tax years and (b) its business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2001-10, 2001-2 I.R.B.

Qualifying small business taxpayer. A qualifying small business taxpayer is a taxpayer that, (a) for each prior tax year ending on or after December 31, 2000, has average annual gross receipts of \$10 million or less for the 3 prior tax years, (b) whose principal business activity is not an ineligible activity, and (c) whose busines is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2002-28, 2002-18, I.R.B. 815.

Additional information. For additional guidance on this method of accounting, see Pub. 538, Accounting Periods and Methods. For guidance on adopting or changing to this method of accounting, see the Instructions for Form 3115.

Uniform capitalization rules. The uniform capitalization rules of section 263A generally require you to capitalize, or include in inventory, certain costs incurred in connection with the following.

- . The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property (tangible and intangible) acquired for
- · The production of real property and tangible personal property by a corporation for use in its trade or business or in an activity engaged in for property.



See Section 263A uniform capitalization rules in the instructions for your tax return before completing Form

1125-A. Also see Regulations sections 1.263A-1 through 1.263A-3. See Regulations section 1.263A-4 for rules for property produced in a farming business.

Form 1125-A (12-2011)

-10940-tmd Doc#175 Filed 05/31/16 Entered 05/31/16 15:18:27 Main Document Pg 45 **Affiliations** (Schedule

(Rev December 2010)

File with each consolidated income tax return.

OMB No. 1545-0025

Department of the Treasury Internal Revenue Service

For tax year ending Jun 30, 2011

Name of common parent corporation Employer identification number BullionDirect, Inc. 76-0622534 Number, street, and room or suite number. If a P.O. box, see instructions.

PO Box 1987

City or town

State ZIP Code

Austin TX 78767

Part I	Overpayment Credits, Estimated Tax Payments, an	nd Tax Deposits (se	e instructions)	
Corp No.	Name and address of corporation	Employer identification number	Portion of overpayment credits and estimated tax payments	Portion of tax deposited with Form 7004
1	Common parent corporation		0.	0
2	Subsidiary corporations: NBD Holdings, LLC PO Box 1987, Austin, TX 78676	27-4689023 A V	ρ ο.	0
3	The BDI Trust	27-7121160		0
4			= 1	
5		70	,	
6				
7				
8				
9				_
10		-	7.81	Y.

Ē.	Principal Business Activity, Voting Stock		Did the subsidiary		Stock holdings at beginning of year				
Corp No.	Principal business activity (PBA)	PBA Code Number	mak nondi	e any vidend utions?	Number of shares	Percent of voting power	Percent of value	Owned by corporation	
,			Yes	No	Silaics	power		number	
	Common parent corporation:			1			建建设		
_1	Online Sales	421940						6.0	
	Subsidiary corporations:		14						
2	NBD Holdings, LLC	523900		х	1,000	100.00 %	100.00 %	1	
3	BDI Trust	523900		х	1,000	100.00 %	100.00 %	1	
4						ક	8	1.08	
5						8	8		
6						8	8		
7						8	ક		
8		i e e e e e e e e e e e e e e e e e e e		N-414-4- 4- 1 1	10	*	ક		
. 9						. 8	8	2.1	
10									

BAA For Paperwork Reduction Act Notice, see instructions.

Form 851 (Rev 12-2010)

15-10940-tmd Doc#175 Filed 05/31/16 Entered 05/31/16 15:18:27 Main Document Pg 46 Form 851 (Rev 12-2010) BullionDirect, Inc. of 108 76-0622534 Part III Changes in Stock Holdings During the Tax Year (b) Shares held after changes described in Share-(a) Changes Date column (a) holder of Corp of Corpora-No. Name of corporation transaction Number of Number of Percent Percent tion No. shares shares disposed of of voting power of value acquired 용 용 용 용 용 용 용 용 용 용 (c) If any transaction listed above caused a transfer of a share of subsidiary stock (defined to include dispositions and deconsolidations), did the share's basis exceed its value at the time of the transfer? See instructions Did any share of subsidiary stock become worthless within the meaning of section 165 (taking into account the provisions of Regulations section 1.1502-80(c)) during the taxable year? See instrs No (e) If the equitable owners of any capital stock shown above were other than the holders of record, provide details of the changes. If additional stock was issued, or if any stock was retired during the year, list the dates and amounts of these transactions.

Form 851 (Rev 12-2010)

Form 8	51 (Rev 12-2010) BullionDirect, Inc. of 108		0622534	. Py 4	Page 3
1 0	Additional Stock Information (see instructions)				
If	ouring the tax year, did the corporation have more than one class of stock outstand 'Yes', enter the name of the corporation and list and describe each class of stock	ding?		. Yes	X No
Corp No.	Name of corporation		Class of stock		
			₹/		
			*		
2 D	uring the tax year, was there any member of the consolidated group that reaffiliat 'Yes', enter the name of the corporation(s) and explain the circumstances.	ed within 60 months	s of disaffiliation?	. Yes	X No
Corp No.	Name of corporation		Explanation		
					27
			3:		
			\$ 640 		183
01	uring the tax year, was there any arrangement in existence by which one or more affiliated group could acquire any stock, or acquire any voting power without activer than a de minimis amount, from the corporation or another member of the affives', enter the name of the corporation and see the instructions for the percenta Name of corporation	filiated group?		(c)	nt of
		ક	8		8
		કૃ	ક		- 8
- 4		8	ફ		8
		8	8		8
Corp No.	(d) Provide a description of any arrangement.	6)	*		
		2000			
			34		
244		Fig.			
BAA			Form	851 (Rev	12-2010)

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of 108

Depreciation and Amortization (Including Information on Listed Property)

Department of the Treasury Internal Revenue Service (99)

Name	(s) shown on return	000 30	sparate madactions.	Attach to you	a tax return.	Ident	ifying number
Bul	llionDirect, Inc	:.					-0622534
Busine	ess or activity to which this form r	relates					
	m 1120 Line 20						
Par	Election To E Note: If you have	xpense Certain F	Property Under Secomplete Part V before	tion 179	† 1.		
1	Maximum amount (see i					1	500,000.
2	Total cost of section 179						34
3	Threshold cost of section	n 179 property before	reduction in limitation (see instructions)		3	2,000,000.
4	Reduction in limitation.						
5	Dollar limitation for tax y separately, see instruction	ear. Subtract line 4 f	rom line 1. If zero or les	ss, enter -0 If ma	arried filing	5	
6		(a) Description of property		(b) Cost (business		(c) Elected cost	的。这种的对本200g
,	Listed property. Enter th						
8	Total elected cost of sec Tentative deduction. Ent	tor the smaller of line	e amounts in column (c), lines 6 and /		8	
10	Carryover of disallowed						
11	Business income limitati						
12	Section 179 expense de						
13	Carryover of disallowed						
	: Do not use Part II or Pa	art III below for listed	property Instead use F	Part V	110		ROMENTAL PARTY OF
	t II Special Depre				t include lister	d property) (See in	estructions)
	Special depreciation allotax year (see instruction	owance for qualified p	property (other than liste	d property) place	d in service d	uring the	
15	Property subject to secti						44,038.
							200 670
Par	Other depreciation (included) MACRS Depr	reciation (Do not in	soludo lietod property \ \	Con instructions		16	380,678.
P. S. C.	minoria Depi	eciation (bo not in					
17	MACDS deductions for a		Section			147	04.600
	MACRS deductions for a If you are electing to gro asset accounts, check h	oup any assets placed	d in service during the ta	ax vear into one o	r more genera	al	24,603.
			in Service During 2010				1
	(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property	TODARD SANDER AND					****
V	5-year property		481.	5.0 yrs	HY	200 DB	96.
	7-year property		4,823.	7.0 yrs	HY	200 DB	689.
	d 10-year property	RESIDENCE AND					
	15-year property						
	20-year property						
	g 25-year property	- CANAL CONTRACTOR OF THE PROPERTY OF THE PROP		25 yrs	· · · · · ·	S/L	
	Residential rental	06/11	830,000.	27.5 yrs	MM	S/L	1,258.
-	property		030,000.	27.5 yrs	MM	S/L	1,230.
	Nonresidential real		***	39 yrs	MM	S/L	
	property			39 ATR			
-			Service During 2010 T	av Vass IIs! #	MM	S/L	
20.	a Class life		Service During 2010 1	ax rear Using the	Alternative		:III
		THE RESIDENCE OF STREET STREET, STREET		10		S/L	
	b 12-year			12 yrs	100	S/L	
	40-year			40 yrs	MM	S/L	
	I isted preparty Enter of			*****			6 10-
	Listed property. Enter as Total. Add amounts from line				and on	21	8,482.

the appropriate lines of your return. Partnerships and S corporations — see instructions

459,844.

of 108 BullionDirect, Inc. Page 2 Part V Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.) Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable. Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles; X Yes No 24b If 'Yes,' is the evidence written? X Yes No (c) Business/ investment (a) (b) (d) (e) (f) (h) (i) (q) Type of property (list vehicles first) Date placed in service Basis for depreciation (business/investment Cost or Recovery Method/ Depreciation deduction Elected other basis section 179 LISA use only) Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) 26 Property used more than 50% in a qualified business use: 2009 Honda CRV 11/11/08 | 100.00 32,070. 32,070. 5.00 200 DB-HY 2,850. 2008 Toyota Sequoia 06/30/09 100.00 35,000. 35,000. 5.00 200 DB-HY 3,990 2000 Toyota Land Crui 05/16/06 100.00 24,000. 24,000. 5.00 200 DB-HY 1,642. 27 Property used 50% or less in a qualified business use: 28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 28 8,482 29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 29 Section B - Information on Use of Vehicles Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles. (a) (b) (c) (e) (f) 30 Total business/investment miles driven Vehicle 1 Vehicle 2 Vehicle 3 Vehicle 4 Vehicle 5 Vehicle 6 during the year (do not include commuting miles) Total commuting miles driven during the year. 31 Total other personal (noncommuting) miles driven 33 Total miles driven during the year. Add lines 30 through 32 Yes No Yes No Yes Yes No Yes No Yes No Was the vehicle available for personal use during off-duty hours? Was the vehicle used primarily by a more than 5% owner or related person? 36 Is another vehicle available for personal use? Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions). Yes No Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? ... Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners. Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? ... Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) Note: If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles. Part VI 6 Amortization (a) (b) (d) (c) (e) **(f)** Description of costs Date amortization Amortizable amount Code Amortization period or percentage Amortization begins 42 Amortization of costs that begins during your 2010 tax year (see instructions):

Amortization of costs that began before your 2010 tax year

Total. Add amounts in column (f). See the instructions for where to report .

44

33,550.

33,550

43

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Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

Attach to your tax return. See separate instructions.

OMB No. 1545-0184

2010

Department of the Treasury Internal Revenue Service (99) Name(s) shown on return

► Attach to your tax return.

Identifying number

BullionDirect, Inc.				7	6-06225	34	
Enter the gross proceeds from sale (or substitute statement) that you a	es or exchanges repare including on line	orted to you for 2 2, 10, or 20 (see	2010 on Form(s) 1	099-B or 1099-S	1		
Part I Sales or Exchanges of Than Casualty or The	f Property Used	in a Trade o	r Business ar	d Involuntary	Convers	ions	From Other
2 (a) Description of property	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or or basis, plu improvement expense of	s and	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
MacBookPro 15	09/09/08	08/31/10	400	1662	2	415	-353
						-	
3 Gain, if any, from Form 4684, line	12	11				_	
4 Section 1231 gain from installment	sales from Form 6	252 line 26 or 27				3	
5 Section 1231 gain or (loss) from like	e-kind evchanges f	om Form 8824				5	
6 Gain, if any, from line 32, from oth	er than casualty or t	theft	.,			6	0.
7 Combine lines 2 through 6. Enter the	he gain or (loss) her	re and on the an	propriate line as f	ollows		7	-353.
7 Combine lines 2 through 6. Enter the Partnerships (except electing large instructions for Form 1065, Schedul 12 below.	e partnerships) and lle K, line 10, or For	S corporations. m 1120S, Sched	Report the gain oule K, line 9. Skip	or (loss) following lines 8, 9, 11, ar	the nd		-333.
Individuals, partners, S corporation line 7 on line 11 below and skip line losses, or they were recaptured in Schedule D filed with your return a	es X and Y It line /	ic a gain and yo	u did not have an	v prior voor coetic	n 1221 I		
8 Nonrecaptured net section 1231 los	sses from prior year	s (see instruction	ns)		12.1	8	
9 Subtract line 8 from line 7. If zero line 9 is more than zero, enter the long-term capital gain on the Sche					3.9.7	9	
Part II Ordinary Gains and L	osses (see insti	ructions)		*			
10 Ordinary gains and losses not include	uded on lines 11 thro	ough 16 (include	property held 1 y	ear or less):			
44 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1							
11 Loss, if any, from line 7						11	-353.
12 Gain, if any, from line 7 or amount						12	
13 Gain, if any, from line 31						13	19,540.
14 Net gain or (loss) from Form 4684,	lines 34 and 41a		• • • • • • • • • • • • • • • • • • • •			14	
15 Ordinary gain from installment sale	es from Form 6252,	line 25 or 36		••••••		15	
16 Ordinary gain or (loss) from like-ki	nd exchanges from	Form 8824	• • • • • • • • • • • • • • • • • • • •			16	
17 Combine lines 10 through 16						17	19,187.
18 For all except individual returns, er a and b below. For individual return	ns, complete lines a	and b below:			33		
a If the loss on line 11 includes a los the part of the loss from income-pr from property used as an employe See instructions	s from Form 4684, I oducing property or e on Schedule A (Fo	line 38, column (Schedule A (Foorm 1040), line 2	b)(ii), enter that p rm 1040), line 28 3. Identify as fron	eart of the loss her and the part of the Form 4797, line	re. Enter ne loss 18a.'		
See instructions						18a	
b Redetermine the gain or (loss) on line 14			line 18a. Enter h	ere and on Form	1040,	18b	
BAA For Paperwork Reduction Act Not	ice, see separate in	structions.	III.Co.			1	Form 4797 (2010)

Part III Gain From Disposition of Prope	nc.	dor Costions 1245 1250	1050 1054 1056		76-06225	34 Page 2
(see instructions)	rty On	uer Sections 1245, 1250,	1252, 1254, and 1255) 		
19(a) Description of section 1245, 1250, 125	2, 1254	1, or 1255 property:			(b) Date acqui (mo, day, yr	red (c) Date sold (mo, day, yr)
A 2008 Toyota Sequoia					06/30/09	01/11/11
B 2000 Toyota Land Cruiser					05/16/06	03/31/11
C D						
These columns relate to the properties on lin	es -	Property A	Property B	P	roperty C	Property D
20 Gross sales price (Note: See line 1 before completing.)	20	29 000	7 500			
21 Cost or other basis plus expense of sale	21	28,000. 35,000.	7,500. 24,000.			
22 Depreciation (or depletion) allowed or allowable	22	19,040.	24,000.			
23 Adjusted basis. Subtract line 22 from line 21	23	15,960.	0.			
24 Total gain. Subtract line 23 from line 20	24	12,040.	7,500.			
25 If section 1245 property: a Depreciation allowed or allowable from line 22	25a	19,040.	24 000			
b Enter the smaller of line 24 or 25a	25b	12,040.	24,000. 7,500.			
26 If section 1250 property: If straight	2.50	12,040.	7,500.			
line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.		-	-	10		
a Additional depreciation after 1975 (see instrs)	26a		1 4		1112072-12472	
b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b					
c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c		**			
d Additional depreciation after 1969 & before 1976 .	26d					
e Enter the smaller of line 26c or 26d	26e					
f Section 291 amount (corporations only)	26f					
g Add lines 26b, 26e, and 26f	26g					
27 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).						
a Soil, water, and land clearing expenses	27a					
b Line 27a multiplied by applicable percentage (see instructions)	27b					
c Enter the smaller of line 24 or 27b	27c					
28 If section 1254 property:	-					
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	28a					
b Enter the smaller of line 24 or 28a	28b					
29 If section 1255 property:						- H
Applicable percentage of payments excluded from income under section 126 (see instructions)	29a		KT (
b Enter the smaller of line 24 or 29a (see instrs)	29b					***
Summary of Part III Gains. Complete	ropert	y columns A through D th	rough line 29b before	going to	line 30.	
30 Total gains for all properties. Add proper	ty colu	mns A through D. line 24		gomig to	30	19,540.
31 Add property columns A through D, lines 25b, 26g,	27c, 28b	, and 29b. Enter here and on lin	e 13		31	19,540.
32 Subtract line 31 from line 30. Enter the portion from portion from other than casualty or theft on Form 4	n nonuali	he or that on Farm 4004 line 20	F.A. Alex			0.
Recapture Amounts Unde (see instructions)	r Sec	tions 179 and 280F(b)(2) When Busir	ness U	se Drops to	50% or Less
				(a) 5	Section 179	(b) Section 280F(b)(2)
22 0 170			2 <u>-21-31</u>	\-/·		280F(b)(2)
33 Section 179 expense deduction or depre	ciation					
34 Recomputed depreciation (see instruction						
35 Recapture amount. Subtract line 34 from line 33. Se	e the in	structions for where to report	35			

Name	Employer Identification Number
BullionDirect, Inc.	76-0622534

Two, three, four, or five year carryback, twenty year carryover

NOL Carryover Year	A Carryover	B Less Carrybacks/ Carryovers	C Adjusted Carryover
2009	1,842,747.		1,842,747.
2008	4,112,439.		4,112,439.
2007	3,102,490.		3,102,490.
2006	5,099,566.		5,099,566.
2005	3,845.		3,845.
2004	1,664,761.		1,664,761.
2003			634,748.
2002			
2001			267,113.
2000	316,964.		316,964.
1999			
1998			
1997			
Total new law	17,044,673.		17,044,673.

OLD LAW: Three year carryback, fifteen year carryover

NOL Carryover Year	A Carryover	B Less Carrybacks/ Carryovers	C Adjusted Carryover
2009			
2008			
2007			
2006			
0005			
0004			
0000			
2003			
2002			
2001			
2000			
1999			
1998	*		
1997			
1996		-	
1995			
Total old law		·	

BullionDirect, Inc.

76-0622534

Net Operating Loss Summary

		1,842,747. 4,112,439. 3,102,490. 5,099,566. 3,845. 1,664,761. 634,748.	0 0 0 0
		4,112,439. 3,102,490. 5,099,566. 3,845. 1,664,761. 634,748.	0 0 0
		3,102,490. 5,099,566. 3,845. 1,664,761. 634,748.	0.
		3,845. 1,664,761. 634,748.	0.
		1,664,761.	0
		634,748.	0.
			0
		267 113	0
		20117779	0.
		316,964.	0
*		17,044,673	0.
,	erating loss	erating loss	Initiation.

CPCW7601.SCR 10/11/10

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•	Form 1120, Page 1, Line 10	VI 100		

Discounts	200	1
Unrealized loss on Mark to Market		
The state of the s		
Total	-19,936,085.	2.
<u> </u>		
Form 1120, Page 1, Line 26 Other Deductions Statement		
Accounting	150,713.	
Amortization	33,550.	
Automobile and truck expense	5,151.	
Computer services and supplies	58,764.	
Credit and collection costs	78,156.	
Dues and subscriptions	3,104.	
Gifts	2,317.	#ri
Insurance	84,914.	
Legal and professional	1,177,045.	
Meals and entertainment (50%)	4,901.	
Miscellaneous	3,752.	
Office expense	11,268.	
Parking fees and tolls	13,243.	
Postage	616.	
Security	9,019.	
Telephone	7,291.	
Training/continuing education	4,173.	
Travel	29,090.	
Utilities	579.	
Communications	41,808.	
Contract Help	2,520.	
Document Management	1,521.	
Hardware/Equipment purchase <\$1000	6,325.	*
Meetings & Seminars	4,927.	
Moving	47.	
Publications	316.	¥2
Recruiting		
Software Licenses		
Software Upgrades	4,259.	
Storage	1,530. 1,570.	
Total		
Total	1,742,615.	
Form 1120, Page 2, Schedule A, Line 5		
Other Costs Statement		
Online Advertising	490,971.	
Credit Card Collection	166,826.	
Freight & Shipping	448,380.	
Other	90,155.	
Total	1 106 222	
	1,196,332.	

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	of 100		~ Z

Form 1120, Page 5, Schedule L, Line 6 Ln 6 Stmt	74	
Other Current Assets:	Beginning of tax year	End of tax year
Prepaid Inventory	271,825.	
Prepaid Expenses	81,462.	198,483.
Receivable for COBRA pmts	1,400.	0.
Travel Advance	448.	0.
Lease Deposits	15,182.	11,033.
Total	370,317.	209,516.
Form 1120, Page 5, Schedule L, Line 9 Ln 9 Stmt		
Other Investments	Beginning of	End of

Other Investments:	Beginning of tax year	End of tax year
NR - Investment	100,000.	190,000.
CD - Secured Lease	138,025.	103,469.
Interest in NBFog, Inc.		224,000.
Total	238,025.	517,469.

Form 1120, Page 5, Schedule L, Line 18 Ln 18 Stmt

Other Current Liabilities:	Beginning of tax year	End of tax year
Severance Payable	80,141.	0
Payroll Tax Liabilities	30,744.	23,665.
Sales Tax Payable	205.	945.
Credit Card Payable	200.	3,529.
Total	111,090.	28,139.

Supporting Statement of:

Form 1120, p3-5/Line 7(d)

Description	Amount
Shareholder Loan	514,627
Accrued Interest on Shareholder Loan	77,860
Allowance for Doubtful Account	-592,487

BULLION DIRECT, 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-	Unknown	\$0.00	\$0.00
9. Insurance	man policy – Charles McAllister)	Ulikilowii	\$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,	Unknown	\$0.00	\$0.00
	LLC (Debts exceed cash on hand)	Clikilowii	\$0.00	\$0.00
16. Accounts	Descivelle from Niveles Development Comment	I I - 1	\$0.00	00.00
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

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

^{*} Previously included in the value of NBD Holdings, LLC

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21 04 0 1				
21 01 0 1				
	Loss Carry-Forward from 2009/2010 Tax Return	Unknown	\$0.00	\$0.00
	(\$17,044,673.00)		***	***
	Insurance Claim against Lloyds, London for Lost	\$7,045.00	\$0.00	\$0.00
	Product (Collected; September MOR)	#2.070.00	40.00	40.00
	Claim against IDS for Shipping Error on Product	\$2,950.00	\$0.00	\$0.00
	sent to Beverly Frye	** 1	** 1	** 1
	Potential Claim Against Corbin Tuma	Unknown	Unknown	Unknown
	Potential Claim against Charles H. McAllister and	Unknown	Unknown	Unknown
l l	any other officer or director of BullionDirect, Inc.			
	Potential Claim against Equity Trust	Unknown	Unknown	Unknown
	Company/Sterling Trust Company			
22. Patents,	Domain Names	Unknown	Unknown	Unknown
trademarks, intellectual	Domain Tunies	Chkhown	Olikilowii	Chinowh
property				
	Patent #7584135 – Electronic trading and delivery	Unknown	Unknown	Unknown
l l	platform			
	Trademarks	Unknown	Unknown	Unknown
24. Customer list	Customer List	Unknown	Unknown	Unknown
21. Customer not	Customer Bist	Cimilio Wii	Cimile Wil	
28. Office equipment,	Gun Safes	\$600.00		
furnishings				
	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,	Unknown	\$4,000.00	\$4,000.00
	New Castle, Delaware, & CubeSmart	Clikilowii	φ 4 ,000.00	\$4,000.00
	T. C. Caste, Detarrate, of Castesian			

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

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

In re BullionDirect, Inc.,		Case No.	15-10940-tmd
	Debtor	_	(if known)

SCHEDULE G - EXECUTORY CONTRACTS AND UNEXPIRED LEASES

 \Box 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.,	Case No. 15-10940-tmd	
Debtor	(if known)	

SCHEDULE G - EXECUTORY CONTRACTS AND UNEXPIRED LEASES

DESCRIPTION OF CONTRACT OR LEASE AND

NAME AND MAILING ADDRESS, INCLUDING ZIP CODE, OF OTHER PARTIES TO LEASE OR CONTRACT.	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

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

In re BullionDirect, Inc.,	Case No. 15-10940-tmd	
Debtor	(if known)	

SCHEDULE G - EXECUTORY CONTRACTS AND UNEXPIRED LEASES

NAME AND MAILING ADDRESS, INCLUDING ZIP CODE, OF OTHER PARTIES TO LEASE OR CONTRACT.	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	Description: Corporate Custody Agreement

Dacey, Richard, Philford Johnson & April Sheehy 100 Passaic Avenue, Ste. 110 Fairfield, NJ 07004

406 West Basin Road New Castle, DE 19720

Description: Brokers Agreement dated 7/25/2014

Nature of Debtor's Interest: Contractor

DESCRIPTION OF CONTRACT OR LEASE AND

ASSET PURCHASE AGREEMENT

by and among

Platform Universe, LLC

a Texas limited liability company,

as Buyer

and

BullionDirect, Inc.

a Texas corporation,

and

Nucleo Development Company, LLC

a Texas limited liability company

as Sellers

effective as of May 23, 2016

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	Pronouns	
	Modification	
	2 Assignment	
	B Entire Agreement	
	Severability	

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is dated as of May 6, 2016 by and among [Platform Universe, LLC], a Texas limited liability company ("Buyer"), BullionDirect, Inc., a Texas Corporation ("BDF"), and Nucleo Development Company, LLC, a Texas limited liability company ("Nucleo Development" and, together with BDI, "Sellers"). Buyer and Sellers are also referred to herein individually as a "Party" and, collectively, as the "Parties".

RECITALS:

- A. BDI is debtor-in-possession in the Chapter 11 reorganization case, Case No. 15-10940-tmd (the "*Chapter 11 Case*") pending in the United States Bankruptcy Court for the Western District of Texas, Austin Division (the "*Bankruptcy Court*").
 - B. Nucleo Development is a wholly-owned Subsidiary of BDI.
- C. Prior to filing the Chapter 11 Case, Sellers were, among other things, engaged in the development, management and operation of a Web-based exchange for the buying, selling and order-matching of Precious Metals (the "*Business*").
- On or about March 8, 2016, BDI and Cheryl L. Huseman ("Huseman") and C. Jack Murph ("Murph"), predecessors-in-interest to Buyer, with the consent of the Official Committee of Unsecured Creditors ("Committee") in the Chapter 11 Case, entered into that certain Term Sheet attached as an exhibit to the Procedures Order ("Term Sheet"). Pursuant to the Term Sheet, BDI agreed to sell certain assets of the BDI bankruptcy estate under an asset purchase agreement and subject to the terms and conditions of a bid procedure and auction set forth in Debtor's Motion for 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 and Auction and Hearing for Approval of Sale and (D) Granting Related Relief ("Sale Motion"), filed in the Chapter 11 Case at Docket No. 143. On March 29, 2016, the Bankruptcy Court entered an order ("Procedures Order") (Docket No. 155) granting certain relief sought in the Sale Motion, to wit: Approving the sale of certain assets to Buyer subject to a bid procedure and auction process if necessary, approving Buyer as a Stalking Horse Bidder as defined in the Sale Motion, and setting the sale of assets defined in the Term Sheet and Procedures Order for hearing on May 20, 2016 (the "Sale Hearing").
- E. Pursuant to the Term Sheet and Procedures Order, Sellers desire to sell, transfer, convey, assign and deliver to Buyer, in accordance with Sections 363 and 365 and the other applicable provisions of the Bankruptcy Code, all of the Purchased Assets, together with the Assumed Liabilities, upon the terms and subject to the conditions set forth in this Agreement.
- F. The Purchased Assets will be sold pursuant to the Sale Order, which shall, *inter* alia, incorporate the terms of this Agreement.
- G. Subject to the Bankruptcy Court's entry of the Sale Order, Buyer will purchase from the Sellers, and the Sellers will sell, transfer, convey, assign and deliver to the Buyer, all of

1

the Purchased Assets together with the Assumed Liabilities, upon the terms and subject to the conditions set forth in this Agreement.

H. The Parties have agreed on the terms and conditions of a sale and assignment of the Purchased Assets to Buyer and the assumption of the Assumed Liabilities by Buyer on the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and of their mutual covenants and agreements set forth in this Agreement, the Parties do hereby agree as follows:

Article I Definitions and Interpretation

1.1 Definitions.

When used in this Agreement, the following terms in all of their tenses shall have the meanings assigned to them below:

"Additional Capitalizations" is defined in Section 4.4.

"Affiliate" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by Contract or otherwise.

"Allocation" is defined in Section 4.3.

"Assumed Contracts" is defined in Section 2.1.

"Assumed Liabilities" is defined in Section 3.1.

"Bankruptcy Code" means Title 11 of the United States Code, as amended, 11 U.S.C. §§ 101, et. seq.

"Bankruptcy Court" is defined in the Recitals and includes such other courts exercising competent jurisdiction over the Chapter 11 Case involving Sellers.

"**BDI**" is defined in the Preamble.

"Bill of Sale, Assignment and Assumption Agreement" means the Bill of Sale, Assignment and Assumption Agreement executed by each Seller, in a form reasonably acceptable to Buyer and Sellers.

"Books and Records" is defined in Section 2.1.

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"Business" is defined in the Recitals."Buyer" is defined in the Preamble."Calculation Period" is defined in Section 4.5.
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"Cash Deposit" is defined in Section 4.1.

"Chapter 11 Case" is defined in the Recitals.

"Closing" is defined in Section 9.1.

"Closing Date" is defined in Section 9.1.

"Closing Date Payment" is Section 4.1.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Committee" is defined in the Recitals.

"Contemplated Transactions" means all of the transactions contemplated by this Agreement.

"Contingent Payment" is defined in Section 4.5.

"Contingent Payment Period" is defined in Section 4.5.

"Contingent Payment Percentage" is defined in Section 4.5.

"Contingent Payment Year" is defined in Section 4.5.

"Contract" means any written commitment, understanding, instrument, lease, pledge, mortgage, indenture, license, agreement, purchase or sale order, contract, promise or similar arrangement evidencing or creating any legally binding obligation.

"Creditors of BDI" means those Persons who are holders of the Allowed Claims in the Chapter 11 Case. "Claim" as specifically used herein shall have the same definition as set forth in 11 U.S.C. Section 101(5). "Allowed" as specifically used herein shall mean, with reference to a Claim or any portion thereof (a) a Claim against BDI, proof of which, if required, was filed on or before the Claims bar date set forth in the Chapter 11 Case, which is not disputed; (b) if no proof of Claim was so filed, a claim against BDI which has been or hereafter is listed by BDI in its bankruptcy schedules as liquidated, in a known amount and not disputed or contingent and on account of which payment has not been made; (c) an unknown Claim allowed by a final order in the Chapter 11 Case by the Bankruptcy Court or (d) a Claim included the final order in the Chapter 11 Case or in any order confirming the plan in the Chapter 11 Case. An Allowed Claim does not include any Claim, or portion thereof, which is a disallowed Claim or which has been subsequently withdrawn, disallowed, released or waived by the holder thereof or pursuant to a final order of the Bankruptcy Court and shall not include any amount for punitive or exemplary damages, penalties, fines or post-bankruptcy-petition interest.

"Excluded Assets" is defined in Section 2.2.

"Excluded Contracts" means all Contracts to which either Seller is a party and which are not Assumed Contracts.

"Exculpation Clause" is defined in Section 7.12.

"Full Release" is defined in Section 8.2(f)(i) and Exhibit "B".

"Governmental Approvals" means any approval, consent, permit, license, waiver, or other authorization issued, granted, given or otherwise made available by or under any Governmental Authority or pursuant to any Law.

"Governmental Authority" means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

"Huseman" is defined in the Recitals.

"Intellectual Property" means any (a) trademarks and service marks, including all applications and registrations and the goodwill connected with the use of and symbolized by the foregoing; (b) copyrights, including all applications and registrations, and works of authorship, whether or not copyrightable; (c) trade secrets and confidential know-how; (d) patents and patent applications; (e) websites and internet domain name registrations; (f) any and all computer software and code, including all new versions, updates, revisions, improvements and modifications thereof, whether in source code, object code, or executable code format, including systems software, application software (including mobile apps), firmware, middleware, programming tools, scripts, routines, interfaces, libraries, and databases; (g) all related specifications and documentation, including inventor or developer notes, comments and annotations, user manuals, policies, procedures and training materials, in electronic or hard copy, relating to any of the foregoing; and h) all other intellectual and industrial property rights and assets, and all rights, interests and protections that are associated with any of the foregoing.

"Intellectual Property Claims" means all claims past, pending, asserted, threatened and future for infringement, dilution, unfair competition, misappropriation and any other intellectual property-related claims, against a third-party Person for violation of any rights arising from or related to the Intellectual Property.

"Intellectual Property Rights" means all rights of Sellers and their Subsidiaries in and to
(i) any Intellectual Property, including any licenses in, or otherwise related to, any Intellectual Property owned by third parties, including those listed on **Exhibit "A"** and (ii) any Intellectual Property Claims.

- "Law" means any statute, law, ordinance, regulation, rule, code, Order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.
- "Lien" means any lien, charge, covenant, condition, easement, adverse claim, demand, encumbrance, limitation, security interest, option, pledge, or any other title defect.
 - "Murph" is defined in the Recitals.
 - "Net Profits" is defined in Section 4.5.
 - "Nucleo Development" is defined in the Preamble.
- "Order" shall mean any order, judgment, injunction, award, decree or writ of any court or Governmental Authority.
 - "Party" and "Parties" are defined in the Preamble.
- "*Permits*" means all permits, licenses, franchises, approvals, authorizations and consents required to be obtained from Governmental Authorities.
- "Person" means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.
- "Precious Metals" means a rare, naturally occurring metallic chemical element of high economic value, including gold, silver, platinum and palladium;
 - "Procedures Order" is defined in the Recitals.
 - "Purchase Price" is defined in Section 4.1.
 - "Purchased Assets" is defined in Section 2.1 and includes Exhibit "A".
 - "Sale Date" means the date that the Sale Order is entered by the Bankruptcy Court.
 - "Sale Hearing" is defined in the Recitals.
 - "Sale Motion" is defined in the Recitals.
- "Sale Order" means the final, non-appealable order of the Bankruptcy Court, to be issued by the Bankruptcy Court pursuant to Sections 363, 365 and, to the extent possible, section 1146(c), of the Bankruptcy Code in a form substantially (i) approving this Agreement and the Contemplated Transactions, (ii) approving the sale of the Purchased Assets to Buyer free and clear of all liens, claims and encumbrances pursuant to Section 363(f) of the Bankruptcy Code, (iii) approving the assumption and assignment to Buyer of any Assumed Contracts and (iv) finding that Buyer is a good faith purchaser entitled to the protections of Section 363(m) of the Bankruptcy Code.

"Sellers" is defined in the Preamble.

"Subsidiary" as to any Person, means any corporation, partnership, limited liability company, joint venture, trust or estate of or in which more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class of such corporation may have voting power upon the happening of a contingency), (b) the interest in the capital or profits of such partnership, limited liability company, or joint venture or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled through one or more intermediaries, or both, by such Person.

"Tax" means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

"*Tax Returns*" means any return, report or declaration filed with or submitted to any Governmental Authority in connection with the assessment, collection or payment of any Tax.

"Terminate Date" is defined in Section 9.2.

"Transaction Taxes" is defined in Section 10.2.

"*Vault*" means that certain security vault of BDI pursuant to certain agreements between BDI and Diamond State Depository, LLC d/b/a International Depository Services of Delaware.

1.2 <u>Interpretation</u>. When a reference is made in this Agreement to a Section, Schedule or Exhibit, such reference shall be to a Section, Schedule or Exhibit of this Agreement unless otherwise indicated. Whenever the words "included," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the phrase "without limitation." All terms defined in this Agreement shall have the meanings assigned to them herein in all of their tenses. Unless otherwise indicated, all references to dollars refer to United States dollars. The Parties acknowledge that all Parties have participated in the drafting and preparation of this Agreement and agree that any rule of construction to the effect that ambiguities are to be construed against the drafting party shall not be applied to the construction or interpretation of this Agreement.

Article II Purchase and Sale of Assets

- 2.1 <u>Purchased Assets</u>. Subject to the terms and conditions of this Agreement and pursuant to Sections 363 and 365 of the Bankruptcy Code, effective as of the Closing, Sellers shall sell, convey, transfer, assign and deliver to Buyer, free and clear of all Liens, and Buyer shall purchase, all right, title and interest in and to the following assets of Sellers (collectively, the "*Purchased Assets*"):
- (a) All of Sellers' right, title, and interest in and to the assets set forth on **Exhibit "A"**;
 - (b) The Intellectual Property Rights;
- (c) A transfer of all claims, rights, and causes of action of BDI and BDI's Subsidiaries against Nucleo Development, in each case whether asserted or unasserted, known or unknown, or contingent or otherwise, and whether accruing before or after the Closing Date;
- (d) All of the Contracts listed on **Exhibit "A"** and all rights of any kind relating thereto and such other Contracts as Buyer shall elect to assume pursuant to <u>Section 2.3</u> (collectively, the "Assumed Contracts");
- (e) All of Sellers' rights under warranties, indemnities and all similar rights against third parties to the extent related to any Purchased Assets;
- (f) A copy of all books and records, including books of account, ledgers and general, financial and accounting records, machinery and equipment maintenance files, customer lists, customer purchasing histories, price lists, distribution lists, supplier lists, production data, quality control records and procedures, customer complaints and inquiry files, research and development files, records and data (including all correspondence with any Governmental Authority), sales material and records, strategic plans, internal financial statements and marketing and promotional surveys, material and research, that relate to the Business or Purchased Assets ("Books and Records"), provided however, that the Purchased Assets do not include any communications or records of communications with any Government Authority occurring after the commencement of the Chapter 11 Case, except for any communications related to regulatory approvals to operate, and do not include any documents, communications, or materials created by, created for, or received by attorneys for Sellers in connection with the Chapter 11 Case or other materials that relate to the Chapter 11 Case and are subject to any attorney-client privilege among Sellers and their counsel; and
- (g) All goodwill associated with any of the assets described in the foregoing clauses.
- 2.2 <u>Excluded Assets.</u> Notwithstanding anything to the contrary in this Agreement, Sellers shall not sell, convey, transfer, assign or deliver, and Buyer shall not purchase or acquire any assets of Sellers other than the Purchased Assets. Without limiting the generality of the foregoing, the Buyer shall not acquire any of the following assets (collectively, the "*Excluded Assets*"):

- (a) All Sellers' cash, bank deposits, bank accounts, certificates of deposit, prepaid amounts with third parties, vendor deposits, customer deposits, performance bonds and cash equivalents (including marketable securities and short term investments);
- (b) All Sellers' personal property in the Vault and all Seller's interests in and to rights to the Vault and its contents except for Purchased Assets;
 - (c) All Sellers' promissory notes;
 - (d) All Precious Metals in Sellers' possession or owned by Sellers;
 - (e) All rights of Sellers under this Agreement;
 - (f) The Excluded Contracts;
- (g) All insurance policies of each Seller and all rights thereunder (including any and all insurance refunds or claims made under such policies relating to the Purchased Assets on or before the Closing Date);
- (h) All Tax assets and attributes and all claims which any Seller, an Affiliate of any Seller, or the Business may have, on or after the date hereof, against any Governmental Authority for refund or credit of any type with respect to Taxes applicable to the Business for periods ending on or prior to the Sale Date, including any Tax refund due to Sellers with respect to periods ending prior to the Sale Date; and
- (i) With the exception of those claims, rights, and causes of action set forth in Sections 2.1(b) and 2.1(c) of the Purchased Assets, all rights to any action, suit or claim of any nature available to or being pursued by Sellers, whether arising by way of counterclaim or otherwise, including without limitation (i) claims for breach of contract, or breach of fiduciary duty or tort claims and (ii) all Sellers' claims or causes of action, including those vested in any Seller under Sections 541, 542, 544, 545, 547, 548 and 549 (and, to the extent applicable for remedies, Sections 550 and 551) of the Bankruptcy Code.

2.3 Process for Assignment and Assumption of Contracts.

- (a) Sellers agree, pursuant to Section 365 of the Bankruptcy Code, to assume and then to sell, assign, transfer and convey to Buyer all Assumed Contracts. Should Buyer or Sellers identify any Contracts of Sellers not identified on **Exhibit "A"**, at Buyer's request, provided that such request is (i) acceptable to the Bankruptcy Court, and (ii) made to Sellers prior to the Bankruptcy Court's entry of the Sale Order, Sellers shall take commercially reasonable efforts to assume and assign such Contracts to Buyer pursuant to the terms of this Agreement and the Procedures Order, including obtaining any required third party consents.
- (b) Buyer shall be responsible for any and all cures or other payments required for Sellers to assume and assign the Assumed Contracts to Buyer and Buyer shall be responsible for providing evidence as to the adequate assurance of future performance required under Section 365 of the Bankruptcy Code. The Sale Order shall provide that the assumption and assignment to Buyer of the Assumed Contracts is approved, subject only to (i) payment by

Buyer of all cures or other payments or actions required for Sellers to assume and assign the Assumed Contracts to Buyer and (ii) Buyer's right to exclude any Contract from the definition of Assumed Contracts.

- (c) If any non-debtor party to an Assumed Contract objects to the assumption and assignment of such Contract, and such party's consent is required under Section 365(c) for the assumption and assignment of such Contract to Buyer, Buyer agrees that such Contract shall be deemed an Excluded Asset, without any adjustment to the Purchase Price, unless such consent is obtained. Sellers shall take commercially reasonable efforts to obtain any such consent, provided that Sellers shall have no obligation to obtain any such consent.
- (d) Prior to Closing, Buyer shall have the right to exclude any Contract from the definition of Assumed Contracts and add such Contract to the definition of Excluded Contracts.

Article III Assumption of Liabilities

- 3.1 <u>Assumed Liabilities</u>. Upon the terms and subject to the conditions of this Agreement, Buyer shall assume, pay, perform and discharge when due, effective as of the Closing Date, all of Sellers' liabilities, responsibilities and obligations under the Assumed Contracts, if any, regardless of whether such are fixed, contingent or otherwise (the "Assumed Liabilities"). For the avoidance of doubt, Buyer shall not assume any liabilities other than the Assumed Liabilities.
- 3.2 <u>Excluded Liabilities</u>. Each Seller shall remain responsible for its respective liabilities, responsibilities and obligations not specifically included in the Assumed Liabilities.

Article IV Consideration

- 4.1 <u>Consideration</u>. The consideration to be paid by Buyer to Sellers, provided for Seller's benefit, for the Purchased Assets is (i) \$100,000.00 (the "*Purchase Price*"), (ii) the Contingent Payments, if any, (iii) the Additional Capitalizations (as defined below), and (iv) the assumption by Buyer of the Assumed Liabilities, if any.
 - 4.2 <u>Payment</u>. Buyer shall pay the Purchase Price to Sellers as follows:
- (a) \$10,000 (the "Cash Deposit") is to be held by BDI as security for the performance by Buyer of its obligations under this Agreement. Sellers acknowledge that the Cash Deposit has already been paid.
- (b) An amount equal to the Purchase Price less the Cash Deposit (the "Closing Date Payment") in the amount of \$90,000 will be paid at the Closing by wire transfer of immediately available funds to the accounts designated by Sellers.
- 4.3 <u>Allocation of Purchase Price</u>. Prior to or on the Closing Date, the Parties shall agree to the allocation of the appropriate portions of the Purchase Price, Assumed Liabilities and

other relevant items among the Purchased Assets, including goodwill and other assets, in accordance with Code Section 1060 and any comparable provisions of state or local Law, as appropriate (the "Allocation"), which Allocation shall be binding upon the Parties and which will be attached to this Agreement as Schedule 4.3. The Parties and their respective Affiliates shall report, act and file Tax Returns in all respects and for all purposes consistent with such Allocation. Each Party shall furnish the other Party with such cooperation and existing information as is reasonably requested by the other Party in connection with the preparation of the Allocation described in this Section 4.3. The Parties covenant and agree that (i) neither Buyer nor Sellers shall assert that this Section 4.3 was not separately bargained for at arm's length and in good faith, and (ii) neither Buyer nor Sellers will take any position before any Governmental Authority, in any judicial proceeding, or in any Tax Return that is in any way inconsistent with such Allocation unless otherwise required by Law.

- 4.4 <u>Additional Capitalizations</u>. As additional consideration for the Purchased Assets, in order to help maximize the potential Contingent Payments, Huseman and Murph shall provide Buyer with an equity investment of at least \$100,000 upon the Closing Date. In addition, Huseman and Murph shall provide the Buyer with an additional loan or equity investment, at Buyer's option, of at least \$100,000 (each such investment being referred to as an "Additional Capitalization") if, within the first twelve (12) months of Business operations:
 - (i) In the reasonable judgment of the Buyers, activities realized prior to the expenditure of the first \$100,000 in Additional Capitalizations yield positive results that warrant further investment;
 - (ii) During the first six (6) months of Business operations by Buyer, the Business conducts at least 3,000 transactions; and
 - (iii) During the first twelve (12) months of Business operations by Buyer, the Business conducts at least 5,000 transactions.

4.5 Contingent Payment Calculations and Payment.

- (a) Contingent Payments. As additional consideration for the Purchased Assets, at such times as provided in Section 4.5(b), Buyer shall pay to BDI or its assigns with respect to each Calculation Period within the Contingent Payment Period an amount, if any (each, a "Contingent Payment"), equal to the Contingent Payment Percentage for the applicable Contingent Payment Year multiplied by the Net Profits of Buyer. For the purposes hereof "Net Profits" is equal to revenue minus all operating expenses, minus interest payable, minus taxes payable as calculated on an annual basis for Buyer's operations relating to the Business. Buyer shall use its reasonable best efforts to maximize the total Contingent Payments paid to Seller consistent with the Business Judgment Rule.
- (b) Timing of Contingent Payments. Any Contingent Payment that Buyer is required to pay pursuant to Section 4.5(a) hereof shall be paid in full no later than forty-five (45) days following the date upon which Buyer's written report containing its determination of Net Profits for the applicable Calculation Period is provided to BDI, or if subject to the dispute resolution mechanism herein, then 10 days after the resolution thereof. In BDI's sole discretion,

it may require Buyer to provide its representatives with reasonable access to Buyer's books and records for the purpose of validating Buyer's calculations of Net Profits. If BDI disputes such calculations, it shall provide Buyer with its own written report outlining the differences between its calculations and Buyer's calculations within fifteen (15) days after it has been provided with the books and records necessary to validate Buyer's report. If Buyer does not agree with BDI's report, it shall notify BDI within ten (10) days after receipt of Buyer's report and either party may submit the dispute to an independent firm of public accountants reasonably acceptable to both parties (and split the fee for such independent firm), or if the parties are unable to agree on such firm, then the dispute may be submitted to the Bankruptcy Court. Whether the dispute is submitted to such firm or the Bankruptcy Court, the determination by such firm or Bankruptcy shall be a final, non-appealable decision and the parties agree to be bound by such decision without right of appeal to any authority. Buyer shall pay to BDI the applicable Contingent Payment in cash by wire transfer of immediately available funds to the bank account that BDI or its assigns designates.

(c) Contingent Payment Schedule. Subject to the early termination provisions in Section 4.5(e), BDI or its assigns shall be eligible to receive the Contingent Payments during the Contingent Payment Period. Buyer will notify BDI upon Buyer's commencement of Business operations, which shall mark the beginning of the Contingent Payment Period. Buyer shall commence Business operations within one (1) year of the Closing Date. During the Contingent Payment Period, the Contingent Payment Percentage for each Contingent Payment Year will calculated as followings:

"Contingent Payment Year"	"Contingent Payment Percentage"
Year 1	80.00%
Year 2 and 3	60.00%
Years 4 through 7	50.00%

- (i) "Contingent Payment Period" means a seven-year period beginning on the Commencement of Business operations and ending seven years later.
- (ii) "Calculation Period" means each 365 day-year of the Contingent Payment Period.
- (d) Character of Contingent Payments. The parties hereto acknowledge and agree that (i) the contingent rights to receive any Contingent Payment shall not be represented by any form of certificate or other instrument, are not transferable, and do not constitute an equity or ownership interest in Buyer, (ii) Sellers shall not have any rights as a security-interest holder of Buyer as a result of Sellers' contingent right to receive any Contingent Payment hereunder, (iii) no interest is payable with respect to any Contingent Payment, and (iv) any Contingent Payments made by the Buyer after Closing shall be treated by all Parties as an addition to the Purchase Price hereunder, except as otherwise required by law.

- (e) Early Termination of Contingent Payment Period. Buyer's obligation to make any future Contingent Payments will automatically terminate and Sellers right to receive any unearned and unpaid Contingent Payments shall automatically terminate if:
 - (i) BDI or its assigns receives Contingent Payments equal to the amount of the Allowed Claims of the Creditors of BDI;
 - (ii) Buyer sells all or substantially all of its assets to a bona fide third-party purchaser;
 - (iii) the current equity owners of Buyer sell, or contractually obligate themselves to sell, all or substantially all of their equity-ownership interests in Buyer to one or more bona fide third-party purchasers, provided that the automatic termination shall occur on the date of closing of such sale;

In the event of 4.5(e)(ii) or 4.5(e)(iii) above, Buyer's obligation to make future Contingent Payments will not terminate until BDI or its assigns receive: (1) a final pro-rated Contingent Payment for the portion of the current Contingent Payment Year that precedes the closing date of such sale, to be paid from the net sale proceeds, and (2) after deduction of the final pro-rated Contingent Payment from any net sale proceeds, the Contingent Payment Percentage for the year in which the event occurs multiplied by the remaining net proceeds of the transaction constituting such sale, including all net proceeds payable to the Buyer or to any of its equity owners.

(f) Disclosures Regarding Sales Processes. Buyer, Huseman, and Murph shall provide Seller with prompt written notice following Buyer's execution of any letter of intent or purchase agreement to sell under 4.4(e)(ii) or (iii) hereof. Buyer, Huseman, and Murph shall provide such notice at least twenty-one (21) days prior to any sale agreement closing or asset or equity interest transfer occurring.

Article V Representations and Warranties of Sellers

Each Seller, severally and not jointly, hereby represents and warrants to Buyer as follows:

5.1 Organization and Power of Sellers. BDI is a corporation duly organized, validly existing and in good standing under the laws of the State of Texas. Nucleo Development is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Texas. Each Seller has full corporate or company power, as applicable, to: (a) own, lease and operate the Purchased Assets and carry on the Business as and where such assets are now owned or leased and as the Business is presently being conducted; and (b) execute, deliver and perform this Agreement and all other agreements and documents to be executed and delivered by such Seller in connection herewith, subject to and after giving effect to the approval of the Bankruptcy Court (including satisfying any conditions imposed by the Bankruptcy Court) and compliance with all requirements of the Bankruptcy Code.

- 5.2 <u>Enforceability</u>. All requisite action to approve, execute, deliver and perform this Agreement has been taken by Sellers. This Agreement and each other agreement and document delivered by each Seller in connection herewith have been duly executed and delivered by such Seller and constitute the binding obligation of such Seller, enforceable in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, and other laws affecting creditors' rights generally and by principles of equity.
- 5.3 <u>Brokers or Finders.</u> No Person is or will become entitled, by reason of any agreement or arrangement entered into or made by or on behalf of Sellers, to receive any commission, brokerage, finder's fee or other similar compensation arrangement in connection with the consummation of the Contemplated Transactions.
- No Implied or Other Representations or Warranties. EXCEPT AS OTHERWISE 5.4 EXPRESSLY SET FORTH HEREIN, IT IS THE EXPLICIT INTENT OF EACH PARTY HERETO THAT SELLERS AND ANY OF THEIR RESPECTIVE AFFILIATES ARE NOT MAKING ANY REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, BEYOND THOSE EXPRESSLY GIVEN IN THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OR REPRESENTATION AS TO CONDITION, MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE AS TO ANY OF THE ASSETS, AND IT IS UNDERSTOOD THAT EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, BUYER TAKES ALL PURCHASED ASSETS ON AN "AS IS" AND "WHERE IS" BASIS. NEITHER SELLERS NOR ANY STOCKHOLDERS. EMPLOYEES, DIRECTORS, MEMBERS, **OFFICERS** REPRESENTATIVES OF THE SELLERS HAVE MADE, AND SHALL NOT BE DEEMED TO HAVE MADE, ANY REPRESENTATIONS OR WARRANTIES IN ANY PRESENTATION OF THE BUSINESS OF SELLERS IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREIN, AND NO STATEMENT MADE IN ANY SUCH PRESENTATION SHALL BE DEEMED A REPRESENTATION OR WARRANTY HEREUNDER OR OTHERWISE. IT IS EXPRESSLY UNDERSTOOD THAT ANY COST ESTIMATES, PROJECTIONS, PREDICTIONS OR FORWARD-LOOKING STATEMENTS CONTAINED IN ANY DATA, FINANCIAL INFORMATION, MEMORANDA OR OFFERING MATERIALS OR PRESENTATIONS ARE NOT AND SHALL NOT BE DEEMED TO BE OR INCLUDE PRESENTATIONS OR WARRANTIES OF SELLERS OR OF ANY STOCKHOLDER, MEMBER, EMPLOYEE, DIRECTOR, OFFICER, OR REPRESENTATIVE OF SELLERS.

Article VI Representations and Warranties of Buyer

Buyer hereby represents and warrants to Sellers as follows:

6.1 <u>Organization and Power</u>. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Texas. Buyer has full power to execute, deliver and perform this Agreement and all other agreements and documents to be executed and delivered by it in connection herewith.

- 6.2 <u>Enforceability</u>. All requisite action to approve, execute, deliver and perform this Agreement and each other agreement and document delivered by Buyer in connection herewith has been taken by Buyer. This Agreement and each other agreement and document delivered by Buyer in connection herewith have been duly executed and delivered by Buyer and constitute the binding obligations of Buyer enforceable in accordance with their respective terms.
- 6.3 <u>Brokers or Finders.</u> No Person is or will become entitled, by reason of any agreement or arrangement entered into or made by or on behalf of Buyer, to receive any commission, brokerage, finder's fee or other similar compensation arrangement in connection with the consummation of the Contemplated Transactions.
- Buyer's Investigation. Buyer represents that it is a sophisticated entity that was advised by knowledgeable counsel and financial advisors and hereby acknowledges that it has conducted an investigation of the Purchased Assets. Notwithstanding anything in this Agreement to the contrary, Buyer acknowledges that it is accepting the Purchased Assets in their present condition and locations and with their present operating capabilities. acknowledges that Sellers make no warranty, express or implied, as to the condition of the Purchased Assets except as expressly set forth in this Agreement. Buyer has not relied upon, and Sellers shall not be liable for or bound in any manner by, any express or implied verbal or written information, warranties, guarantees, promises, statements, inducements, representations or opinions pertaining to the Business or the Purchased Assets, except as may be contained in this Agreement. Buyer has inspected, or waived its right to inspect, the Purchased Assets for all purposes and satisfied itself as to their condition. Buyer is relying solely upon its own inspection of the Purchased Assets, and Buyer shall accept all of the same in their as is, where is, condition. Buyer acknowledges that the representations and warranties of Sellers contained in this Agreement constitute the sole and exclusive representations and warranties of Sellers to Buyer in connection with this Agreement and the Contemplated Transactions, and Buyer acknowledges that all other representations and warranties are specifically disclaimed and may not be relied upon or serve as a basis for a claim against any Seller.

Article VII Covenants

- 7.1 <u>Effectiveness of Representations and Warranties</u>. Subject to the restrictions set forth in the Bankruptcy Code or Orders of the Bankruptcy Court, from the date hereof through the Closing Date, each Seller shall maintain the Purchased Assets in such a manner so that the representations and warranties contained in <u>Article V</u> shall continue to be true and correct on and as of the Closing Date as if made on and as of the Closing Date.
- 7.2 <u>Conduct of Business</u>. Except to the extent required by the Bankruptcy Court, no Seller shall, except as otherwise permitted by the Bankruptcy Code or an Order of the Bankruptcy Court (a) permit any of the Purchased Assets to be subjected to any additional Lien; or (b) sell or dispose of any Purchased Assets.
- 7.3 <u>Buyer's Access.</u> From the date hereof until the Closing Date, Sellers shall provide Buyer and its representatives reasonable access during normal business hours and upon reasonable advance notice to the Purchased Assets and all books and records and such other

information and Persons relating to the Business and Purchased Assets as Buyer may reasonably request.

- 7.4 <u>Expenses</u>. Except to the extent otherwise specifically provided in this Agreement, each Party shall bear its respective expenses incurred in connection with the preparation, execution and performance of this Agreement and the transactions contemplated hereby, including all fees and expenses of agents, representatives, counsel and accountants.
- 7.5 <u>Financial Reporting</u>. Buyer shall provide Sellers and their successors quarterly financial statements of Buyer, which need not be audited, within thirty (30) days after the end of each calendar quarter during the Contingent Payment Period. Buyer shall provide Sellers and their successors with further Buyer financial information, including information about efforts to sell or market for sale the Buyer's assets or the equity interests in the Buyer, that may be reasonably requested by Sellers and their successors.

7.6 Further Assurances.

- (a) Each Seller agrees that, at any time and from time to time after the Closing, it will, upon the request of Buyer and at Buyer's sole expense, do all such further acts as may be reasonably required to further transfer and assign to Buyer any of the Purchased Assets, or to vest in Buyer good and marketable title to the Purchased Assets.
- (b) Buyer agrees that, at any time and from time to time after the Closing, it will, upon the request of any Seller, do all such further acts as may be reasonably required to cause Buyer to assume the Assumed Liabilities, if any, in accordance with this Agreement and as may otherwise be appropriate to carry out the transactions contemplated by this Agreement.
- 7.7 <u>Governmental Approvals</u>. Buyer shall be solely responsible for obtaining, and for payment of all costs relating to, any and all Governmental Approvals required in connection with the Contemplated Transactions.
- 7.8 No Fiduciary Duty. Sellers acknowledge and agree that Buyer, Huseman or Murph do not and will not owe any fiduciary duties to Sellers or their assigns as a result of this Agreement, the future performance and operation of the Business or the future payment of any Contingent Payment. This provision does not impair or affect any obligations of Buyer, Huseman, or Murph under this Agreement and does not impair or affect any obligation of Huseman and Murph to the Buyer or the rights of Sellers as creditors of Buyer under this Agreement. Buyer, Huseman, and Murph shall act in good faith and exercise reasonable business judgment in carrying out this Agreement.
- 7.9 <u>Discovery of Precious Metals</u>. If Buyer discovers any Precious Metals owned by Sellers, Buyer (i) shall immediately provide notice of the discovery to BDI or its successors and (ii) shall use commercially reasonable efforts to assist BDI or its successors in recovering the Precious Metals.
- 7.10 <u>Standing and Right to Object</u>. Sellers acknowledge and agree that Buyer shall be a party-in-interest and have standing and rights to object to any plan of reorganization and order

confirming the plan in the Chapter 11 Case, but only to the extent the plan may impair the rights of Buyer under this Agreement or applicable law.

- 7.11 <u>Exculpation Support</u>. Sellers acknowledge and agree to support the inclusion of an Exculpation Clause described on page 4 of the Term Sheet in plan of reorganization in the Chapter 11 Case ("*Exculpation Clause*"). The Persons named to be exculpated in the Exculpation Clause are intended third-party beneficiaries of this Section 7.11.
- 7.12 Each of Sellers covenants and agrees that it has not, and will not prior to or after closing, disclose the substance of any of the Purchased Assets to any third party, including but not limited to the customer lists and Intellectual Property Rights. This provision shall survive the Closing Date notwithstanding any contrary provision in this Agreement.

Article VIII Conditions to Closing

- 8.1 <u>Conditions to Obligations of All Parties</u>. The obligation of each Party to consummate the Contemplated Transactions on the Closing Date is subject to the fulfillment on or prior to the Closing Date of the following conditions, any one or more of which may be waived by each Party:
- (a) The Sale Order shall have been entered by the Bankruptcy Court approving Buyer as the winning bidder pursuant to the Procedures Order.
- (b) On the Sale Date, there shall be no Order of any nature which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.
- 8.2 <u>Conditions to Buyer's Obligations</u>. The obligation of Buyer to consummate the Contemplated Transactions on the Closing Date is subject to the fulfillment on or prior to the Closing Date of the following conditions, any one or more of which may be waived by Buyer:
- (a) The Sale Order shall name Buyer as the winning bidder and be in form and substance satisfactory to Buyer in its sole discretion;
- (b) As determined in Buyer's sole discretion, there shall exist no known or anticipated impediments to Buyer obtaining the necessary Permits and approvals from Governmental Authorities required to operate the Business using the Purchased Assets;
- (c) Buyer shall have located and retained management and staff capable of operating the Business using the Purchased Assets in a manner satisfactory to Buyer in its sole discretion;
- (d) Each of the representations and warranties of Sellers contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as though made on the Closing Date.

- (e) Sellers shall have performed and complied in all material respects with all of the covenants and agreements required by this Agreement to be performed or complied with by Sellers on or prior to the Closing Date.
- (f) Each Seller shall have delivered to, or caused to be delivered to, Buyer the following documents, duly executed by such Seller (where appropriate):
 - (i) Sellers and their Affiliates and Subsidiaries shall deliver a release of all claims, rights, and causes of action that Sellers and their Affiliates and Subsidiaries have against Huseman and Murph in the form of the release attached hereto as **Exhibit "B"** ("Full Release");
 - (ii) A duly executed counterpart of the Bill of Sale, Assignment and Assumption Agreement;
 - (iii) A certificate, dated the Closing Date and signed by an authorized officer of such Seller, certifying that the conditions contained in <u>Sections 8.2(a)</u> and 8.2(e) have been satisfied;
 - (iv) A copy of the Sale Order; and
 - (v) Such other document(s) or instruments as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.
- 8.3 <u>Conditions to Sellers' Obligations</u>. The obligation of each Seller to consummate the Contemplated Transactions on the Closing Date is subject to the fulfillment on or prior to the Sale Date of the following conditions, any one or more of which may be waived by Sellers:
- (a) Each of the representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects on and as of the Sale Date with the same effect as though made on the Closing Date.
- (b) Buyer shall have performed and complied in all material respects with all of the covenants and agreements required by this Agreement to be performed or complied with by Buyer on or prior to the Closing Date.
- (c) Buyer shall deliver the Closing Date Payment to Sellers as specified in Section 4.2(b).
- (d) Buyer shall have delivered to, or caused to be delivered, to Sellers the following documents, duly executed by Buyer (where appropriate):
 - (i) A duly executed counterpart of the Bill of Sale, Assignment and Assumption Agreement;

- (ii) A certificate, dated the Sale Date and signed by an authorized officer of Buyer, certifying that the conditions contained in <u>Sections 8.3(a) and 8.3(b)</u> have been satisfied; and
- (iii) Such other document(s) or instruments as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

Article IX Closing and Termination

- 9.1 <u>Closing</u>. The closing (the "*Closing*") of the Contemplated Transactions shall be held on or within three business days after the Sale Date (or such other date as the Parties may agree in writing), at the offices of Strasburger & Price, LLP, 720 Brazos Street, Suite 700, Austin, Texas 78701. At Closing, (i) the Buyer shall deliver the Closing Date Payment and (ii) the Buyer and Sellers shall exchange the documents listed in <u>Sections 8.2(f) and 8.3(d)</u> dated effective as of the Closing Date. The date on which the Closing occurs is referred to as the "*Closing Date*."
- 9.2 <u>Termination</u>. This Agreement and the Contemplated Transactions may not be terminated except as follows:
- (a) Upon the mutual written consent of Sellers and Buyer (subject to the approval of the Bankruptcy Court);

(b) By Sellers if:

- (i) Sellers are not then in material breach of any provision of this Agreement and there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Buyer pursuant to this Agreement that would give rise to the failure of any of the conditions specified in <u>Section 8.1</u> or <u>Section 8.3</u> and such breach is not curable or has not been cured with fifteen (15) days' prior written notice thereof to Buyer; or
- (ii) any of the conditions set forth in (A) Section 8.1 or (B) Section 8.3 shall not have been fulfilled by June 30, 2016 (the "Termination Date"), unless such failure shall be due to the failure of Sellers to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by them prior to the Closing;

(c) By Buyer if:

(i) if Buyer is not then in material breach of any provision of this Agreement and there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Sellers pursuant to this Agreement that would give rise to the failure of any of the conditions specified in <u>Section 8.1</u> or <u>Section 8.2</u> and such breach is not curable or has not been cured within fifteen (15) days' written notice thereof to Sellers; or

- (ii) any of the conditions set forth in <u>Section 8.1</u> or <u>Section 8.2</u> shall not have been fulfilled by the Termination Date, unless such failure shall be due to the failure of Buyer to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing;
- (d) By either Sellers or Buyer if there shall be a final non-appealable Order of any nature which is in effect and has the effect of making the Contemplated Transactions illegal, otherwise restraining or prohibiting consummation of the Contemplated Transactions or causing any of the Contemplated Transactions to be rescinded following completion thereof.

9.3 Effect of Termination.

- (a) Upon the termination of this Agreement in accordance with <u>Section 9.2</u> hereof, and except as set forth in this <u>Section 9.3</u>, the Parties shall be relieved of any further obligations or liability under this Agreement.
- (b) Upon any termination pursuant to Sections 9.2(b)(i) or 9.2(b)(ii)(B), Sellers shall be entitled to retain the Cash Deposit as their sole remedy and as liquidated damages for expenses incurred in connection with this Agreement.
- (c) Upon any termination pursuant to <u>Sections 9.2(a), 9.2(b)(ii)(A), 9.2(c) or 9.2(d)</u>, Sellers shall return the Cash Deposit to Buyer within three (3) days of such termination by wire transfer of immediately available funds.
- (d) Notwithstanding anything to the contrary contained herein, the provisions of this Section 9.3, Section 7.4 and Article XI shall survive any termination of this Agreement.

Article X Tax Matters

- 10.1 <u>Filing of Returns</u>. In connection with the preparation and filing of Tax Returns as of and after the Closing Date, Buyer and Sellers shall cooperate and exchange information as reasonably required to accomplish the matters contemplated by this Article X.
- Transaction Taxes. Buyer shall bear and be responsible for paying any sales, use, stamp, transfer, documentary, registration, business and occupation and other similar taxes (including related penalties (civil or criminal), additions to Tax and interest) imposed by any Governmental Authority with respect to the transfer of the Purchased Assets to Buyer ("Transaction Taxes"), regardless of whether any Tax authority seeks to collect such taxes from Sellers or Buyer. Buyer shall also be responsible for (i) administering the timely payment of such Transaction Taxes directly to the correct Tax authorities, (ii) defending or pursuing any proceedings related thereto, and (iii) paying any expenses related thereto. Sellers shall give prompt written notice to Buyer of any proposed adjustment or assessment of any Transaction Taxes with respect to the Contemplated Transactions. In any proceedings, whether formal or informal, Sellers shall permit Buyer to participate and control the defense of such proceeding with respect to such Transaction Taxes, and shall take all actions and execute all documents required to allow such participation.

- 10.3 <u>Tax Refunds</u>. Any Tax refunds (including any interest related thereto) received by Buyer, its Affiliates or successors relating to the Purchased Assets and to Tax periods or portions thereof ending on or before the Closing Date shall be for the account of Sellers, and Buyer shall pay over to Sellers any such amount within thirty (30) days of receipt thereof.
- Tax Prorations. As to any Purchased Assets acquired by Buyer, Sellers and Buyer shall apportion the liability for personal property taxes and ad valorem taxes ("Periodic Taxes") for all Tax periods including but not beginning or ending on the Closing Date (the "Proration **Periods**"). The Periodic Taxes described in this Section 10.4 shall be apportioned between Sellers and Buyer as of the Closing Date, with Buyer liable for that portion of the Periodic Taxes equal to the Periodic Tax for the Proration Period multiplied by a fraction, the numerator of which is the number of days remaining in the Proration Period including and after the Closing Date, and the denominator of which is the total number of days covered by such Proration Period. Sellers shall be liable for that portion of the Periodic Taxes for the Proration Period for which Buyer is not liable under the preceding sentence. Buyer and Sellers shall pay or be reimbursed for personal property taxes (including instances in which such property taxes have been paid before the Closing Date) on this prorated basis. Each Party shall make any payments due to another Party under this Section 10.4 by wire transfer of immediately available funds with thirty (30) days of receiving notice of such obligation. The Party responsible for paying a Tax described in this Section 10.4 shall be responsible for administering the payment of (and any reimbursement for) such Tax. For purposes of this Section 10.4, the Proration Period for ad valorem taxes and real and personal property taxes shall be the fiscal period for which such taxes were assessed by the relevant Tax authority.

Article XI General Provisions

- 11.1 <u>Bankruptcy Court Approval</u>. This Agreement and the transaction contemplated hereby are contingent upon the approval and authorization of the Bankruptcy Court.
- 11.2 <u>Notices</u>. All notices and other communications required or permitted under this Agreement shall be in writing, and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) when received by the addressee if sent by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 11.2):
 - (a) If to Buyer, to:

Platform Universe, LLC c/o Cheryl L. Huseman 6700 Woodlands Parkway, Suite 230-214 The Wodlands, Texas 77382 E-mail: cherielh@gmail.com

With a copy to, which shall not constitute notice to Buyer, to:

STRASBURGER & PRICE, LLP 720 Brazos Street, Suite 700 Austin, Texas 78701 Attn: Duane Brescia

Fax: (512) 536-5709

E-mail: Duane.Brescia@strasburger.com

(b) If to Sellers, to:

Dan Bensimon, CRO On behalf of BullionDirect, Inc. UNIQUE STRATEGIES GROUP, INC. 7028 Cielo Azul Pass Austin, Texas 78732 Email: dbensimon@austin.rr.com

With a copy to, which shall not constitute notice to Sellers, to:

Joseph D. Martinec MARTINEC, WINN & VICKERS, P.C. 919 Congress Avenue, Suite 200 Austin, Texas 78701 Email: martinec@mwvmlaw.com

- Survival of Representations and Warranties. All representations and warranties made by Sellers in Article V of this Agreement shall terminate on the Closing Date upon the purchase of the Purchased Assets by Buyer, and neither Sellers nor their respective Affiliates shall have any liability after the Closing Date for any breach of any representation or warranty of Article V of this Agreement. All provisions of Sections 7.5, 7.8, 7.9, 7.10, 7.11 and 7.12 shall survive the Closing Date.
- Binding Effect and Third-Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns, including any trustee, responsible Person, estate administrator, post-confirmation Trust or Trustee, representative or similar Person appointed for or in connection with the Chapter 11 Case or in any subsequent case under the Bankruptcy Code in which BDI is a debtor. The Parties acknowledge and agree that Huseman and Murph are intended third-party beneficiaries of Sections 7.10 and 7.11. Except as otherwise provided in this Agreement, nothing in this Agreement is intended or shall be construed to confer on any Person other than the Parties any rights or benefits hereunder.

- 11.5 <u>Headings</u>. The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.
- 11.6 <u>Exhibits and Schedules</u>. The Exhibits and Schedules referred to in this Agreement are hereby incorporated and shall be deemed to be an integral part of this Agreement.
- 11.7 <u>Counterparts</u>. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same document.
- 11.8 Governing Law. Except to the extent inconsistent with the Bankruptcy Code (in which case the Bankruptcy Code shall govern), this Agreement shall be governed by and construed under Texas law, without regard to conflict of laws principles. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement shall be brought against any of the Parties in the Bankruptcy Court, or, if the Bankruptcy Court does not have jurisdiction, in the courts of the State of Texas, County of Travis, or, if it has or can acquire jurisdiction, in the United States District Court for the Western District of Texas, and all of the Parties consent to the jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waive any objection to venue in those courts. Process in any action or proceeding referred to in the preceding sentence may be served on any Party anywhere it the world.
- 11.9 <u>Waivers</u>. Compliance with the provision of this Agreement may be waived only by a written instrument specifically referring to this Agreement and signed by the party waiving compliance. No course of dealing, nor any failure or delay in exercising any right, shall be construed as a waiver, and no single or partial exercise of a right shall preclude any other or further exercise of that or any other right.
- 11.10 <u>Pronouns</u>. The use of a particular pronoun herein shall not be restrictive as to gender or number but shall be interpreted in all cases as the context may require.
- 11.11 <u>Modification</u>. No supplement, modification or amendment of this Agreement shall be binding unless made in a written instrument which is signed by all of the Parties and which specifically refers to this Agreement.
- 11.12 <u>Assignment</u>. After Closing, any Party may assign this Agreement or any right or obligation hereunder to a third-party Person without obtaining the consent of any other Party.
- 11.13 Entire Agreement. This Agreement and the agreements and documents referred to in this Agreement or delivered hereunder are the exclusive statement of the agreement among the Parties concerning the subject matter hereof and as expressed in the asset purchase agreement portion of the Term Sheet. All negotiations among the Parties are merged into this Agreement, and there are no representations, warranties, covenants, understandings or agreements, oral or otherwise, in relation thereto among the Parties other than those incorporated herein and to be delivered hereunder. All remaining portions of the Term Sheet shall survive.
- 11.14 <u>Severability</u>. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term hereof, the legality, validity,

and enforceability of the remaining provisions of this Agreement shall not be affected thereby, and in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be legal, valid, and enforceable.

INTENDING TO BE LEGALLY BOUND, the Parties have executed this Agreement as of the date first above written.

BUYER:
Platform Universe, LLC
By: Cheryl L. Huseman, Manager
HUSEMAN AND MURPH INDIVIDUALLY SOLELY AS TO THEIR INDIVIDUAL OBLIGATIONS IN § 4.4, 4.5(f) and 7.8:
Cheryl L. Huseman
C. Jack Murph
SELLERS:
BullionDirect, Inc.
By: Dan Bensimon, Chief Restructuring Officer
Nucleo Development Company, LLC
By: Dan Bensimon, Manager

EXHIBIT A

Purchased Assets

Patents:

US 7,584,135 Assigned to Bullion Direct, Inc. Reel/Frame 11827-481 issued September 1, 2009.

Trademarks:

All registered and common law trademarks including but not limited to:

Trademarks registered in the U.S. Patent and Trademark Office

- BullionDirect® (Reg. No. 3453844)(Serial No. 78942339)
- NucleoExchange® (Reg. No. 3991537)(Serial No. 77822673)
- Nucleo® (Reg. No. 3991536)(Serial No. 77822644

Trademarks registered in Canadian Intellectual Property Office

• BullionDirect (Reg. No. TMA791586)(Serial No.1452354)

Common Law trademarks which have been used in commerce by Bullion Direct, Inc. and/or Nucleo Development Company, LLC, including:

- OrderMatchTM
- NucleoCoreTM

Domain names:

The following domain names owned by Bullion Direct, Inc. or Nucleo Development Company LLC and hosted by GoDaddy. The source below is from the web-site listing of Bullion Direct and Nucleoware accounts:

GoDaddy Account: Nucleoware (46924394)

Domains	Expires	Registration Type
nucleocore.com	6/6/2016	Public
nucleodevco.com	7/18/2016	Public
nucleodevcompany.com	7/18/2016	Public
nucleodevelopmentco.com	7/18/2016	Public
nucleodevelopmentcompany.com	7/18/2016	Public
nucleomarket.com	7/18/2016	Public
nucleomarkets.com	7/18/2016	Public
nucertification.com	2/5/2017	Public
nucertify.com	2/5/2017	Public
nucleoware.com	3/23/2017	PRIVATE
nucleomatch.com	9/6/2017	Public

GoDaddy Account: BullionDirect (25241572)

Domains	Expires	Registration Type
bullion-trade.com	11/13/2017	PRIVATE
bullionex.com	11/13/2017	PRIVATE
bullionuniverse.com	11/13/2017	PRIVATE
bullionusa.com	11/13/2017	PRIVATE

Domains	Expires	Registration Type
ediversify.com	11/13/2017	Public
numisdirect.com	11/13/2017	Public
ordermatch.com	11/14/2017	PRIVATE
bullion-trader.com	12/27/2017	PRIVATE
bulliondirect.com	6/5/2018	PRIVATE

Code and software:

All source codes and repository for the Bullion Direct and Nucleo platforms and any associated operations features. Includes, but is not limited to, code base plus current configuration of how software is set up (including product information).

- Bullion Direct current operating source code and all previous iterations contained in the source code repository (Redmine) and all supporting ancillary software.
- Nucleo whether owned by Nucleo or BDI, any previous or current software related to Nucleo platform in general.
- All documentation and data related to software platform including the established knowledge base.

Remote Equipment and Hosting Facility

Servers hosted at zColo a wholly owned subsidiary of Zayo Group, operating colocation and data center services in Austin, TX, including but not limited to:

- Source code management
- Jenkins continuous integration
- Project Management
- Nexus repository for code artifacts

Miscellaneous Equipment

Tamper evident packaging equipment including but not limited to:

- TP3 "Semi-Automatic Thermopress" and Air Compressor for Certicard(R)
- Systech "eFingerprint" printer, scanner, and laptop

Contracts, Agreements, and Accounts

The option to obtain all assignable contracts between BDI or Nucleo and service providers/vendors such as shipping, vault, and banking vendors, if such agreements are necessary for start-up and continuation of the Newco business.

• Third party software and existing integration and configurations used by, or in operation of the platform (ie. LivePerson, IBM Analytics, Google, GoDaddy, security, etc.)

The following assets from the bankruptcy trust estate list provided by Dan Bensimon:

Cubesmart St		
2	40" TV's Flat Screen	
3	Dell Rack mount servers	
4	Dell Rack mount switches	
3	Power BackUp Supply	
1	Brandt Coin Counter	

1	Lot of Elfa wire shelves (Grey)
1	Mettler Scale
2	Bank Readers (Check 21)
1	Zebra Printer (small)
1	Polygon Conference Phone

Offices 700 Lavaca			
Remote Equip)		
1		Lot Misc Servers	
4		Computers	

Miscellaneous Equipment

The following are BD assets stored at the vault location and will be necessary to provide third party vault and fulfillment services:

BD Assets	
Rolling Cages	3
Static Shelves with bins	3
Bins	99
Static Shelves	10
Boxes of packing/shipping/storage supplies	70
Flat screen TV monitor (approx 50")	2
Heat sealer — foot activated	2
Heat sealer—table top	2
Loose boxes	464
Bundles of boxes	6
Certiline sealer	1
Certiline sealer boxes of supplies	17
Air compressors	2
Laptop *	1
Zebra printer*	2
Label maker*	1
Scales*	5
Strapping machine	1
Coin counter	1

^{*}These items are for the Certiline/Systech certification and packaging process.

RELEASE AGREEMENT

THIS RELEASE AGREEMENT (this "Agreement"), dated as of _______, 2016 ("Effective Date"), is made by and among BullionDirect, Inc. ("BDF"), Nucleo Development Company, LLC ("Nucleo Development"), Cheryl L. Huseman ("Huseman") and C. Jack Murph ("Murph"). BDI, Nucleo Development, and their Subsidiaries and Affiliates, are herein referred to from time to time as "Sellers". BDI, Nucleo Development, Huseman and Murph are herein referred to from time to time as the "Parties" and each, individually, as a "Party".

RECITALS

WHEREAS, the Sellers and Platform Universe, LLC have entered into that certain Asset Purchase Agreement dated effective as of ______, 2016 (the "Asset Purchase Agreement"), under which Sellers will sell, assign, transfer and convey certain assets to Platform Universe, LLC; and

WHEREAS, for good and valuable consideration and as a condition to closing of the Asset Purchase Agreement, Sellers, and their Subsidiaries and Affiliates, have agreed to relinquish certain Claims as contemplated herein;

NOW THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby covenant and agree as follows:

AGREEMENT

- 1. <u>Release by Sellers</u>. Effective as of the closing of the Asset Purchase Agreement, as defined therein (the "*Closing*"):
- (a) Sellers, and their Subsidiaries and Affiliates, each do hereby finally, unconditionally, irrevocably, and absolutely release, acquit, remise, and forever discharge Huseman and Murph (each individually, a "Releasee" and, collectively, the "Releasees") from any and all causes of action, charges, claims, complaints, controversies, costs, counterclaims, damages, debts, demands, equitable proceedings, executions, expenses, legal proceedings, liabilities, losses, matters, objections, obligations, orders, proceedings, reckonings, remedies, rights, setoffs, suits, and sums of money, of any kind, whether any of the foregoing exist at common law, exist by statute, or otherwise, and whether known or unknown, whether matured or unmatured, whether absolute or contingent, whether direct or derivative, whether suspected or unsuspected, and whether liquidated or unliquidated (each, a "Claim," and collectively, the "Claims"), including, but not limited to, any claims for breach of contract, breach of any special relationship, breach of duty of care, breach of duty of loyalty, breach of fiduciary duty, concealment, conflicts of interest, conspiracy, control, course of conduct or dealing, debt recharacterization, deceit, deceptive trade practices, deepening insolvency, defamation, disclosure, duress, economic duress, equitable subordination, fraud, fraudulent conveyance, fraudulent transfer, gross negligence, insolvency law violations, interference with contractual and business relationships, misrepresentation, misuse of insider information, negligence, breach of obligation of fair dealing, breach of obligation of good faith and fair dealing, breach of obligation of good faith, preference, secrecy, securities and antitrust laws violations, substantive

consolidation, tying arrangements, unconscionability, usury, violations of statutes and regulations of governmental entities, instrumentalities and agencies, wrongful recoupment or setoff, or any tort, whether common law, statutory, or in equity, and including as a result of, or in relation to, any negligence of any Releasee.

- (b) Except as otherwise provided for herein, Sellers, and their Subsidiaries and Affiliates, each hereby irrevocably waives and covenants and agrees to forbear and refrain from, directly or indirectly, asserting any Claim, or commencing, instituting, or causing to be commenced or instituted, any legal, arbitral, or equitable proceeding of any kind (whether actual, asserted or prospective) against any Releasee based upon any matter released pursuant to this Agreement.
- (c) Without in any way limiting any of the rights and remedies otherwise available to any Releasee, Sellers, and their Subsidiaries and Affiliates, shall each, jointly and severally, indemnify and hold harmless each Releasee from and against all liabilities, claims, damages, and expenses (including reasonable attorneys' fees), whether or not involving third-party claims, arising directly or indirectly from or in connection with the assertion by or on behalf of Sellers of any Claim.
- 2. <u>Severability</u>. Whenever possible, each provision or portion of any provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but, if any provision or portion of any provision of this Agreement is held to be invalid, illegal,, or unenforceable in any respect in any jurisdiction under any applicable law, such invalidity, illegality, or unenforceability shall not affect the validity, legality, or enforceability of any other provision or portion of any provision in such jurisdiction, and this Agreement shall be reformed, construed, and enforced in such jurisdiction in such manner as will effect as nearly as lawfully possible the purposes and intent of such invalid, illegal, or unenforceable provision.
- 3. <u>Successors and Assigns; Third Party Beneficiaries</u>. The obligations of any Party under this Agreement may not be assigned without the prior written consent of the other Party, and any purported assignment in violation of the foregoing shall be void *ab initio*. Subject to the immediately preceding sentence, this Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Nothing in this Agreement is intended or shall be construed to confer upon any Person other than the Parties, the Releasees, and their respective successors and permitted assigns any right, remedy, or claim under or by reason of this Agreement.

4. Representations, Warranties, and Covenants of Releasees.

- (a) Releasees represent and warrant that the statements and information Releasees provided to counsel for BDI and counsel for the Official Committee of Unsecured Creditors of BDI dated March 21, 2016, is accurate and complete as of the dates identified in such disclosure.
- (b) Releasees covenant that they will comply with their obligations under the Asset Purchase Agreement.

5. Representations and Warranties of Sellers.

- (a) BDI is a corporation duly organized, validly existing and in good standing under the laws of the State of Texas. Nucleo Development is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Texas.
- (b) All requisite action to approve, execute, deliver and perform this Agreement has been taken by Sellers. This Agreement has been duly executed and delivered by each Seller and constitute the binding obligation of such Seller, enforceable in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, and other laws affecting creditors' rights generally and by principles of equity.
- (c) The execution, delivery, and performance of this Agreement by Sellers does not and will not (i) conflict with or violate their organizational documents or (ii) violate any applicable law.

6. Governing Law; Venue; Waiver of Jury Trial.

- (a) This Agreement will be governed by, and construed in accordance with, the laws of the State of Texas, regardless of the laws that might otherwise govern under principles of conflict of laws thereof. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement shall be brought against any of the Parties in the Bankruptcy Court, or, if the Bankruptcy Court does not have jurisdiction, in the courts of the State of Texas, County of Travis, or, if it has or can acquire jurisdiction, in the United States District Court for the Western District of Texas, and all of the Parties consent to the jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waive any objection to venue in those courts. Process in any action or proceeding referred to in the preceding sentence may be served on any Party anywhere it the world.
- (b) TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, THE PARTIES HEREBY WAIVE, AND COVENANT THAT THEY WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT, OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING IN WHOLE OR IN PART UNDER OR IN CONNECTION WITH THIS AGREEMENT, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. THE PARTIES AGREE THAT ANY OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY, AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION WHATSOEVER BETWEEN OR AMONG THEM RELATING TO THIS AGREEMENT AND THAT SUCH ACTIONS WILL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.
- 7. <u>Specific Performance</u>. Sellers acknowledge and agree that the Releasees would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, Sellers agree that

each of the Releasees shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof, without, except as may be required by law, the requirement of posting bond or other form of security, in any action instituted in any court of the United States or any state thereof having, in accordance with the terms of this Agreement, jurisdiction over Sellers and any of the Releasees, and the matter, in addition to any other remedy to which it may be entitled, at law or in equity.

- 8. <u>Entire Agreement</u>. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter herein, and supersedes all prior agreements, understandings, representations, or warranties, written or oral, with respect to the subject matter herein by or between the Parties.
- 9. <u>Further Actions</u>. Each Party shall execute and deliver such documents and take such other actions as may reasonably be requested by the other Party in order to carry out the provisions of this Agreement.
- 10. Knowing and Voluntary Waiver. Sellers, by their free and voluntary act of signing below, each (a) acknowledges that it has been given appropriate time to consider whether to agree to the terms contained herein, (b) acknowledges that it has been advised to consult with an attorney and has consulted with an attorney prior to executing this Release, (c) acknowledges that it understands that this Agreement specifically releases and waives rights and Claims that it may have, and (d) agrees to all of the terms of this Agreement and intends to be legally bound thereby. The Parties hereto acknowledge and agree that each Party has reviewed and negotiated the terms and provisions of this Agreement and has contributed to its preparation (with advice of counsel). Accordingly, the rule of construction to the effect that ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement. Rather, the terms of this Agreement shall be construed fairly as to all Parties and not in favor of or against any Party based on the fact that such Party may have drafted such terms or provisions.
- 11. <u>Interpretation</u>. The Recitals are incorporated into this Agreement for all purposes. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by each of the Parties. Unless the context requires otherwise: (a) the gender (or lack of gender) of all words used in this Agreement includes the masculine, feminine, and neuter; (b) words using the singular or plural number also include the plural or singular number, respectively; and (c) the terms "hereof," "herein," "hereunder" and derivative or similar words refer to this entire Agreement. References to a Person are also to its successors and/or permitted assigns, if any. Unless specifically provided for herein, the term "or" shall not be deemed to be exclusive. The headings contained in this Agreement are for convenience only and shall not affect the meaning or interpretation of this Agreement. As used herein, "Affiliate" means, with respect to any, individual, corporation, partnership, joint venture, limited liability company, unincorporated organization, trust, association or other entity (a "Person"), any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by

Contract or otherwise; and "Subsidiary" as to any Person, means any corporation, partnership, limited liability company, joint venture, trust or estate of or in which more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class of such corporation may have voting power upon the happening of a contingency), (b) the interest in the capital or profits of such partnership, limited liability company, or joint venture or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled through one or more intermediaries, or both, by such Person.

12. <u>Counterparts</u>. This Agreement may be executed and delivered (including by facsimile or Portable Document Format (pdf) transmission) in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when two or more counterparts have been signed by each of the Parties and delivered to the other Parties. Facsimile or pdf transmission of any signed original document or retransmission of any signed facsimile or pdf transmission shall be deemed the same as delivery of an original. At the request of any Party, the other Parties shall confirm facsimile or pdf transmission by signing a duplicate original document.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have executed and delivered this Release Agreement as of the date first written above.

SELLERS:
BullionDirect, Inc.
By: Dan Bensimon, Chief Restructuring Officer
Nucleo Development Company, LLC
By:
HUSEMAN:
Cheryl L. Huseman
MURPH:
C. Jack Murph

Schedule 4.3 Allocation

Allocation of \$100,000 purchase to assets identified in Article 2.1:

- (1) all intellectual property assets = 50%
- (2) all other personal property assets furniture, fixtures, hardware, computers, equipment, office products = 45%
- (3) release = 5%

^{*}subject to revision prior to Closing Date

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 Spicer

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

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. 58121, *et seq.*, and the Texas Theft Liability Act, Tex. Civ. Prac. & Remedies Code, § 134.001 *et seq.*;
 - d. 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
 - e. 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. 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;
 - b. 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, and Roberta Mills;
 - c. 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,

PRESERVED CAUSES OF ACTION

- David Love, Bill Bryant, Dubois Bryant & Campbell, LLP, Marty Akins, Bryant Lee;
- d. all parties owing contractual obligations to BullionDirect, Inc. or its subsidiaries, including without limitation Fort Worth Coin Company, Inc., Lloyds of London;
- e. all professionals and professional firms providing services to BullionDirect, Inc. or its subsidiaries, including without limitation Russell & Mayfield, Clark Thomas Winters, LLP, Dechert LLP, Jackson Walker, LLP, The Martin Law Firm, LLP, Duggins Wren Mann & Romero, LLP, Cantrell & Cantrell, LLP, and the individual professionals associated with such firms;
- f. 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.;
- g. Equity Trust Company and Sterling Trust Company;
- h. all of the parents, subsidiaries, directors, officers, employees, representatives, and other affiliates of the above-mentioned persons or entities;
- i. 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
- j. all subsequent transferees of the above-mentioned persons or entities.

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,	Andrasek, Michael (Conflicting Claim		✓			✓			
90	Amounts)								
266	BullionDirect/Armstrong, James E. IV	✓							
15	Asif Siddiqui, Omer							✓	
133,	Banerjee, Santanu (Conflicting Claim		✓		✓	✓		✓	
136	Amounts)								
158	Barnwell, William			✓					
146	Beasley, Vicki C.						✓		
168,	Bentz, Gary Robert		✓						
170									
294,	Bocanegra, Lorraine D.		✓						
317									
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.			✓	✓				

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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	✓							

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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,	Gupta, Rajan & BullionDirect	✓	✓		✓				
157		(157)			(157)				
369,	Gupta, Rajan & BullionDirect	✓	✓		✓				
157		(157)							
11,	Halepoto, Zeba		✓			✓		✓	
419						(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,	Hsieh, Jerry		✓						
259									
330	Hughes, Peter S.			✓					
519	BullionDirect/Ilano 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				✓				

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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,	Lennen, Ralph & BullionDirect	✓	✓						
359		(358)							
515	Lettang, Peter			✓				✓	
104	Levey, Norman H.			✓					
394	Levine, Phyllis J.			√	✓				
286,	Lewis, Joshua & BullionDirect	✓	✓			✓			
287		(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			✓					

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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,	O'Neill, Thomas (or Tomas)		✓			✓			
225,	(Conflicting Claim Amounts)								
471									
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,	Popiel, Eric		✓						
186									
218	Powell, Richard A. (Conflicting Claim			√		✓			
	Amounts)								
514	Price, Clinton A. (Conflicting Claim			√		✓			
	Amounts)								
303	Price, James D.			✓					
216	BullionDirect/Ramanathan, Natarajan	✓							

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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,	Serocki, John T.		✓			✓			
348,									
349,									
351,									
396									
102	Sholder, Shaun W.			√				√	
101	Simpson, David W.			✓					
137	Singh, Geeta							√	
87	Siry, Richard A.							✓	
402,	Sithambaram, Ramasamy		✓	✓					
403						,			
59,	Sivva, Madhusudan (Conflicting Claim		✓	√		✓			
378	Amounts)			(59)					
205	Smedra, Diane E.			√					
491,	Smith, Pedro & BullionDirect	√	✓			✓			
506	(Conflicting Claim Amounts)	(491)							
61	Smith, Wendy K.			✓					

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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,	Swick, Douglas Wayne		✓	✓					
51									
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).