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Attorney or Party Name, Address, Telephone & FAX Numbers, and California State Bar Number C. JOHN M. MELISSINOS, State Bar No. 149224 ANDREWS KURTH LLP 601 South Figueroa Street, Suite 3700 Los Angeles, CA 90017-5742 Telephone: (213) 896-3100 Facsimile: (213) 896-3137	FOR COURT USE ONLY <div style="border: 1px solid black; padding: 5px; text-align: center;">FILED NOV 15 2007 CLERK U.S. BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA BY <i>[Signature]</i> Deputy Clerk</div>
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA	
In re: BH DEVELOPMENT, LLC, Debtor(s).	CASE NO.: LA 06-10031 EC

NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: December 5, 2007	Time: 1:30 p.m.
Location: 255 East Temple Street, Courtroom 1639, Los Angeles, CA 90012	

Type of Sale: Public: Private: Last date to file objections: November 21, 2007

Description of Property to be Sold: All of the right, title and interest of the Bankruptcy Estate pursuant to Section 541 of the Bankruptcy Code in and to the software developed by the Debtor to operate a peer-to-peer internet poker gaming website, and eight (8) computer servers related thereto.

Terms and Conditions of Sale: Cash sale, "as is, where is, with all faults" basis, without representations or warranties of any kind, character or nature, express, implied or otherwise. See Exhibit "A" hereto.

Proposed Sale Price: \$15,000

Overbid Procedure (If Any): First overbid shall be \$2,500 above the purchase price, additional bids in increments of \$500, prospective bidders must submit deposit and proof of ability to close two (2) business days prior to sale hearing.

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):

C. John M. Melissinos
Andrews Kurth LLP
601 South Figueroa Street, Suite 3700
Los Angeles, CA 90017-5742 Telephone: (213) 896-3100
E-mail: jmelissinos@andrewskurth.com Facsimile: (213) 896-3137

Date: November 14, 2007

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601 SOUTH FIGUEROA STREET, SUITE 3700
LOS ANGELES, CALIFORNIA 90017-5742
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1 JON L.R. DALBERG, State Bar No. 128259
C. JOHN MELISSINOS, State Bar No. 149224
2 ANDREWS KURTH LLP
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4 Facsimile: (213) 896-3137

5 Proposed attorneys for Rosendo Gonzalez,
Chapter 7 Trustee
6
7

8 UNITED STATES BANKRUPTCY COURT
9 CENTRAL DISTRICT OF CALIFORNIA
10 LOS ANGELES DIVISION

11 In re:) Case No. LA 06-10031 EC
12 BH DEVELOPMENT, LLC,) Chapter 7
13)
14 Debtor.) MOTION BY TRUSTEE FOR APPROVAL OF
15) SALE FREE AND CLEAR OF ALL LIENS,
16) CLAIMS, ENCUMBRANCES AND
17) INTERESTS OF SOFTWARE AND SERVERS
18) TO LILEMCO, INC. AND FOR APPROVAL
19) OF CERTAIN BIDDING PROCEDURES IN
20) RELATION THERETO; DECLARATIONS OF
ROSENDO GONZALEZ AND GARY MILLER
21) IN SUPPORT THEREOF
22)
23) Sale Hearing:
24) Date: December 5, 2007
25) Time: 1:30 p.m.
26) Place: Courtroom 1639

22 TO THE HONORABLE ELLEN CARROLL, UNITED STATES BANKRUPTCY JUDGE, THE
23 UNITED STATES TRUSTEE AND ALL PARTIES-IN-INTEREST HEREIN:

24 Rosendo Gonzalez, Chapter 7 Trustee (the "Trustee") of the bankruptcy estate of Debtor
25 BH Development, LLC ("BH" or the "Debtor") hereby moves the Court (the "Motion") for an
26 order approving the sale free and clear of all liens, claims, encumbrances and interests to
27 LILEMCO, Inc., a Florida corporation ("LILEMCO" or the "Buyer"), of certain software and
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1 computer equipment for the total amount of \$15,000 pursuant to a letter agreement between the
2 Trustee and LILEMCO dated October 17, 2007 (the "Letter Agreement"). In support of his
3 Motion, the Trustee respectfully represents as follows.

4 I.

5 INTRODUCTION

6 As described during the course of its Chapter 11 case, BH Development developed,
7 implemented and purportedly licensed proprietary computer software (the "Software") that was
8 utilized in what was called "peer-to-peer online gaming," and more colloquially known as
9 "internet poker." Brett Scharf was the principal of BH Development, although not by any means
10 its sole member/equity owner, and he supervised a number of employees at an office in West Los
11 Angeles who developed the Software and then monitored the website that operated the Software,
12 "www.JetSetPoker.com." Please see the attached Declaration of Rosendo Gonzalez (the
13 "Gonzalez Declaration"), ¶ 3.

14 Reportedly, BH Development did not "own" the website. Rather, the Software was
15 purportedly licensed to offshore entities (apparently wholly owned or controlled by Mr. Scharf)
16 that collected and remitted money to and from "customers." The Software ran on servers located
17 at the Kahnawake Mohawk reservation in Canada. The website is no longer operating.

18 Although at present the Trustee is in the process of investigating the Debtor's operations
19 and the development of the Software, it appears to have at least some value, and therefore by the
20 within Motion the Trustee seeks authority to sell it, along with eight (8) computer servers (the
21 "Servers") to LILEMCO for the total amount of \$15,000.00. Although perhaps a relatively low
22 amount for an asset that was reportedly developed at the cost of millions of dollars, a number of
23 factors place downward pressure on the value of the Software, including that the website itself is
24 no longer running, documentation for it appears to be minimal, and there are a number of
25 competitors that continue to operate "peer-to-peer" gaming websites. As far as the Trustee is
26 aware, and as set forth in the attached Declaration of Gary Miller (the "Miller Declaration"),
27 LILEMCO is unaffiliated with, and has not made any agreements with, Mr. Scharf or any other
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1 former employees or members of BH Development. Therefore, the Buyer's offer is from a true
2 third party and made on an arm's-length basis.

3 II.

4 **FACTUAL BACKGROUND**

5 **A. General.**

6 This case was commenced by the filing of an Involuntary Petition under Section 303 of
7 Title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code") on January
8 5, 2006. On February 27, 2006, the Court entered an order for relief (the "Order for Relief")
9 commencing the Debtor's Chapter 11 bankruptcy case. By Order entered on or about March 20,
10 2007 (the "Conversion Date"), this case was converted from one pending under Chapter 11 to one
11 under Chapter 7. Gonzalez Decl., ¶ 2.

12 **B. The Debtor's Pre-Petition and Post-Petition Operations.**

13 Based on the Trustee's investigation to date, it appears that the Debtor had its origins in
14 approximately the spring of 2002. After that time, the Debtor obtained funds in the form of one or
15 more investments, reportedly in the millions of dollars, from an equity sponsor or sponsors made
16 up of, or headed by, Westerland Partners, LLC ("Westerland"), which itself owned or controlled
17 approximately 50% of the equity in the Debtor. Gonzalez Decl., ¶ 6.

18 It appears that, and again based on the Trustee's investigation to date, in or about the
19 spring of 2005, using BH Development's Software, the "JetSetPoker" website commenced
20 operation. As the Court is aware, however, BH Development encountered cash flow problems,
21 and an involuntary Chapter 11 petition was filed against it by Mr. Scharf and certain affiliated
22 entities that claim to actually have been operating the website. After the Court entered the Order
23 for Relief, and after the Debtor operated as a debtor-in-possession for approximately six months,
24 on or about October 13, 2006, the President of the United States signed into law the Unlawful
25 Internet Gambling Enforcement Act ("UIGEA"). The UIGEA made it illegal, among other things,
26 for businesses to accept credit cards, checks and other banking instruments to conduct internet
27 gaming that violates any state or federal laws. Based on numerous reports from the website's
28

1 customers that the Trustee has received, on October 13, 2006, the JetSetPoker website abruptly
2 shut down. Gonzalez Decl., ¶ 7.

3 **C. The Remaining Assets of the Debtor's Estate.**

4 As noted above, the Debtor contended during its Chapter 11 case that it licensed the
5 Software to one or more offshore entities that actually operated the JetSetPoker website. Further,
6 based on the license agreement(s) that were submitted to the Bankruptcy Court in various
7 pleadings, these offshore entities were required to pay half of their receipts to BH Development.
8 But, again according to pleadings filed during the Chapter 11 case, they took the position that
9 they, in fact, had advanced far more than the amount they owed to BH Development. Gonzalez
10 Decl., ¶ 8. The Trustee is continuing to investigate these relationships, and he believes that, for
11 purpose of the sale to LILEMCO, which has stated it is unrelated to the offshore entities or Mr.
12 Scharf, they are not relevant at this time. Gonzalez Decl., ¶ 16; Miller Declaration, ¶ 2.

13 In addition, the Trustee's accountants are reviewing the Debtor's books and records to
14 determine whether or not there are any pre- or post-petition transfers subject to avoidance for the
15 benefit of the estate and creditors herein. The Debtor's Statement of Financial Affairs indicates
16 there may have been one or more significant pre-petition transfers that may be avoidable and
17 recoverable. Gonzalez Decl., ¶ 9. At this time, aside from potential litigation claims, the only
18 remaining assets of the Debtor's estate appear to be (a) the Software, (b) the Servers, and (c)
19 certain other personal property, of minimal value, located in a storage locker in West Los Angeles.
20 Gonzalez Decl., ¶ 9.

21 **D. The IRS Claims and the Carve-Out Stipulation.**

22 On May 24, 2006, the IRS filed an Amended Proof of Claim asserting pre-petition secured
23 claims in the amount of \$293,521.69 (the "Asserted IRS Pre-Petition Lien"), unsecured priority
24 claims in the amount of \$105,693.31, and general unsecured claims in the amount of \$25,352.35,
25 totaling \$424,513.35. The IRS contends that the Asserted IRS Pre-Petition Lien is on substantially
26 all of the Debtor's assets by virtue of duly made Notices of Federal Tax Lien. In addition, the IRS
27 has asserted a number of administrative claims for unpaid taxes both before and after the entry of
28 the Order for Relief. Also, by its Order Approving Motion to Obtain Approval of the Stipulation

1 for Continued Use of Cash Collateral as Modified, entered July 3, 2006, the Court granted the IRS
2 a replacement lien as set forth therein (the "Asserted IRS Post-Petition Lien", and, together with
3 the Asserted IRS Pre-Petition Lien, the "Asserted IRS Liens"). Gonzalez Decl., ¶ 10.

4 By order entered October 29, 2007, the Court approved a Stipulation Between Trustee and
5 United States of America, Internal Revenue Service for Subordination of Liens and Claims to
6 Certain Professional Fees and Expenses of Administration (the "Carve-Out Stipulation"). Among
7 other things, the Carve-Out Stipulation provides that, to the extent required, and up to a cap of
8 \$125,000 and subject to the conditions set forth therein, the Asserted IRS Liens are subordinate to
9 certain fees and costs of the Chapter 7 administration of the bankruptcy estate.

10 **E. The Terms of the Letter Agreement and the Proposed Bidding Procedures.**

11 As noted above, the Trustee and LILEMCO entered into the Letter Agreement with respect
12 to the sale of the Software and the Servers. A copy of the Letter Agreement is attached as Exhibit
13 "1" to the Gonzalez Declaration. Among other things, the Letter Agreement provides that the
14 purchase price for the Software and the Servers shall be a total of \$15,000.00 on an "AS IS,
15 WHERE IS, WITH ALL FAULTS BASIS." (Letter Agreement, ¶ 3.) Also, the computer
16 equipment constituting the Servers is listed on Schedule "1" to the Letter Agreement. As set forth
17 in the Letter Agreement (¶ 6.(a)), the Trustee has received a check for \$1,500.00 as a deposit. No
18 books and records of the Debtor are being transferred with the Software and the Servers, except
19 what information might be on the Servers in addition to the Software. (Letter Agreement, ¶ 4.)

20 The Letter Agreement also provides that the Trustee will request that the Court approve
21 certain bidding procedures, including that the first overbid, if any, be \$2,500.00 above the
22 purchase price, with any additional bids to be in increments of \$500.00, and that any proposed
23 bidder deliver a deposit in certified funds, and evidence of ability to close a transaction,
24 satisfactory to the Trustee in his sole discretion, at least two (2) business days prior to the date of
25 the sale hearing. (Letter Agreement, ¶ 9.) The Letter Agreement does not impose any restrictions
26 on the Trustee's ability to market the Software or seek other purchasers of it. (Letter Agreement,
27 ¶ 10.) The Trustee asks that the Court approve the proposed bidding procedures in conjunction
28 with the sale.

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III.

DISCUSSION

A. The Proposed Sale of the Software and the Servers Should Be Approved.

1. The Legal Standard.

The proposed sale of the Software and the Servers meets the standards for approval of a sale of property of the estate outside of the ordinary course of business under 11 U.S.C. § 363(b). In this regard, Section 363(b)(1) provides:

The trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.

Approval of a sale outside of the ordinary course of business lies within the sound discretion of the Court. *Committee of Equity Security Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1069 (2d Cir. 1983); *In re Baldwin United Corp.*, 43 B.R. 905 (Bankr. S.D. Ohio 1984). Generally, the standard for judging sales under 11 U.S.C. § 363(b) is flexible, but courts have identified the following factors to be considered:

- (a) that a sound business reason exists for the sale;
- (b) that there has been reasonable and accurate notice of the sale;
- (c) that the price is “fair and reasonable;”
- (d) that the sale is made in good faith, and is not collusive; and
- (e) that the sale is in the best interest of the bankruptcy estate.

In re Stroud Ford, Inc., 163 B.R. 730 (Bankr. M.D. Pa. 1993) (citing *In re Titusville Country Club*, 128 B.R. 396 (Bankr. W.D. Pa. 1991)); *In re Industrial Valley Refrigeration and Air Conditioning Supplies, Inc.*, 77 B.R. 15, 21 (Bankr. E.D. Pa. 1987); *In re Alves*, 52 B.R. 353, 355 (Bankr. D. R.I. 1985); *see also In re Wilde Horse Enterprises, Inc.*, 136 B.R. 830 (Bankr. C.D. Cal. 1991).

2. The Terms of the Sale Are Fair and Reasonable and Should Be Approved.

The sale of the Software and the Servers should be approved as fair and reasonable and in the best interests of the estate. The proposed sale price appears to be reasonable in light of the very limited market for the Software and used computer equipment such as the Servers.

1 LILEMCO is buying the Software (and the Servers) “WHERE IS, AS IS,” and without any
2 warranties or representations of any kind. Indeed, the only definitive version of the Software
3 appears to be on the Servers, and there is no documentation or other operating information that
4 remains in written (paper) form. Thus, in its current format, the Software appears to be very
5 restricted in its potential marketability. Gonzalez Decl., ¶ 14.

6 In addition, the passage of UIGEA was credited by the Debtor with requiring a
7 cessation of the JetSetPoker website’s operations. While numerous internet poker websites
8 remain, these businesses are already operating, and likely have limited need for the Software.
9 Gonzalez Decl., ¶ 15.

10 3. The Sale Is in Good Faith and Is Not Collusive.

11 The proposed sale, as reflected in the Letter Agreement, is the end result of good
12 faith, arm’s-length discussions and negotiations between the Trustee and his professionals, and
13 LILEMCO and its representatives. Gonzalez Decl., ¶ 16. To the best of the Trustee’s knowledge,
14 and based on the Miller Declaration, LILEMCO does not have any connections, or a side
15 arrangement with, Mr. Scharf or any other equity holders of the Debtor. Accordingly, the Trustee
16 submits that LILEMCO is a “good faith” purchaser within the meaning of Section 363(m) of the
17 Bankruptcy Code, and is entitled to the protections thereof. Gonzalez Decl., ¶ 16; Miller Decl.,
18 ¶ 2.

19 4. Notice Will Be Appropriate.

20 Notice of this Motion and the proposed sale will be given to the Office of the
21 United States Trustee, the Debtor, all creditors and other parties-in-interest. The Trustee will also
22 file a Notice of Sale of Estate Property with the Clerk of the Court for purposes of publication. In
23 addition, the Trustee will list notice of the proposed sale and the terms thereof on both the website
24 of the National Association of Bankruptcy Trustees and the “bankruptcy sales” section of the
25 website of Danning, Gill, Diamond & Kollitz LLP. Gonzalez Decl., ¶ 13. Thus, the Trustee
26 believes that adequate notice of the proposed sale will be provided, satisfying the notice element
27 of the standards for approval of the proposed sale under 11 U.S.C. § 363(b) and the Federal Rules
28 of Bankruptcy Procedure.

1 **B. Sale Free and Clear of Liens, Claims, Encumbrances and Interests Is**
2 **Appropriate.**

3 Section 363(f) of the Bankruptcy Code provides, in part, that a trustee may sell property of
4 the estate outside the ordinary course of business free and clear of any other entity's interest in
5 such property if such entity consents, such interest is in bona fide dispute, if the interest is a lien
6 and the purchase price is greater than the aggregate value of all liens, or such entity could be
7 compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest. 11
8 U.S.C. § 363(f).

9 In this case, aside from the Asserted IRS Liens, which are subject to the Carve-Out
10 Stipulation, and a potential lien in favor of the Employment Development Department of the State
11 of California, which is likely subject to the provisions of 11 U.S.C. § 724(b), based on a lien
12 search he performed, the Trustee is unaware of any liens against the Debtor's property. Gonzalez
13 Decl., ¶ 17.

14 **C. The Bidding Procedures Should Be Approved.**

15 If there are additional parties which express interest in making an overbid for the Software
16 and the Servers at the hearing on the sale, the Letter Agreement (¶ 9) includes certain proposed
17 bidding procedures, including notably that (i) the first overbid shall be in the amount of at least
18 \$2,500.00 over the purchase price; (ii) subsequent overbids shall be in increments of \$500.00; and
19 (iii) any proposed overbidder must provide a deposit in certified funds to the Trustee at least two
20 (2) business days prior to the sale hearing, and demonstrate to the Trustee, in the Trustee's sole
21 discretion, that he, she or it has the ability to consummate the transaction should it be determined
22 to be the winning bidder.

23 In light of the relatively small amount of the initial bid in this case, the Trustee believes
24 that the proposed procedures are reasonable and should be approved. Gonzalez Decl., ¶ 18. In the
25 context of approving break-up fees (a break-up fee is not requested in this case), several courts
26 have concluded that bid procedures should be approved when the related proposed transaction
27 (1) is in the best interest of the estate, creditors, and other parties involved and (2) maximizes
28 revenue for the estate. See *In re Tiara Motorcoach Corp.*, 212 B.R. 133, 137 (Bankr. N.D. Ill.

1 1997); *In re S.N.A. Nut Co.*, 186 B.R. 98, 104 (Bankr. N.D. Ill. 1995); *In re America West*
2 *Airlines, Inc.*, 166 B.R. 908, 912 (Bankr. D. Ariz. 1994). The Trustee expects that only shortly
3 before the time of the sale hearing will it become clear whether or not there will be any
4 overbidders.

5 **D. Waiver of Bankruptcy Rules 6004(g) and 6006(d).**

6 Although he does not expect to do so, it may be that the Trustee will seek an expedited
7 consummation of the sale. Accordingly, the Trustee requests a waiver of the 10-day stay of order
8 period provided for in Rules 6004(g) and 6006(d) of the Federal Rules of Bankruptcy Procedure,
9 so that the sale may close immediately upon entry of an approval order should the Trustee
10 determine to proceed in that manner.

11 **IV.**

12 **CONCLUSION**

13 Based on the foregoing, the Trustee respectfully requests that the Court issue its order:
14 (a) approving the Letter Agreement; (b) authorizing the sale of the Software and the Servers to
15 LILEMCO or the highest bidder after auction in open Court; (c) approving the proposed bidding
16 procedures; and (d) granting further relief as the Court deems just and proper.

17 Respectfully submitted,

18 Dated: November 9, 2007

ANDREWS KURTH LLP

20 By: /s/C. John M. Melissinos
21 C. John M. Melissinos
22 Proposed attorneys for Rosendo Gonzalez,
23 Chapter 7 Trustee
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11 **IV.**

12 **CONCLUSION**

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ANDREWS KURTH LLP

19 

20 By /s/C. John M. Melissinos

C. John M. Melissinos

21 Proposed attorneys for Rosendo Gonzalez,
22 Chapter 7 Trustee

DECLARATION OF ROSENDO GONZALEZ

I, Rosendo Gonzalez, declare:

1. I am the duly appointed and acting Chapter 7 trustee of the bankruptcy estate of Debtor BH Development, LLC (“BH Development” or the “Debtor”). I have personal knowledge of the facts stated below, or have gained knowledge of them from the professionals employed to assist me, and, if called as a witness, I could and would testify competently thereto.

2. This case was commenced by the filing of an Involuntary Petition under Section 303 of Title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”) on January 5, 2006. On February 27, 2006, the Court entered an order for relief (the “Order for Relief”) commencing the Debtor’s Chapter 11 bankruptcy case. By Order entered on or about March 20, 2007 (the “Conversion Date”), this case was converted from one pending under Chapter 11 to one under Chapter 7.

3. As described during the course of its Chapter 11 case, BH Development developed, implemented and purportedly licensed proprietary computer software (the “Software”) that was utilized in what was called “peer-to-peer online gaming,” and more colloquially known as “internet poker.” Brett Scharf was the principal of BH Development, although not by any means its sole member/equity owner, and he supervised a number of employees at an office in West Los Angeles who developed the Software and then monitored the website that operated the Software, “www.JetSetPoker.com.”

4. Reportedly, and based on the investigation of the professionals employed to assist me herein, BH Development did not “own” the website. Rather, the Software was purportedly licensed to offshore entities (apparently wholly owned or controlled by Mr. Scharf) that actually collected and remitted money to and from “customers.” The Software ran on servers located at the Kahnawake Mohawk reservation in Canada. The website is no longer operating.

5. Although at present I am in the process of investigating the Debtor’s operations and the development of the Software, it appears to have at least some value, and therefore by the within Motion I seek authority to sell it, along with eight (8) computer servers (the “Servers”).

///

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1 6. Based on the investigation to date of the professionals employed to assist me
2 herein, it appears that the Debtor had its origins in approximately the spring of 2002. After that
3 time, the Debtor obtained funds in the form of one or more investments, reportedly in the millions
4 of dollars, from an equity sponsor or sponsors made up of, or headed by, Westerland Partners,
5 LLC (“Westerland”), which itself owned or controlled approximately 50% of the equity in the
6 Debtor.

7 7. Again based on the investigation to date of the professionals employed to assist me
8 herein, it appears that in or about the spring of 2005, using BH Development’s Software, the
9 “JetSetPoker” website commenced operation. As the Court is aware, however, BH Development
10 encountered cash flow problems, and an involuntary Chapter 11 petition was filed against it by
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13 possession for approximately six months, on or about October 13, 2006, the President of the
14 United States signed into law the Unlawful Internet Gambling Enforcement Act (“UIGEA”). The
15 UIGEA made it illegal, among other things, for businesses to accept credit cards, checks and other
16 banking instruments to conduct internet gaming that violates any state or federal laws. Based on
17 numerous reports from the website’s customers that I have received, on October 13, 2006, the
18 JetSetPoker website abruptly shut down.

19 8. The Debtor contended during its Chapter 11 case that it licensed the Software to
20 one or more offshore entities that actually operated the JetSetPoker website. Further, based on the
21 license agreement(s) that were submitted to the Bankruptcy Court in various pleadings, these
22 offshore entities were required to pay half of their receipts to BH Development. But, again
23 according to pleadings filed during the Chapter 11 case, they took the position that they, in fact,
24 had advanced far more than the amount they owed to BH Development. I am continuing to
25 investigate these relationships.

26 9. My proposed accountants are reviewing the Debtor’s books and records to
27 determine whether or not there are any pre- or post-petition transfers subject to avoidance for the
28 benefit of the estate and creditors herein. The Debtor’s Statement of Financial Affairs indicates

1 there may have been one or more significant pre-petition transfers that may be avoidable and
2 recoverable. At this time, aside from potential litigation claims, the only remaining assets of the
3 Debtor's estate appear to be (a) the Software, (b) the Servers, and (c) certain other personal
4 property, of minimal value, located in a storage locker in West Los Angeles.

5 10. On May 24, 2006, the IRS filed an Amended Proof of Claim asserting pre-petition
6 secured claims in the amount of \$293,521.69 (the "Asserted IRS Pre-Petition Lien"), unsecured
7 priority claims in the amount of \$105,693.31, and general unsecured claims in the amount of
8 \$25,352.35, totaling \$424,513.35. The IRS contends that the Asserted IRS Pre-Petition Lien is on
9 substantially all of the Debtor's assets by virtue of duly made Notices of Federal Tax Lien. In
10 addition, the IRS has asserted a number of administrative claims for unpaid taxes both before and
11 after the entry of the Order for Relief. Also, by its Order Approving Motion to Obtain Approval
12 of the Stipulation for Continued Use of Cash Collateral as Modified, entered July 3, 2006, the
13 Court granted the IRS a replacement lien as set forth therein (the "Asserted IRS Post-Petition
14 Lien", and, together with the Asserted IRS Pre-Petition Lien, the "Asserted IRS Liens").

15 11. By order entered October 29, 2007, the Court approved a Stipulation Between
16 Trustee and United States of America, Internal Revenue Service for Subordination of Liens and
17 Claims to Certain Professional Fees and Expenses of Administration (the "Carve-Out
18 Stipulation"). Among other things, the Carve-Out Stipulation provides that, to the extent required,
19 and up to a cap of \$125,000 and subject to the conditions set forth therein, the Asserted IRS Liens
20 are subordinate to certain fees and costs of the Chapter 7 administration of the bankruptcy estate.

21 12. Subject to Bankruptcy Court approval after notice to creditors herein, I have agreed
22 to sell free and clear of all liens, claims, encumbrances and interests to LILEMCO, Inc., a Florida
23 corporation ("LILEMCO" or the "Buyer"), the Software owned by the Debtor as well as the
24 Servers for the total amount of \$15,000 pursuant to a letter agreement dated October 17, 2007 (the
25 "Letter Agreement"). Attached as Exhibit "1" hereto and incorporated herein by this references is
26 a true and correct copy of the Letter Agreement. Schedule "1" to the Letter Agreement provides a
27 list of the Servers to be sold.

28 ///

1 13. I have received and hold a \$1,500.00 deposit from LILEMCO as required by the
2 Letter Agreement. The Letter Agreement does not impose any restrictions on my ability to market
3 the Software or seek other purchasers of it. In this regard, I intend to list a notice of the sale of the
4 Software and the Servers on both the website of the National Association of Bankruptcy Trustees
5 and the “bankruptcy sales” section of the website maintained by the law firm of Danning, Gill,
6 Diamond & Kollitz LLP.

7 14. The sale of the Software and the Servers to LILEMCO should be approved as fair
8 and reasonable and in the best interests of the estate. The proposed sale price appears to be
9 reasonable in light of the very limited market for the Software and used computer equipment such
10 as the Servers. LILEMCO is buying the Software (and the Servers) “WHERE IS, AS IS,” and
11 without any warranties or representations of any kind. Indeed, the only definitive version of the
12 Software appears to be on the Servers, and there is no documentation or other operating
13 information that remains in written (paper) form. Thus, in its current format, the Software appears
14 to be very restricted in its potential marketability.

15 15. In addition, the passage of UIGEA was credited by the Debtor with requiring a
16 cessation of the JetSetPoker website’s operations. While numerous internet poker websites
17 remain, these businesses are already operating, and likely have limited need for the Software.

18 16. The proposed sale, as reflected in the Letter Agreement, is the end result of good
19 faith, arm’s-length discussions and negotiations between me and my professionals, and LILEMCO
20 and its representatives. To the best of my knowledge, and based on the attached Declaration of
21 Gary Miller, the President of the Buyer, LILEMCO does not have any connections, or a side
22 arrangement with, Mr. Scharf or any other equity holders of the Debtor. Accordingly, I submit
23 that LILEMCO is a “good faith” purchaser within the meaning of Section 363(m) of the
24 Bankruptcy Code, and is entitled to the protections thereof.

25 17. Aside from the Asserted IRS Liens, which are subject to the Carve-Out Stipulation,
26 and a potential lien in favor of the Employment Development Department of the State of
27 California, which is likely subject to the provisions of 11 U.S.C. § 724(b), based on a lien search
28 that was performed, I am unaware of any other liens against the Debtor’s property.

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18. In light of the relatively small amount of the initial bid in this case, I believe that the proposed bidding procedures, as set forth at paragraph 9 of the Letter Agreement, are reasonable and should be approved.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 9th day of November, 2007, at Los Angeles, California.



ROSENDO GONZALEZ

ANDREWS KURTH LLP
801 SOUTH FIGUEROA STREET, SUITE 3700
LOS ANGELES, CALIFORNIA 90071-5742
(213) 696-3100

DECLARATION OF GARY MILLER

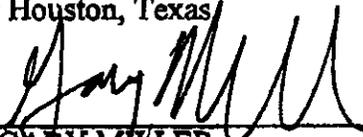
I, Gary Miller, declare:

1. I am the President of LILEMCO, Inc., a Florida corporation ("LILEMCO"). I have personal knowledge of the facts stated below, and, if called as a witness, I could and would testify competently thereto.

2. I and LILEMCO and its shareholders, directors, officers, employees, personnel, consultants, advisors, insiders and any other representatives are not in any way affiliated with the members or employees of Debtor BH Development, LLC ("BH Development"). LILEMCO has not made any agreement or arrangement of any kind with Brett Scharf or any other former equity holder of BH Development with respect to the sale of certain assets of the BH Development bankruptcy estate to LILEMCO, or with respect to the exploitation thereof if the Bankruptcy Court confirms the sale to LILEMCO.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 9 day of November, 2007, at Houston, Texas



GARY MILLER

601 SOUTH FIGUEROA STREET, SUITE 3100
LOS ANGELES, CALIFORNIA 90017-5742
(213) 656-3100

EXHIBIT "1"

October 17, 2007

VIA FEDERAL EXPRESS

Gary Miller, President
LILEMCO, Inc.
c/o Merrill Bookstein
2385 Executive Center Drive, Suite 100
Boca Raton, FL 33431

Re: In re BH Development, LLC
Bankruptcy Case No. LA 06-10031-EC

Dear Mr. Miller:

This letter ("Letter Agreement") will, upon your execution and return, set forth the terms of the agreement between LILEMCO, Inc., as buyer ("Buyer"), and Rosendo Gonzalez, as Chapter 7 Trustee ("Trustee") for the bankruptcy estate ("Bankruptcy Estate") of BH Development, LLC ("BH Development" or "Debtor"), Debtor in the above-described case under Chapter 7 of the United States Bankruptcy Code, 11 U.S.C. § 101 *et seq.* ("Bankruptcy Code"), presently pending before the United States Bankruptcy Court for the Central District of California, Los Angeles Division ("Bankruptcy Court) as Case No. LA 06-10031-EC. The Buyer and the Trustee are sometimes collectively referred to herein as the "Parties". The offer embodied in this Letter Agreement will expire and will be deemed for all purposes to have terminated in the event that this Letter Agreement is not executed by the Parties on or before 5:00 p.m. on the fifth business day after the date set forth above.

1. Definitions.

"Qualified Bidder" shall mean any person that has satisfied the requirements of Paragraph 9(b)(i), below.

"Successful Bid" shall be the Successful Bidder's bid.

"Successful Bidder" shall mean the Buyer or a Qualified Bidder, as the case may be, whose bid has been accepted by the Trustee and confirmed by the Bankruptcy Court as the best bid for the Transferred Assets.

"Transferred Assets" shall mean all of the right, title and interest of the Bankruptcy Estate pursuant to Section 541 of the Bankruptcy Code in and to the software developed by the Debtor to operate a peer-to-peer internet poker gaming website, and the computer equipment identified on Schedule "1" hereto (the "Servers"), which constitute all of the Servers of the Debtor to the best of the Trustee's current knowledge.

Gary Miller, President
LILEMCO, Inc.
October 17, 2007
Page 2

2. Sale of Transferred Assets. Subject to the terms and conditions hereinafter set forth, the Trustee agrees to transfer, sell and assign the Transferred Assets to Buyer free and clear of all liens, claims, rights and interests.

3. Assets Sold As Is and Without Warranty. THE TRANSFERRED ASSETS ARE SOLD HEREUNDER ON AN "AS IS, WHERE IS, WITH ALL FAULTS" BASIS, WITHOUT REPRESENTATIONS OR WARRANTIES OF ANY KIND, CHARACTER OR NATURE, EXPRESS, IMPLIED OR OTHERWISE. WITHOUT LIMITATION ON THE FOREGOING, BY EXECUTION OF THIS LETTER AGREEMENT BUYER ACKNOWLEDGES AND AGREES THAT THE TRUSTEE HAS NOT MADE, DOES NOT MAKE, AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS, OR GUARANTEES OF ANY KIND, CHARACTER OR NATURE WHATSOEVER, WHETHER EXPRESS, IMPLIED OR OTHERWISE, ORAL OR WRITTEN WITH RESPECT TO THE TRANSFERRED ASSETS.

4. Books and Records. The Trustee shall have the right at his option to make a copy of any information on the Servers prior to the delivery of them for purposes of retaining any information related to the Debtor that he requires for the administration of the estate. The Trustee has been informed by the principal of the Debtor that there are no books and records related to the Transferred Assets. All of the Debtors' books and records shall be retained by the Trustee and shall be deemed excluded from the Transferred Assets conveyed to Buyer pursuant to this Letter Agreement, subject to Buyer's rights:

(i) to have access, during normal business hours and upon written request and reasonable notice to the Trustee to any original document or electronic file retained by the Trustee that may later be determined to constitute documentation of, or be related to the operation of, the Transferred Assets; and

(ii) to receive notice of the Trustee's proposed abandonment or sale of any such original document or electronic file at the address listed on page 1 of this Letter Agreement.

5. Consideration. As consideration for the Transferred Assets, Buyer will pay an aggregate amount equal to the greater of (a) \$15,000.00 and (b) the amount of any Successful Bid that may be submitted by Buyer (the "Purchase Price").

6. Deposit.

(a) Within two (2) business days of execution of this Letter Agreement, Buyer shall deliver to the Trustee a cashier's check in the amount of \$1,500.00 as a good faith deposit ("Deposit"), such Deposit to be credited against the Purchase Price in the event that Buyer is the Successful Bidder. The Deposit need not be, and will not be, held at interest for the benefit of Buyer.

(b) The Deposit shall be promptly refunded to Buyer (i) in the event that the sale contemplated herein does not close for any reason not attributable to Buyer, or (ii) in the event of a Competing Transaction (as hereinafter defined), in accordance with Paragraph 6(c), below. The

Trustee's rights in the event of a breach by Buyer of this Letter Agreement shall not be limited by this paragraph, and all such rights are hereby reserved.

(c) In the event that all or any portion of the Transferred Assets is sold to any person other than Buyer (such sale being herein referred to as a "Competing Transaction"), then, promptly upon the closing of such Competing Transaction, the Trustee shall refund the Deposit to Buyer.

7. Closing and Consummation of Transaction.

(a) Closing shall be conditioned upon, and shall take place as soon as practical after, (i) delivery to the Trustee of a cashier's check or wire transfer of funds in an amount equal to the Purchase Price (less the amount of the Deposit), and (ii) the entry of the Approval Order, as defined in Paragraph 8, below, providing that no stay of enforcement of the Approval Order has been ordered. The Parties agree to use their best efforts in closing the sale as rapidly as possible.

(b) The Trustee agrees to execute any documents reasonably necessary to consummate the sale, but Buyer shall be solely responsible for the preparation of any documentation it requires.

(c) Buyer must take delivery of and remove the Transferred Assets within five (5) business days following the time of closing (hereinafter, the "Closing Date"). Buyer shall be responsible for the actual costs of removal of the Transferred Assets.

8. Bankruptcy Court Approval Required.

(a) As provided by the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules, this Letter Agreement and the transaction contemplated hereby must be approved by the Bankruptcy Court, after notice to creditors and a hearing, by the entry of an order approving the terms of this Letter Agreement and authorizing the Trustee to consummate the sale contemplated herein (the "Approval Order").

(b) The Trustee agrees to cause to be prepared and filed with the Bankruptcy Court, motion(s), in form and content satisfactory to Buyer, (i) requesting approval of this Letter Agreement, the sale procedures set forth in Paragraph 9, below, and the transactions contemplated herein ("Sale Motion"), and (ii) requesting that the Bankruptcy Court set a hearing to approve the sale of assets contemplated herein ("Sale Hearing"). The Trustee shall provide notice of such Sale Motion and Sale Hearing in accordance with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure (the "Federal Rules") and the Local Bankruptcy Rules of the Bankruptcy Court.

9. Right of Overbid and Proposed Sale Procedures.

(a) Buyer acknowledges that under the Bankruptcy Code, the Federal Rules and the Local Bankruptcy Rules, the proposed sale of the Transferred Assets to Buyer is subject to overbid on terms such as the Bankruptcy Court may approve.



Gary Miller, President
LILEMCO, Inc.
October 17, 2007
Page 4

(b) In the Trustee's Sale Motion, the Trustee agrees to propose the Bankruptcy Court approve the following sale procedures:

(i) that, no later than two (2) business days prior to the Sale Hearing, any proposed bidder, other than Buyer, deliver to the Trustee a cashier's check in an amount equal to the Deposit and demonstrate to the Trustee, in the exercise of the Trustee's sole discretion, its ability to close any sale of the Transferred Assets in the event that such proposed bidder were to become the Successful Bidder;

(ii) that any initial overbid shall be in amount equal to at least \$2,500.00 and each successive overbid thereafter shall be in increments of not less than \$500.00.

10. Trustee Free to Provide Information to and/or Solicit Additional Purchasers. Buyer acknowledges and understands that pursuant to his duty under the Bankruptcy Code, the Trustee remains free to negotiate with and solicit additional potential purchasers of the Transferred Assets and/or any other assets of the Bankruptcy Estate and to provide information to any additional potential purchasers of the Transferred Assets who request such information after the execution of this Letter Agreement.

11. Termination. This Letter Agreement, except for Paragraphs 6 and 11 through 15 of this Letter Agreement, will terminate and be of no further force or effect upon the earliest to occur of (i) the closing of a Competing Transaction, and (ii) 5:00 p.m. on the 75th day after the date of execution and delivery of this Letter Agreement by the Parties, if the Closing has not occurred before that time. The Parties may extend such deadline in accordance with Paragraph 16(a).

12. Governing Law and Resolution of Disputes. The Parties agree that this Letter Agreement shall be governed by and interpreted under the laws of the State of California and, where appropriate, the Bankruptcy Code. Any disputes arising out of this Letter Agreement shall be resolved in the Bankruptcy Court and the Parties hereby agree to the jurisdiction of the Bankruptcy Court with respect to any such disputes.

13. Attorneys Fees. Each of the Parties shall bear its own costs and expenses arising out of the negotiation, execution, delivery and performance of this Letter Agreement and the consummation of the sale. Should any of the Parties hereto institute any action or proceeding to enforce any provision hereof, or for damages by reason of any alleged breach of any provision of this Letter Agreement, the prevailing party shall be entitled to receive such amount as the Bankruptcy Court may determine to be reasonable attorneys' fees and costs for the services rendered to the prevailing party in such action or proceeding.

14. Trustee Incurs No Personal Liability. The Trustee undertakes no obligations or responsibilities for this Letter Agreement other than in his capacity as Chapter 7 trustee of the Bankruptcy Estate. No personal liability of any kind may attach to the Trustee individually or to any professional employed by the Trustee on account of this Letter Agreement or the negotiations, actions or non-actions which led to this Letter Agreement.

Gary Miller, President
LILEMCO, Inc.
October 17, 2007
Page 5

15. Miscellaneous.

(a) This Letter Agreement is the full and complete agreement of the Parties hereto with respect to proposed transaction and shall not be modified or amended in any respect except by written instrument expressing such amendment or modification signed by each of the Parties and approved by the Bankruptcy Court if required by the Bankruptcy Code, the Federal Rules or the Local Bankruptcy Rules.

(b) The various headings in this Letter Agreement are inserted for convenience only and shall not affect this Letter Agreement or any provisions hereof.

(c) This Letter Agreement may be signed in counterparts by the Parties hereto and shall be valid and binding on each party as if fully executed in a single document.

(d) This Letter Agreement is the product of the efforts of each of the Parties, and, as a result, it will not be construed, and no presumption will arise, based upon who drafted the Letter Agreement.

I look forward to working with you to complete this deal as soon as possible. Please do not hesitate to call me if you have any questions about this.

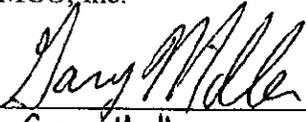
Very truly yours,


C. John M. Melissinos
Attorneys for Rosendo Gonzalez,
Chapter 7 Trustee

AGREED AND ACCEPTED THIS 19th DAY
OF OCTOBER, 2007

AGREED AND ACCEPTED THIS ____ DAY
OF OCTOBER, 2007

LILEMCO, Inc.

By: 
Name: Gary Miller
Its: president
EIN: 26-1138357

Rosendo Gonzalez, Trustee



Gary Miller, President
LILEMCO, Inc.
October 17, 2007
Page 5

15. Miscellaneous.

(a) This Letter Agreement is the full and complete agreement of the Parties hereto with respect to proposed transaction and shall not be modified or amended in any respect except by written instrument expressing such amendment or modification signed by each of the Parties and approved by the Bankruptcy Court if required by the Bankruptcy Code, the Federal Rules or the Local Bankruptcy Rules.

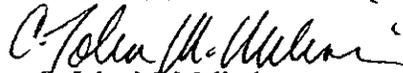
(b) The various headings in this Letter Agreement are inserted for convenience only and shall not affect this Letter Agreement or any provisions hereof.

(c) This Letter Agreement may be signed in counterparts by the Parties hereto and shall be valid and binding on each party as if fully executed in a single document.

(d) This Letter Agreement is the product of the efforts of each of the Parties, and, as a result, it will not be construed, and no presumption will arise, based upon who drafted the Letter Agreement.

I look forward to working with you to complete this deal as soon as possible. Please do not hesitate to call me if you have any questions about this.

Very truly yours,



C. John M. Melissinos
Attorneys for Rosendo Gonzalez,
Chapter 7 Trustee

AGREED AND ACCEPTED THIS ____ DAY
OF OCTOBER, 2007

LILEMCO, Inc.

By: _____
Name: _____
Its: _____
EIN: _____

AGREED AND ACCEPTED THIS 18^A DAY
OF OCTOBER, 2007



Rosendo Gonzalez, Trustee

SCHEDULE "1"

Servers

BHSMDC01 - GB45X
BHSQLSM01 - 5KTH771
BHSQLSM02 - 78T3G61
BHSQLSM03 - SERIAL - 40349826
BHDEVSM01 - C87PX21
BHSQLSM04 - 4KTH771
BHWEBSM01 - WHITE BOX - NO LABEL NO SERIAL
POWEREDGE 1800 NO LABEL - JXCMQ91

Gary Miller
President

CERTIFICATE OF SERVICE

I am employed in the County of Los Angeles, State of California; I am over the age of eighteen years and am not a party to this action; my business address is 601 South Figueroa Street, Suite 3700, Los Angeles, California 90017-5742. On November 9, 2007, I served the document described as follows:

MOTION BY TRUSTEE FOR APPROVAL OF SALE FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS OF SOFTWARE AND SERVERS TO LILEMCO, INC. AND FOR APPROVAL OF CERTAIN BIDDING PROCEDURES IN RELATION THERETO; DECLARATIONS OF ROSENDO GONZALEZ AND GARY MILLER IN SUPPORT THEREOF

by placing a true copy the original thereof enclosed in sealed envelopes addressed as follows:

SEE ATTACHED SERVICE LIST

- BY MAIL: I placed true copies in a sealed envelope addressed as indicated above, on the above-mentioned date. I am familiar with the firm's practice of collection and processing correspondence for mailing. It is deposited with the U.S. Postal Service with postage thereon fully prepaid on that same day in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.
- BY MESSENGER: I provided a true copy the original of the above-referenced document to a messenger, with an envelope addressed to each person named at the address shown, and gave that document to the messenger for personal delivery before 5:00 p.m. on the above-mentioned date.
- BY FACSIMILE: On November __, 2007, starting at approximately __:__.m., from Los Angeles, California, I caused the aforementioned document to be transmitted by facsimile machine to the parties and numbers indicated above. The transmission was reported as complete, and no error was reported by the facsimile machine. A copy of the transmission record is maintained by our office.
- BY ELECTRONIC MAIL: I caused to be served the above-described document by means of electronic transmission to the e-mail address noted on the attached list.
- BY OVERNIGHT DELIVERY: On the above-mentioned date, I placed a true copy of the above-mentioned document in an envelope or package designated by the specified overnight delivery service with delivery fees paid or provided for, addressed to the person as indicated above and caused such envelope or package to be deposited in a box or other facility regularly maintained by that overnight delivery service or delivered same to an authorized courier or driver authorized by the overnight delivery service to receive documents.
- STATE: I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.
- FEDERAL: I declare under penalty of perjury that the foregoing is true and correct.

Executed on November 9, 2007 at Los Angeles, California.


Fay Brown

SERVICE LIST

In re BH Development, LLC
Chapter 7 Case No. LA 06-10031 EC

Debtor

BH Development, LLC
11013 Strathmore Drive
Los Angeles, CA 90024

Debtor's Attorney

Ovsanna Takvoryan
10250 Constellation Blvd.
Los Angeles, CA 90067

Creditor/Request for Special Notice

Brett Scharf
11013 Strathmore Drive
Los Angeles, CA 90024

Creditor

Franchise Tax Board
Attn: Bankruptcy
P.O. Box 2952
Sacramento, CA 95812-2952

Creditor

Securities & Exchange Commission
5670 Wilshire Blvd., 11th Floor
Los Angeles, CA 90036

Creditor

Full Tilt Partners, LLC
c/o William J. Wall, Esq.
Best, Best & Krieger LLP
3750 University Ave., Suite 400
Riverside, CA 92502

Creditor

Thramo Services Ltd.
Attn: Brett Scharf
Suite 252 14th Margaret Street
Silema SLM04, MALTA

Creditor/Request for Special Notice

~~Erie C. Peus
Westerland Partners LLC
The Granada Building
1216 State Street, Suite 500
Santa Barbara, CA 93101~~

Chapter 7 Trustee

Rosendo Gonzalez, Trustee
Gonzalez & Associates
515 S. Figueroa Street, Suite 1970
Los Angeles, CA 90071

United States Trustee

Office of the United States Trustee
725 South Figueroa Street, 26th Floor
Los Angeles, CA 90017

Creditor/Request for Special Notice

Cyrus Mark Sanai
1021 Lincoln Blvd., #219
Santa Monica, CA 90403

Creditor

L.A. County Tax Collector
Bankruptcy Unit
2615 South Grand Ave.
Los Angeles, CA 90007-2668

Creditor

Franchise Tax Board
Special Procedures
P.O. Box 2952
Sacramento, CA 95812-2952

Creditor

Los Angeles County Treasurer and
Tax Collector Revenue
P.O. Box 54110
Los Angeles, CA 90054-0110

Creditor

JSP Multimedia Ltd.
Attn: Brett Scharf
3970 Armory Building, Victoria Road
**Bassettiere ST. KITTS
ST. CHRIST/NEVIS**

Creditor/Request for Special Notice

Eric C. Peus
Westerland Partners LLC
812 Anacapa Street, Suite A
Santa Barbara, CA 93101-2287

Request for Special Notice

Pamela A. Kohlman Webster
BuchalterNemer, APC
1000 Wilshire Blvd., Suite 1500
Los Angeles, CA 90017

Creditor

City of Los Angeles
Office of Finance, Tax/Permit Division
201 N. Main St., Room 101
Los Angeles, CA 90012-4108

Creditor

Los Angeles Division
255 East Temple Street
Los Angeles, CA 90012

Creditor

Los Angeles City Clerk
P.O. Box 53200
Los Angeles, CA 90053-0200

Creditor/Request for Special Notice

Westerland Partners, LLC
c/o William J. Wall, Esq.
Best, Best & Krieger LLP
3750 University Ave., Suite 400
Riverside, CA 92502

Creditor

IRS, Office of Chief Counsel
Attn: Gavin L. Greene, Attorney
300 N. Los Angeles St.
Room 3018 – Mail Stop 9900
Los Angeles, CA 90012

Creditor

Internal Revenue Service
Centralized Insolvency Operations
P.O. Box 21126
Philadelphia, PA 19114-0326

Creditor

Full Tilt Partners LLC
Corporation Service Company, Agent
2711 Centerville Road, Suite 400
Wilmington, DE 19808

Request for Special Notice

Marc J. Winthrop, Esq.
Winthrop Couchot, Professional Corp.
660 Newport Center Dr., Suite 400
Newport Beach, CA 92660

David Kaufman
4628 E. Sanna St.
Phoenix, AZ 85028

~~Gralitzer & Wong, CPAs, APC
Richard Gralitzer, CPA
250 N. Westlake Blvd., Suite 200
Westlake Village, CA 91362~~

Richard Gralitzer
850 Hampshire Road, Suite C
Westlake Village, CA 91361-2851

Racaar Circuit Industries, Inc.
Julia Serup, Trustee
9225 Alabama Ave., #F
Chatsworth, CA 91311

Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, CA 92660

L.A. County Tax Collector
P.O. Box 54088
Los Angeles, CA 90054

State Board of Equalization
P.O. Box 942879
Sacramento, CA 94279

Scott Howard, CPA
Howard & Howard
16255 Ventura Blvd., Suite 700
Encino, CA 91436

Creditor/Request for Special Notice

Cyrus Mark Sanai
280 S. Beverly Drive, Suite 504
Beverly Hills, CA 90212-3908

Sandra R. Brown
300 N. Los Angeles Street, Suite 7516
Los Angeles, CA 90012-3341

Creditor

JSP Entertainment, Ltd.
Vincenti Buildings, Suite 299
14/19 Strait Street,
Valletta VLT08 MALTA

Proposed Field Agent for Trustee

Tony H. Shokrai
Interco Management Corporation
2118 Wilshire Blvd., Suite 717
Santa Monica, CA 90403

Creditor

Employment Development Department
Lien Group MIC 92E
P.O. Box 826880
Sacramento, CA 94280-0001

Timothy Kincaid
Leslie, Wallace & Associates, LLP
6310 San Vicente Blvd., Suite 320
Los Angeles, CA 90048

File a Motion:

2:06-bk-10031-EC BH Development LLC CASE CONVERTED on 03/20/2007

Type: bk	Chapter: 7 i	Office: 2 (Los Angeles)
Judge: EC	Assets: y	Case Flag: CONVERTED

U.S. Bankruptcy Court
Central District Of California

Notice of Electronic Filing

The following transaction was received from Melissinos, C John M entered on 11/12/2007 at 12:17 PM PST and filed on 11/12/2007

Case Name: BH Development LLC
Case Number: 2:06-bk-10031-EC
Document Number: 109

Docket Text:

Motion For Sale of Property under Section 363(b) *Motion by Trustee for Approval of Sale Free and Clear of All Liens, Claims, Encumbrances and Interests of Software and Servers to LILEMCO, Inc. and for Approval of Certain Bidding Procedures in Relation Thereto; Declarations of Rosendo Gonzalez and Gary Miller in Support Thereof* Filed by Trustee Rosendo Gonzalez (Attachments: # (1) Exhibit 1) (Melissinos, C)

The following document(s) are associated with this transaction:

Document description:Main Document

Original filename:P:\C.J.MELISSINOS\BH DEVELOPMENT\Pleadings\11-09-07) Sale Motion.pdf

Electronic document Stamp:

[STAMP bkecfStamp_ID=1106918562 [Date=11/12/2007] [FileNumber=18284586-0] [3620c33a0f79cb276fc64e1c5bdfbd876a99b7fa0bc8b9cac7b92c1b13325970b8edae721a55987545e6f2996902044d3b680150e327a960282fc231cfe85d38]]

Document description:Exhibit 1

Original filename:P:\C.J.MELISSINOS\BH DEVELOPMENT\Pleadings\Exhibit 1.pdf

Electronic document Stamp:

[STAMP bkecfStamp_ID=1106918562 [Date=11/12/2007] [FileNumber=18284586-1] [279004eeae78a3e3a29ac34b0c0f8cc4e7279a514fb42aaa042fe39142736b719cd6e2f3fac9b83a543cf86e93ebd06e13d43bebc9a4af145e5dc5a28ad8e078]]

2:06-bk-10031-EC Notice will be electronically mailed to:

Ron Bender rb@lnbrb.com

Rosendo Gonzalez rgonzalez@ecf.epiqsystems.com, gabgarcia@earthlink.net

C John M Melissinos jmelissinos@andrewskurth.com

Ovsanna Takvoryan ot@lnbrb.com

United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov

Marc J Winthrop pj@winthrop.uchot.com

2:06-bk-10031-EC Notice will not be electronically mailed to:

Sandra R Brown
300 N Los Angeles Ste 7516
Los Angeles, CA 90012

Howard & Howard Certified Public Accountants
,

Interco Management Corporation
2118 Wilshire Blvd Suite 717
Santa Monica, CA 90403

---- Levene Neale Bender
Address Not On File
,

Cyrus Mark Sanai
280 S Beverly Drive
Suite 504
Beverly Hills, CA 90212

Pamela Kohlman Webster
Buchalter Nemer
1000 Wilshire Blvd 15th Fl
Los Angeles, CA 90017