

Attorney or Party Name, Address, Telephone & FAX Numbers, and California State Bar Number Daniel A. Lev (CA Bar No. 129622) SulmeyerKupetz 333 South Hope Avenue, 35 th Floor Los Angeles, CA 90071 PH: 213.626.2311; FAX: 213.629.4520	FOR COURT USE ONLY <div style="border: 2px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> FILED NOV 07 2008 </div> </div> CLERK U.S. BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA BY: Deputy Clerk
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA	CASE NO. 2:05-bk-27443-EC CHAPTER 7
In re: MORWEAR MANUFACTURING, INC. <div style="text-align: right;">Debtor(s).</div>	

NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: December 3, 2008	Time: 1:30 p.m.
Location: 255 East Temple Street, Los Angeles, CA 90012, Courtroom 1679	

Type of Sale: Public Private Last date to file objections: November 19, 2008

Description of Property to be Sold: See Attachment

Terms and Conditions of Sale: See Attachment

Proposed Sale Price: See Attachment

Overbid Procedure (If Any): See Attachment

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:

Contact Person for Potential Bidders (include name, address, telephone, fax and/or e:mail address):

Daniel A. Lev, Esq.
SulmeyerKupetz, A Professional Corporation
333 South Hope Street, 35th Floor
Los Angeles, California 90071
Tel: 213.626.2311

Date: November 7, 2008

ATTACHMENT TO NOTICE OF SALE OF ESTATE PROPERTY

Description of Property to be Sold: The estate's right, title and interest in and to certain assets of Morwear Manufacturing, Inc., a Delaware corporation ("Morwear" or the "Debtor"), described as follows:

Raabe Parties Claims

Eric Von Knipe (a defendant in a certain adversary proceeding commenced by the Chapter 7 Trustee styled David K. Gottlieb, Chapter 7 Trustee v. Eric Von Knipe, et al., bearing Adv. No. LA 05-02275-EC (the "Adversary Proceeding")) contends that the Von Knipe Parties (consisting of Eric Von Knipe, X2, Inc. and Moldwash U.S.A., Inc.) and the Debtor's estate have rights of action against Dieter Raabe and/or the Raabe Parties (consisting of various entities, all of whom are affiliated with Dieter Raabe, including, but not limited to, Dieter Raabe, Sue Wong, Drake Investments, Inc., Studio S, Inc., Diversified Coatings, Inc., Montaly, Ltd., Asia Coatings, Inc. and any other corporation, partnership or business entity in which any of the Raabe Parties has a direct or indirect ownership interest, or over which Dieter Raabe has control or influence). Claims against the Raabe Parties are referred to herein as the "Raabe Related Claims".

Eric Von Knipe Judgment

The Trustee has a \$2,500,000.00 judgment (the "Judgment") against Eric Von Knipe arising out of that certain adversary proceeding commenced by the Chapter 7 Trustee styled David K. Gottlieb, Chapter 7 Trustee v. Eric Von Knipe, et al., bearing Adv. No. LA 05-02275-EC (the "Adversary Proceeding").

Method of Sale: Offers subject to overbid.

Sale Description: Date of Sale: December 3, 2008, 1:30 p.m. (subject to continuances)
Place: 255 East Temple Street, Courtroom "1639", Los Angeles, CA 90012

Offers Received: The Trustee has received and accepted an offer from the Raabe Parties pursuant to which, in exchange for a release of the right of the Raabe Parties to seek reimbursement from the Debtor's estate for any and all fees and/or costs incurred or advanced in connection with the Adversary Proceeding, pursuant to prior orders of the Bankruptcy Court, the Raabe Parties, or their designee, shall acquire the Raabe Related Claims and the Stipulated Judgment. More specifically, the Raabe Parties funded \$373,290.67 on account of attorney's fees incurred by the Trustee's predecessor special litigation counsel, Ervin, Cohen & Jessup ("ECJ"). ECJ prosecuted a fee application with respect to those services, which the Court allowed in the aggregate amount of \$337,070.84. The Raabe Parties have also funded \$333,747.17 on account of attorney's fees incurred by the Trustee's current

special litigation counsel, Clarkson, Gore & Marsella ("CGM"), none of which have yet been the subject of a fee application. The aggregate of the allowed ECG fees and the incurred CGM fees is \$670,818.01, which constitutes the present amount of the offer.

Overbid Terms: The sale will be on an "as is" and "where is" basis without any representations and/or warranties whatsoever, subject to Bankruptcy Court approval, provided, however, that the Raabe Parties' offer is contingent on the Trustee obtaining entry of the Stipulated Judgment, timely filing a Complaint to Determine the Dischargeability of the Stipulated Judgment, and thereafter assigning the Dischargeability Action and the Stipulated Judgment to the Raabe Parties or their designee. Each party who wishes to participate in the overbid process must comply with the following overbid criteria: Any party interested in acquiring the estate's rights in, to and under the Raabe Related Claims and Judgment must pre-qualify by providing evidence of financial wherewithal and, if the party is interested in bidding for the Raabe Related Claims and Judgment, by delivering cash or a cashier's check to the Trustee, care of Daniel A. Lev, Esq., **SulmeyerKupetz**, A Professional Corporation, 333 South Hope Street, 35th Floor, Los Angeles, California 90071, (213) 626-2311, in an amount equal to Fifty Thousand Dollars and Zero Cents (\$50,000.00) no later than seven (7) calendar days prior to any scheduled hearing to approve the settlement and the sale of the Raabe Related Claims and the Judgment. Bidding will be conducted at the Bankruptcy Court at the time of the hearing to consider approval of the sale and all qualified bidders must be able to consummate the transaction no later than the close of the hearing to approve the sale. No overbid will be accepted if it is in an increment less than Ten Thousand Dollars and Zero Cents (\$10,000.00) higher than the immediately preceding bid, such that the first opening bid for the Raabe Related Claims and the Judgment shall be \$680,818.01 (\$670,818.01 + \$10,000.00).

Contact Name: Daniel A. Lev, Esq.
Contact Number: (213) 626-2311
Case Name: In re Morwear Manufacturing, Inc.
Case Number: LA 05-27443-EC