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**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - RIVERSIDE DIVISION**

<p>In re:</p> <p>AC INTERNATIONAL CORPORATION dba DIGIWEIGH,</p> <p style="text-align: right;">Debtor(s).</p>	<p>CASE NO.: 6:14-bk-14692-SY CHAPTER: 7</p> <p style="text-align: center;">NOTICE OF SALE OF ESTATE PROPERTY</p>
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<p>Sale Date: 05/21/2015</p>	<p>Time: 9:30 am</p>
<p>Location: United States Bankruptcy Court, Courtroom 302, 3420 Twelfth Street, Riverside, CA 92501</p>	

Type of Sale: Public Private **Last date to file objections:** 05/07/2015

Description of property to be sold:
Digital scales (various consumer and commercial models - see List of Inventory attached as Exhibit 1 to the Auction Motion), along with parts, warehouse support equipment and office equipment deemed cost effective to relocate.

Terms and conditions of sale:
SEE ATTACHED MOTION FOR AN ORDER AUTHORIZING THE TRUSTEE TO: (1) CONDUCT AN ONLINE AUCTION SALE OF ASSETS OF THE ESTATE FREE AND CLEAR OF LIENS PURSUANT TO BANKRUPTCY CODE SECTION 363(b) AND (f); (2) EMPLOY TIGER CAPITAL GROUP, LLC DBA TIGER REMARKETING SERVICES AS AUCTIONEER AND PAY COMPENSATION AND EXPENSES TO THE AUCTIONEER; (3) ABANDON CERTAIN ASSETS; AND (4) GRANTING RELATED RELIEF INCLUDING USE OF SALE PROCEEDS TO REIMBURSE THE TRUSTEE FOR ACTUAL COSTS INCURRED ("AUCTION MOTION")

Proposed sale price: Varied, depending on asset

This form is mandatory. It has been approved for use in the United States Bankruptcy Court for the Central District of California.

Overbid procedure (if any): See Auction Motion attached hereto for All Overbid Procedures

Overbids Due: 05/18/2015

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

Hearing Date: May 21, 2015
Hearing Time: 9:30 a.m.
Courtroom: 302
Location: United States Bankruptcy Court
3420 Twelfth Street
Riverside, CA 92501

Contact person for potential bidders (include name, address, telephone, fax and/or email address):

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Date: 04/30/2015

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6 Attorneys for Sam S. Leslie, Chapter 7 Trustee
7

8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA, RIVERSIDE DIVISION**

10
11 In re
12 **AC INTERNATIONAL CORPORATION**
13 dba **DIGIWEIGH,**
14 Debtor.

Case No. 6:14-bk-14692-SY

Chapter 7

**CHAPTER 7 TRUSTEE’S MOTION FOR
AN ORDER AUTHORIZING THE
TRUSTEE TO:**

**(1) CONDUCT AN ONLINE AUCTION
SALE OF ASSETS OF THE ESTATE
FREE AND CLEAR OF LIENS
PURSUANT TO BANKRUPTCY CODE
SECTION 363(b) AND (f);**

**(2) EMPLOY TIGER CAPITAL GROUP,
LLC DBA TIGER REMARKETING
SERVICES AS AUCTIONEER AND PAY
COMPENSATION AND EXPENSES TO
THE AUCTIONEER;**

(3) ABANDON CERTAIN ASSETS; AND

**(4) GRANTING RELATED RELIEF
INCLUDING USE OF SALE PROCEEDS
TO REIMBURSE THE TRUSTEE FOR
ACTUAL COSTS INCURRED**

**MEMORANDUM OF POINTS AND
AUTHORITIES; DECLARATIONS OF
SAM S. LESLIE AND JEFF
TANENBAUM IN SUPPORT THEREOF**

Hearing:

Date: May 21, 2015

Time: 9:30 a.m.

Place: Courtroom 302

United States Bankruptcy Court
3420 Twelfth Street
Riverside, CA 92501

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1 TO THE HONORABLE SCOTT H. YUN, UNITED STATES BANKRUPTCY
2 JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE, AND CREDITORS AND
3 PARTIES-IN-INTEREST:

4 I. INTRODUCTION

5 Sam S. Leslie, Chapter 7 Trustee (“Trustee”) for the bankruptcy estate (“Estate”) of AC
6 International Corporation, a California corporation dba Digiweigh (“Debtor”), brings this Motion
7 for an Order Authorizing the Trustee to: (1) Conduct an Online Auction Sale of Assets of the
8 Estate Free and Clear of Liens Pursuant to Bankruptcy Code Sections 363(b) and (f); (2) Employ
9 Tiger Capital Group, LLC dba Tiger Remarketing Services as Auctioneer and Pay Compensation
10 and Expenses to the Auctioneer; (3) Abandon Certain Assets; and (4) Granting Related Relief
11 Including Use of Sale Proceeds to Reimburse the Trustee for Actual Costs Incurred (“Auction
12 Motion”).

13 A. Summary of Relief Sought

14 By the Auction Motion, the Trustee respectfully requests that the Court enter an order:

15 • Authorizing the Trustee to conduct an online public auction, to the highest
16 bidder(s) of assets of the Estate related to the Debtor’s retail sales business operations generally
17 described as imported digital scales in many sizes and for a variety of uses, along with parts,
18 warehouse support equipment and office equipment deemed cost effective to relocated to the
19 auction site (collectively the “Assets”). The auction shall be conducted free and clear of any and
20 all liens, encumbrances, claims and/or interests (collectively the “Liens and Encumbrances”)
21 impacting the Assets, with all such Liens and Encumbrances upon the sold Assets to be
22 unconditionally released, discharged and terminated, and with any Liens and Encumbrances not
23 resolved or satisfied through the auction sale to attach only to the proceeds of the transaction
24 with the same priority, validity, force and effect as they existed with respect to the sold Assets
25 before the closing of the auction sale pending further Court order or agreement with the parties.

26 **The proposed online auction will be scheduled for thirty (30) to forty (40) days after the**
27 **Court has approved the Auction Motion to allow time for the Auctioneer to coordinate and**
28 **market the auction sale, including preparing an inventory “lot list” of items to be sold.**

1 **Online viewing of the items to be auctioned will be available seven (7) days prior to the**
2 **auction and onsite viewing of the auction items will be held one day prior to the auction at**
3 **the auction viewing location of 13545 Larwin Circle, Santa Fe Springs, CA 90670.**

4 • Approving and authorizing the Trustee to employ Tiger Capital Group, LLC dba
5 Tiger Remarketing Services as the Estate's auctioneer ("Auctioneer") to coordinate the auction
6 sale and authorizing payment of the Auctioneer's compensation and expenses pursuant to the
7 terms of the Auction Services Proposal, a copy of which is attached as **Exhibit "1"** to the
8 Declaration of Sam S. Leslie ("Leslie Declaration").

9 • With regard to Assets of the Estate that are not to be sold at the auction sale
10 (collectively the "Burdensome Assets"), based on the estimated costs of moving such assets
11 which are inconsequential or burdensome to the Estate, the Trustee believes it is for the benefit
12 of the Estate and its creditors if those Burdensome Assets are abandoned when the Auctioneer
13 moves the Assets into storage for the auction. Accordingly, the Trustee requests the Court enter
14 an Order authorizing the abandonment of the Estate's interest in the Burdensome Assets
15 effective as the Petition Date, the Trustee or his Auctioneer be authorized to dispose of such
16 Burdensome Assets, including by giving the Burdensome Assets to a scrapper, and neither the
17 Trustee nor the Auctioneer will have any financial or other responsibility for the loss, damage or
18 destruction of the Burdensome Assets that constitute the collateral of a lessor, secured party or
19 other interest holder.

20 • To the extent that the real property lease for Debtor's business premises located at
21 15830 El Prado Road, Unit B, Chino, California is not terminated, authorizing the Trustee to
22 terminate and reject the lease effective as of May 31, 2015 and directing that any proofs of claim
23 arising from the termination and rejection of the foregoing lease must be filed with the Court no
24 later than thirty (30) days from the date of entry of the Court order approving the Auction
25 Motion.

26 ///

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1 • Directing that the fourteen day stay of the order approving the Auction Motion as
2 provided by Federal Rules of Bankruptcy Procedure 6004(h) and 6006(d), or any other
3 applicable rules, shall not apply and that absent judicial imposition of a stay of the Court order
4 approving the Auction Motion pending appeal, the Trustee may immediately consummate the
5 actions that are approved by such Court order.

6 • Authorizing the Trustee to use the proceeds of the auction sale to make Court
7 approved disbursements to the proposed Auctioneer pursuant to the terms of the Auction Plan
8 (defined below), and to reimburse the Trustee for his actual costs incurred in preserving the
9 assets of the Estate which total \$2,516.03.

10 • For such other and further relief as the Court deems just and proper under the
11 circumstances of this case.

12 **B. Good Cause Exists for Entry of an Order Approving the Auction Sale**

13 Pursuant to the Court order entered on March 27, 2015 (Docket No. 211), the Trustee was
14 given authority to operate the Debtor's business until March 31, 2015 to preserve the Debtor's
15 going concern value and provide time for the Trustee to locate a buyer for the Debtor's business.
16 The Trustee did not find a buyer for the Debtor's business and has now ceased the Debtor's
17 business operations. As a buyer could not be found, the Trustee has determined the sale of the
18 Debtor's Assets through an auction will provide the most benefit for the Estate and its creditors.
19 In addition, the majority of the Assets are located on premises leased by the Debtor under a pre-
20 petition lease agreement that provides for rental payments of approximately \$6,698.66 per
21 month. The Trustee needs to liquidate the Assets in order return the leased premises to the
22 Debtor's landlord, Turner South Chino, LLC ("Landlord") and stop the accrual of administrative
23 rent charges. The Trustee is advised by the proposed Auctioneer that the auction may generate
24 net recovery to the Estate of between \$26,975.00 to \$76,975.00.

25 Based on the good business reasons that exist to grant the Auction Motion, the Trustee
26 believes that the auction sale and employment and payment of compensation and expenses to the
27 Auctioneer are proper.

28 ///

1 **C. Addendum to Relief Sought**

2 After preparing the Auction Motion, the Trustee was advised by the counsel for two
3 alleged secured creditors, Zhejiang Medicines & Health Product (“ZMC”) and Skyline
4 Technology HK Co. Ltd. (“Skyline”) that they believe that the Purchase and Supply Agreements
5 they entered into with the Debtor include enforceable title retention clauses. Accordingly, ZMC
6 and Skyline both have requested that their alleged inventory be returned.

7 The Trustee is filing this Auction Motion to preserve the hearing date. The lease
8 agreement between the Landlord and the Debtor terminates on May 31, 2015 and in order to
9 cease the accrual of administrative expenses, the Trustee needs to proceed with a sale of the
10 Assets. Both of the alleged secured creditors, ZMC and Skyline, are on notice and will be served
11 with a copy of the Auction Motion.

12 ZMC and Skyline have been served at the same place since the commencement of this
13 bankruptcy case and have only recently surfaced to assert their ownership claims. With respect
14 to ZMC, it has not indicated whether it opposes the sale, but through its counsel has requested to
15 pick up its inventory. Based on the latest communication with Trustee’s counsel, Skyline asserts
16 that the Debtor and now the Trustee merely hold the Assets in trust for Skyline. In making this
17 assertion, Skyline fails to provide any legal authority for its position and has not provided the
18 Trustee with any evidence of which inventory Skyline actually delivered to the Debtor and the
19 amount of its claim. The Trustee has previously and on more than two occasions requested
20 evidence to support which inventory Skyline delivered to the Debtor and the cost of said
21 inventory. Attached to the Leslie Declaration as **Exhibit “3”** is a true and correct copy of the
22 correspondence received from Skyline’s counsel on April 29, 2015.

23 The Trustee has been placed in the untenable position where (1) he needs to vacate the
24 Debtor’s leased premises by the end of May pursuant to the lease with the Landlord and in order
25 to cease the accrual of administrative expenses, (2) there are alleged secured creditors asserting
26 claims against the Assets generally with no evidence of which specific inventory they allegedly
27 own, and (3) the Assets are digital scales in many sizes, including very large, heavy scales which
28 the Trustee needs the Auctioneer’s assistance to remove from the Debtor’s business premises to

1 another storage facility. If the Trustee has to return the Assets to Skyline and/or ZMC, the Estate
2 will incur additional administrative expenses storing the Assets while the Trustee attempts to
3 resolve the disputes with Skyline and ZMC.

4 The Trustee, with the assistance of his counsel, has conducted a cost-benefit analysis and
5 determined that he has no choice but to proceed with the sale of the Assets by the Auctioneer, as
6 requested in this Auction Motion.

7 **II. RELEVANT FACTS**

8 **A. The Bankruptcy Case**

9 The Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code
10 on April 10, 2014 (“Petition Date”).

11 On January 21, 2015 (Docket No. 147), the Court entered an order directing the United
12 States Trustee to appoint a Chapter 11 trustee. The United States Trustee appointed Sam S.
13 Leslie as the Chapter 11 trustee, which appointment was approved by the Court pursuant order
14 entered January 27, 2015 (Docket No. 156).

15 Upon the Trustee’s motion (Docket No. 160) and pursuant to Court order entered on
16 February 5, 2015 (Docket No. 175), the Debtor’s case was converted to Chapter 7. Sam S.
17 Leslie has been appointed as the Chapter 7 trustee.

18 Pursuant to Court order entered on March 27, 2015 (Docket No. 211), the Trustee was
19 given authority to operate the Debtor’s business until March 31, 2015 to preserve the Debtor’s
20 going concern value and provide time for the Trustee to locate a buyer for the Debtor’s business.
21 The Trustee did not find a buyer for the Debtor’s business and has now ceased the Debtor’s
22 business operations.

23 As a buyer could not be found for the Debtor’s operating business, the Trustee has
24 determined that the sale of the Debtor’s Assets through an auction will provide the most benefit
25 for the Estate and its creditors. In addition, the majority of the Assets are located on premises
26 leased by the Debtor under a pre-petition lease agreement that provides for rental payments of
27 \$6,698.66 per month. The Trustee needs to liquidate the Assets in order return the leased
28 premises to the Debtor’s Landlord and stop the accrual of administrative rent charges.

B. The Assets to be Sold at Auction

The Assets which are the subject of the Auction Motion are generally described as digital scales in many sizes and for a variety of uses, along with parts, warehouse support equipment and office equipment, the majority of which are located at the Debtor’s business premises of 15830 El Prado Road, Unit B, Chino, California. A list of the Assets to be included in the auction is included in the Auction Services Proposal, a copy of which is attached as **Exhibit “1”** to the Leslie Declaration.

The Trustee has been advised by the proposed Auctioneer that the auction sale may generate net funds (after costs of sale) of \$26,975.00 to \$76,975.00. Through the competitive bidding of a public auction sale, it is anticipated that the Trustee will receive the best and highest value for the Assets and therefore, the ultimate sale price of the Assets will be fair and reasonable.

C. Summary of Liens and Encumbrances and Their Treatment Through the Auction

The following chart lists the alleged liens and encumbrances impacting the Assets to be sold and their treatment through the auction sale:

<u>Alleged Secured Party</u>	<u>Description</u>	<u>Amount of Claim</u>	<u>Proposed Treatment</u>
Ping Pan	<p>Listed in Debtor’s Schedule D as a Statutory Lien per CCP 708.410.</p> <p>The Trustee is advised that the Debtor is indebted to Ping Pan pursuant to a judgment entered in favor of Ping Pan and against the Debtor in the total amount of \$1,146,045.70, including pre-judgment interest and costs (“Pan Judgment”).</p> <p>The Pan Judgment is allegedly secured by virtue of the filing of a Notice of Judgment Lien with the California Secretary of State on March 28, 2014, document number 14-7405243717 (“Pan</p>	\$1,146,045.70, including pre-judgment interest and costs	On July 24, 2014, the Debtor commenced an adversary proceeding against Ping Pan, case number 6:14-ap-01193-SY, to avoid the Pan Judgment Lien as a preference (“Pan Avoidance Action”). Since his appointment to this case, the Trustee and Mr. Pan have agreed to dismiss the Pan Avoidance Action due to the fact that the Pan Judgment Lien is void as a matter of California statutory law. As such, the Assets will be sold free and clear of the Pan Judgment and the Pan Judgment will not attach to the proceeds of the auction.

<u>Alleged Secured Party</u>	<u>Description</u>	<u>Amount of Claim</u>	<u>Proposed Treatment</u>
	Judgment Lien”), asserting an interest in the Debtor’s personal property assets.		
Skyline	Listed in Debtor’s Schedule D as holding a secured claim against inventory	\$399,714	The priority, validity and amount of this lien is disputed by the Trustee and is the subject of a bona fide dispute. The Trustee believes that this lien was not properly perfected by controlling law. As it is subject to a bona fide dispute, pursuant to Bankruptcy Code Sections 363(b) (1) and (f) the Trustee seeks to sell the Assets free and clear of this lien with such disputed lien to attach to the proceeds of the sale in the same validity and priority as prior to the sale pending agreement with the creditor or further Court order.
ZMC	Listed in Debtor’s Schedule D as holding a secured claim against inventory	\$412,177	The priority, validity and amount of this lien is disputed by the Trustee and is the subject of a bona fide dispute. The Trustee believes that this lien was not property perfected by controlling law. As it is subject to a bona fide dispute, Pursuant to Bankruptcy Code Sections 363(b) (1) and (f) the Trustee seeks to sell the Assets free and clear of this lien with such disputed lien to attach to the proceeds of the sale in the same validity and priority as prior to the sale pending agreement with the creditor or further Court order.

Through the auction sale, each of the foregoing Liens and Encumbrances shall be unconditionally released, discharged and terminated as to the Assets and shall attach only to the proceeds of the transaction with the same priority, validity, force and effect as the lien existed with respect to the sold Assets before the closing of the sale pending further Court order or agreement with alleged secured creditor.

The Trustee does not believe it is prudent or necessary to resolve the disputes with holders of any disputed Liens and Encumbrances by Court order or judgment prior to the sale. The unresolved disputed Liens and Encumbrances would be subject to a bona fide dispute and the Bankruptcy Code provides for a means to sell free and clear of such interests. Furthermore, the Trustee desires to sell the Assets quickly in order stop administrative costs associated with

1 the Assets and delays that could result from having to first resolve any disputes related to secured
2 claims that may negatively impact the benefits of the sale. As such, selling the Assets pursuant
3 to Bankruptcy Code Sections 363(b)(1) and (f) free and clear of any and all Liens and
4 Encumbrances, with such Liens and Encumbrances not released, resolved or satisfied through the
5 auction sale to attach to the auction sale proceeds in the same validity and priority as prior to the
6 Petition Date pending agreement with the lienholder creditor or further order of the Court is
7 proper.

8 **D. Abandonment of Assets Not To Be Sold at the Auction Sale**

9 With regard to Assets of the Estate that are not to be sold at the auction sale (collectively
10 the “Burdensome Assets”), based on the estimated costs of moving such assets which are
11 inconsequential or burdensome to the Estate, the Trustee believes it is for the benefit of the
12 Estate and its creditors if those Burdensome Assets are abandoned when the Auctioneer moves
13 the Assets into storage for the auction. Accordingly, the Trustee requests the Court enter an
14 Order authorizing the abandonment of the Estate’s interest in the Burdensome Assets effective as
15 the Petition Date.

16 **E. Rejection of the Lease for the Debtor’s Business Premises**

17 The majority of the Assets to be sold are located on the Debtor’s business premises of
18 15830 El Prado Road, Unit B, Chino, California. As stated above, the lease agreement provides
19 that rent due the Landlord under the lease is approximately \$6,698.66 per month. Once the
20 auction sale has been approved, the Trustee intends to vacate the business premises. The term
21 of the lease agreement ends on May 31, 2015. To the extent that the real property lease for the
22 Debtor’s business premises is not terminated, the Trustee requests authorization to terminate and
23 reject the lease effective as of May 31, 2015 and directing that any proofs of claim arising from
24 the termination and rejection of the foregoing lease must be filed with the Court by no later than
25 thirty (30) days from the date of entry of the Court order approving the Auction Motion.

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1 Once the auction sale has been approved, the lease for the business premises will have no
2 substantial benefit for the Estate and creditors. As such, the Trustee has determined that it is in
3 the best interest of the Estate and creditors that the Trustee terminate and reject the business
4 premises lease so that the Estate's liability can be released and the accrual of administrative
5 expenses can be stopped. Entry of an order authorizing the Trustee to terminate and reject the
6 lease for the business premises will assist Trustee in the reduction of administrative costs.

7 **F. The Proposed Auction Date, Proposed Auctioneer and Auction Services Proposal**

8 The Trustee proposes to liquidate the Assets by online auction to the highest bidder. The
9 proposed online auction will be scheduled for thirty (30) to forty (40) days after the Court has
10 approved the Auction Motion to allow time for the Auctioneer to coordinate and market the
11 online auction, including generating a "lot listing" of the inventory in the weeks prior to the sale.
12 Online viewing of the items to be auctioned will be available seven (7) days prior to the auction
13 and onsite viewing of the auction items will be held one (1) day prior to the auction at the
14 auction viewing location of 13545 Larwin Circle, Santa Fe Springs, CA 90670.

15 The Trustee requests authorization to employ Tiger Capital Group, LLC dba Tiger
16 Remarketing Services as the Estate's auctioneer ("Auctioneer") pursuant to 11 U.S.C. § 328 to
17 coordinate the online auction and authorization to pay Auctioneer's compensation and expenses
18 pursuant to the terms of the Auction Services Proposal, a true and correct copy of which is
19 attached to Leslie Declaration as **Exhibit "1"**. The principal terms of the Auction Services
20 Proposal are as follows (the Trustee is referred to as the "Seller" in the following summary):

21	Sale Format	Online Public Auction (www.SoldTiger.com)
22	Sale Date	30 – 40 days from Court approval of the Auction Motion
23	Viewing Site	13545 Larwin Circle, Santa Fe Springs, CA 90670.
24	Assets	Inventory of imported digital scales in many sizes and for a variety of 25 uses, along with parts, warehouse support equipment and office equipment
26	Marketing	Newspaper, trade publications, internet and email
27	Seller's Cost	Auctioneer's Expense Reimbursement only. (Estimated at \$23,025 – billed at 28 cost, including relocation of Assets but not including occupancy) No Seller's Commission paid.

<p>1 Auctioneer's Compensation</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p>	<p>15% Buyer's Premium from purchasers and reimbursement of expenses. Buyer's Premium to be paid from the bankruptcy estate after the sale. Expenses are at actual cost and are estimated at but not to exceed the following amounts:¹</p> <table border="1"> <tr> <td data-bbox="552 279 1279 394">Labor (includes setup, preview and auction day supervision, checkout (nine day removal and cleanup period) and security on preview and auction days)</td> <td data-bbox="1279 279 1515 394">\$7,725</td> </tr> <tr> <td data-bbox="552 394 1279 510">Marketing (newspaper, surplus inventory trade publications, email distribution, online postings, and telemarketing)</td> <td data-bbox="1279 394 1515 510">\$7,000</td> </tr> <tr> <td data-bbox="552 510 1279 583">Other (including catalogs, FedEx, auction bond, storage and relocation, cleanup (dumpster and labor))</td> <td data-bbox="1279 510 1515 583">\$8,300</td> </tr> <tr> <td data-bbox="552 583 1279 640">Total Estimated</td> <td data-bbox="1279 583 1515 640">\$23,025</td> </tr> </table>	Labor (includes setup, preview and auction day supervision, checkout (nine day removal and cleanup period) and security on preview and auction days)	\$7,725	Marketing (newspaper, surplus inventory trade publications, email distribution, online postings, and telemarketing)	\$7,000	Other (including catalogs, FedEx, auction bond, storage and relocation, cleanup (dumpster and labor))	\$8,300	Total Estimated	\$23,025
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Total Estimated	\$23,025								
<p>9 Sale Terms</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p>	<ul style="list-style-type: none"> • Auctioneer to post a supplemental bond in issued in the case name and number of this case in favor of the Trustee in the amount of \$125,000. • The sale will be without limit and without reserve, subject only to minimum opening bid amounts established by the Auctioneer, based on Auctioneer's expert judgment. • Auctioneer will offer the property to buyers in "As-Is, Where-Is" Condition, without representations or warranties. • Auctioneer will require bidders to post an appropriate deposit as a prerequisite to bid • Auctioneer will require buyers to sign a terms sheet, which will include terms intended to protect Auctioneer and Seller from buyer payment defaults, property abandonment, damage to persons or property onsite, claims regarding the property condition, etc. • Auctioneer will accept from buyers the following forms of payment: credit card (fees shall be Auctioneer's responsibility), cashiers' checks, guaranteed checks and wire transfer as payment for the property sold. No cash will be accepted for this sale. • Auctioneer will be paid a 15% buyers' premium from auction purchasers to be paid to Auctioneer from the Estate after the sale. • Auctioneer shall be responsible to collect and remit any applicable sales tax. • Auctioneer shall provide Trustee an Auctioneers' Report within 21 days of the auction, including a list of items sold, price of each item sold, buyer of each item, and gross sale proceeds. The Auctioneer shall also provide a settlement summary report, statement itemizing sale expense, copies of all marketing materials and expense receipts. 								

23 The Trustee has verified that the Auctioneer has complied with all applicable bonding requirements. The Auctioneer has blanket bond in favor of the United States of America in the amount of \$50,000.00 and such blanket bond is on file with the Clerk of the Bankruptcy Court (Los Angeles Division). As soon as possible and prior to the hearing on the Auction Motion, the

27 ¹ The following are not included in the sale costs nor deemed to be the Auctioneers responsibility: (i) occupancy costs, (ii) removal of hazardous materials or sensitive data, (iii) restoration of building facilities to any defined standard.

1 Auctioneer will obtain an additional individual bond for the auction sale in the amount of
2 \$125,000.00. The additional individual bond will be issued in the name and case number of this
3 case and will be in favor of the Trustee. The Auctioneer has advised the Trustee that the total
4 value of all pending bankruptcy estate auctions in which the Auctioneer is involved in this
5 district does not exceed the Blanket Bond, including auctions already conducted in which funds
6 have not yet been disbursed by the Auctioneer to a trustee and pre-auction estimated values of
7 estate assets in the custody and control of the Auctioneer

8 The Trustee believes that the Auction Plan is fair and reasonable and that the Trustee
9 should be authorized to employ the Auctioneer on the terms and conditions set forth in the
10 Auction Plan.

11 The Trustee is satisfied from the Tanenbaum Declaration that the Auctioneer is a
12 disinterested person within the meaning of Bankruptcy Code Section 101(14).

13 Included with **Exhibit "1"** is a true and correct copy of the resume for the Auctioneer.

14 **G. Request for Authorization to Use the Auction Proceeds to Pay the Auctioneer's**
15 **Compensation and Expenses and to Reimburse the Trustee for his Actual Costs**

16 Through this Auction Motion, the Trustee requests the Court authorize the use of the
17 proceeds of the auction sale to make Court approved disbursements to the proposed Auctioneer
18 pursuant to the terms of the Auction Plan.

19 Pursuant to the Office of the United States Trustee's Revised Supervisory Instructions
20 #10 ("Instruction"), Auctioneer's compensation and expenses shall be payable upon completion
21 of the following:

22 a. Following the sale and auction of the Personal Property, the Auctioneer shall turn
23 over any and all proceeds from the auction to the Trustee within seven (7) days after the auction
24 of the Estate property.

25 b. Within twenty-one (21) days after the auction, the Auctioneer shall prepare and
26 submit to the Trustee a "Report of Auctioneer" ("Auction Report"), which will include the
27 following information: the date of the sale; each item sold; the sale price; the name, address and
28 telephone number of the purchaser; in the case of lots, a brief description of each lot sold as well

1 as the sale price and purchaser; the gross proceeds from the sale; a statement that the gross
2 proceeds have been turned over to the Trustee; and a descriptive list of the items that were not
3 sold but which were returned to the Trustee.

4 c. Within seven (7) days after receipt of the Auction Report, the Trustee shall file
5 the Auction Report with the Court together with a brief declaration stating that the Trustee has
6 compared the Auction Report to the list of items/lots sold, the Auction Report is satisfactory; the
7 gross funds have been turned over to the Trustee and the auctioneer has been compensated
8 pursuant to the terms previously approved by the Court or will be compensated in the future
9 consistent with the terms of a duly noticed application for compensation. In this case, the
10 Trustee requests Bankruptcy Court authority to pay the Auctioneer its fees upon the receipt and
11 approval of the Auction Report by the Trustee, and the filing of the Trustee's declaration
12 referenced herein, without the issuance of any further Court order.

13 In addition, the Trustee requests that the Court authorize the Trustee to use the proceeds
14 of the auction sale to reimburse the Trustee for his actual costs incurred in preserving the assets
15 of the Estate and conducting the auction sale. For example, the Trustee paid a total of \$1,129.00
16 to have the locks at the Debtor's business premises changed to prevent the Debtor from operating
17 the business and to preserve the Assets until they can be sold. In addition, the Trustee has paid
18 for utilities and other costs in the amount of \$1,387.03. Thus, the Trustee has incurred actual
19 costs of \$2,516.03 to preserve asserts of the Estate.

20 **H. Approval of the Auction Motion Serves the Best Interests of the Estate and**
21 **Creditors**

22 The Trustee has made a business decision and believes that the sale of the Assets by the
23 proposed auction sale is the best available alternative for maximizing the value of the Assets for
24 the Estate and creditors. The auction sale is the most efficient and cost effective way to liquidate
25 the Assets and will allow the Estate to receive the most value for the Assets as compared to
26 attempting to sell each item on a piecemeal basis.

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1 The Trustee has been advised by the proposed Auctioneer that the auction sale may
2 generate net funds (after costs of sale) of \$26,975.00 to \$76,975.00 as follows:²

	<u>Low</u>	<u>High</u>
Sales Projections	\$50,000	\$100,000
Seller's Commission at 0% (the Auctioneer will receive compensation through a Buyer's premium of 15% to be paid from the Estate after the sale)	\$0.00	\$0.00
Auctioneer Expense Reimbursement	(\$23,025)	(\$23,025)
Estimated Net Recovery	\$26,975	\$76,975

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9 Through the competitive bidding of an online public auction, it is anticipated that the
10 Trustee will receive the best and highest value for the Assets and therefore, the ultimate sale
11 price of the Assets will be fair and reasonable.

12 In addition, the majority of the Assets are located on the Debtor's leased business
13 premises that is accruing rent. Thus, the Trustee needs to liquidate the Assets as quickly as
14 possible in order to return the leased business premises to the Landlord and stop the accrual of
15 administrative rent charges.

16 Thus, based on good business reasons, approval of this Auction Motion would serve the
17 best interests of the Estate and its creditors.

18 **III. LEGAL AUTHORITIES**

19 **A. The Court May Authorize the Sale of Assets When There is a Good Faith Purchaser**

20 Pursuant to Bankruptcy Code Section 541, upon the commencement of a case under
21 Chapter 11, an estate is created which includes all legal and equitable interest of the debtor in
22 property at the commencement of the case. The debtor, after notice and hearing, may sell
23 property of its Estate. Bankruptcy Code Section 363(b). The standards to establish are that there
24 is a sound business purpose for the sale, that the sale is in the best interests of the estate, i.e., the
25 sale is for a fair and reasonable price, that there is accurate and reasonable notice to creditors and
26 that the sale is made in good faith. *In re Wilde Horse Enterprises, Inc.*, 136 B.R. 830, 841

27 ² The Auctioneer has advised the Trustee that the sale projections are based on a cursory review of the Assets and
28 assumptions made regarding additional items confiscated by the Sheriff. Insufficient information was available at
the time of review to ascertain an accurate assessment of the value of the Assets.

1 (Bankr. C.D. Cal. 1991); *In re Lionel Corp.*, 722 F.2d 1063, 1069 (2d Cir. 1983). Business
2 justification would include the need to close a sale to one of very few serious bidders where an
3 asset has been extensively shopped and a delay could jeopardize the transaction. *See, e.g., In re*
4 *Crowthers McCall Pattner, Inc.*, 114 B.R. 877, 885 (Bankr. S.D.N.Y. 1990) (extreme difficulty
5 finding a buyer justified merger when buyer found). The proposed auction sale of the Assets
6 meets the foregoing criteria.

7 **1. Sound Business Purpose**

8 The Ninth Circuit in *In re Walter*, 83 B.R. 14 (Bankr. 9th Cir. 1988) has adopted a
9 flexible, case by case test to determine whether the business purpose for a proposed sale justifies
10 disposition of property of the estate under Section 363(b). In *Walter*, the Ninth Circuit, adopting
11 the reasoning of the Fifth Circuit in *In re Continental Air Lines, Inc.*, 780 F.2d 1223 (5th Cir.
12 1986), and the Second Circuit in *In re Lionel Corp.*, 722 F.2d 1063 (2d Cir. 1983), set forth the
13 following standard to be applied under Bankruptcy Code Section 363(b).

14 Whether the proffered business justification is sufficient depends
15 on the case. As the Second Circuit held in *Lionel*, the bankruptcy
16 judge should consider all salient factors pertaining to the
17 proceeding and, accordingly, act to further the diverse interests of
18 the debtor, creditors and equity holders, alike. He might, for
19 example, look to such relevant factors as the proportionate value of
20 the assets to the estate as a whole, the amount of lapsed time since
21 the filing, the likelihood that a plan of reorganization will be
22 proposed and confirmed in the near future, the effect of the
23 proposed disposition on future plans of reorganization, the
24 proceeds to be obtained from the disposition vis-a-vis any
25 appraisals of the property, which of the alternatives of use, sale or
26 lease the proposal envisions and, most importantly perhaps,
27 whether the asset is increasingly or decreasing in value. This list is
28 not intended to be exclusive, but merely to provide guidance to the
bankruptcy judge.

23 *Walter*, 83 at 19-20 (quoting *In re Continental Air Lines, Inc.*, 780 F.2d 1223, 1226 (5th Cir.
24 1986)).

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1 Here, the facts surrounding the sale of the Assets support the Trustee's business decision
2 that the proposed auction is in the best interests of the Estate and its creditors. Furthermore, as
3 the Estate continues to accrue administrative expense obligations related to the lease of the
4 Debtor's business premises, it is imperative that an auction sale of the Assets occur as soon as
5 possible, to prevent the accrual of additional administrative claims that would be detrimental to
6 general unsecured creditors.

7 Through the competitive bidding of a public auction sale, it is anticipated that the Trustee
8 will receive the best and highest value for the Assets and therefore, the ultimate sale price of the
9 Assets will be fair and reasonable.

10 Furthermore, the majority of the Assets are located on premises leased by the Debtor
11 under a pre-petition lease agreement that is accruing monthly rent. The Trustee needs to
12 liquidate the Assets as quickly as possible in order return the leased premises to the Landlord and
13 stop the accrual of administrative rent charges.

14 Therefore, the Trustee respectfully submits that, if this Court applies the good business
15 reason standard suggested by the Second Circuit in *Lionel*, the sale should be approved.

16 **2. The Auction Sale Serves the Best Interests of Estate and Creditors**

17 Through the competitive bidding of a public auction sale, it is anticipated that the Trustee
18 will receive the best and highest value for the Assets and therefore, the ultimate sale price of the
19 Assets will be fair and reasonable. Additionally, the Trustee needs to liquidate the Assets as
20 quickly as possible in order return the leased premises to the Landlord and stop the accrual of
21 administrative rent charges. Thus, the Trustee needs immediate Court approval of the auction
22 sale.

23 As such, the proposed auction sale serves the best interests of the Estate and its creditors.

24 **3. Accurate and Reasonable Notice**

25 It is expected that notice of this Auction Motion will satisfy the requirements for accurate
26 and reasonable notice and will be appropriate under the circumstances.

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1 The Trustee shall provide notice of the proposed Auction Sale Motion to the Office of the
2 United States Trustee, all secured creditors of the Estate and their counsel, the twenty largest
3 unsecured creditors as the Trustee can ascertain from the records obtained at the Debtor's
4 premises, and parties requesting notice. Notice of the Auction Motion will include a summary of
5 the terms and conditions of the proposed sale including Auctioneer's proposed compensation and
6 expenses and the bond requirements, the time fixed for filing objections, and a general
7 description of the Assets to be sold. The Trustee submits that the notice requirements have been
8 satisfied, thereby allowing creditors and parties in interest an opportunity to object to the sale.
9 Hence, no further notice should be necessary.

10 **B. The Sale is Made In Good Faith**

11 The proposed sale has been brought in good faith and has been negotiated on an "arms
12 length" basis.

13 The court, in *Wilde Horse Enterprises*, set forth the factors in considering whether a
14 transaction is in good faith. The court stated:

15 'Good faith' encompasses fair value, and further speaks to the
16 integrity of the transaction. Typical 'bad faith' or misconduct
17 would include collusion between the seller and buyer, or any
18 attempt to take unfair advantage of other potential purchasers. . . .
19 And, with respect to making such determinations, the court and
20 creditors must be provided with sufficient information to allow
21 them to take a position on the proposed sale. (citations omitted)

22 *Id.* at 842.

23 In the present case, the negotiation of the proposed auction sale was an arms-length
24 transaction. As set forth in the Notice of the Auction Motion, the creditors will have been
25 provided with sufficient notice of the sale. Accordingly, the sale is in good faith and should be
26 approved. The Trustee shall request such a finding pursuant to Bankruptcy Code Section 363(m)
27 at the hearing on this Auction Motion.

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1 **C. Sale of the Assets Free and Clear of Liens and Encumbrances Should Be Permitted**

2 Bankruptcy Code Section 363(f) allows a Chapter 11 debtor to sell property of the
3 bankruptcy estate “free and clear of any interest in such property of an entity,” if any one of the
4 following five conditions is met:

5 (1) applicable non-bankruptcy law permits a sale of
6 such property free and clear of such interest;

7 (2) such entity consents;

8 (3) such interest is a lien and the price at which such
9 property is to be sold is greater than the aggregate value of all liens
10 on such property;

11 (4) such interest is in bona fide dispute; or

12 (5) such entity could be compelled, in a legal or
13 equitable proceeding, to accept money satisfaction of such interest.

14 Bankruptcy Code Section 363(f).

15 Section 363(f) is written in the disjunctive and thus only one of the enumerated
16 conditions needs to be satisfied for Court approval to be appropriate.

17 **1. Section 363(f)(4) – Bona Fide Dispute**

18 As set forth in the chart above, all of the Liens and Encumbrances are disputed by the
19 Trustee as the Trustee believes that each have failed to properly perfect their lien by controlling
20 law against the Assets to be sold. In particular, the Purchase and Supply Agreement entered into
21 between Skyline and the Debtor on August 19, 2011 (“Skyline Agreement”) and the Purchase
22 and Supply Agreement entered into between ZMC and the Debtor on December 6, 2006 (“ZMC
23 Agreement”) do not include choice of law provisions. Pursuant to Articles 5 of both the Skyline
24 Agreement and the ZMC Agreement, Skyline and ZMC retain ownership of the goods provided
25 until the Debtor pays for the goods (“Title Retention Clause”). Under the Uniform Commercial
26 Code, adopted in California, such title retention clauses are treated as security interests, which
27 have to be properly perfected to attach to the property.

28 When an international contract covers the sale of goods, the United Nations Convention
on Contracts for International Sale of Goods (the “CISG”) applies. The CISG has been adopted
by both the United States and China. The purpose of the CISG is to set forth substantive rules

1 governing formation of contracts for sale of goods between parties whose place of business are
2 in different states. The CISG does not apply to the Skyline Agreement and ZMC Agreement as
3 Article 4 of the CISG explicitly states that the CISG is not concerned with “(b) the effect which
4 the contract may have on the property in goods sold.” See U.N. Convention on Contracts for the
5 International Sale of Goods art. 4.

6 Since the CISG does not apply and there is no choice of law provisions in the Skyline
7 Agreement and ZMC Agreement, national courts decide which law applies using conflict of law
8 rules. In the Ninth Circuit, in a bankruptcy case, the court must apply federal choice of law
9 rules. See *Mandalay Resort Group v. Miller (In re Miller)*, 292 B.R. 409, 413 (9th Cir. BAP
10 2003); see also *Liberty Tool & Mfg. v. Vortex Fishing Sys. (In re Vortex Fishing Sys.)*, 277 F.3d
11 1057, 1069 (9th Cir. 2001); *Lindsay v. Beneficial Reinsurance Co. (In re Lindsay)*, 59 F.3d 942,
12 948 (9th Cir. 1995). Federal choice of law rules follow the approach of the Restatement
13 (Second) of Conflict of Laws (“the Restatement”). *Id.* Accordingly, the Restatement applies in
14 this case.

15 Section 188(1) of the Restatement provides that in the absence of an effective choice of
16 law by the parties, “[t]he rights and duties of the parties with respect to an issue in contract are
17 determined by the local law of the state which, with respect to that issue, has *the most significant*
18 *relationship to the transaction and the parties . . .*” *Restatement (Second) of Conflict of Laws §*
19 *188* (emphasis added).

20 Pursuant to Subsection (2) of the Section 188 of the Restatement, the contacts to be taken
21 into account in determining the law applicable to an issue include:

- 22 (a) the place of contracting,
23 (b) the place of negotiation of the contract,
24 (c) the place of performance,
25 (d) the location of the subject matter of the contract, and
26 (e) the domicile, residence, nationality, place of incorporation and place of business of the
27 parties.

28 See *Restatement (Second) of Conflict of Laws § 188(2)*. In this case, factors (c) and (d) weigh in
favor of applying United States/California law over only factor (a) for China. Factors (b) and (e)
are of less importance as these factors carry equal weight for both the United States and China.

1 California has adopted the Uniform Commercial Code (“UCC”) which recognizes that a
2 title retention clause is a security interest. Specifically, Section 2401(1) of the UCC provides
3 that “[a]ny retention or reservation of the seller of the title (property) in goods shipped or
4 delivered to the buyer is limited in effect to a reservation of a security interest.” *See also* Cal. U.
5 Com. Code § 2401(1). Using much the same language as section 2-401(1), Section 1-207(37)
6 also equates title retention clauses with security interests: “The retention or reservation of title by
7 a seller of goods notwithstanding shipment or delivery to the buyer . . . is limited in effect to a
8 reservation of a ‘security interest.’” *See also* Cal. U. Com. Code § 1207(37).

9 Under the UCC, a security interest will not be enforceable until it has “attached.” *See* Cal.
10 U. Com. Code § 9203. None of the information provided by the Debtor confirms whether ZMC
11 and/or Skyline has a security interest which attached to the inventory. Even if ZMC and/or
12 Skyline has a security interest which attached to the inventory, that security interest would need
13 to have been perfected in order to be enforceable. Usually a creditor’s security interest in
14 collateral of a corporation is perfected by filing a financing statement. It is the Trustee’s
15 understanding that no UCC-1 Financing Statement was recorded with the California Secretary of
16 State on behalf of Skyline as to the inventory. Thus, even if Skyline has a security interest in the
17 inventory, its security interest is unperfected. Accordingly, based on the above, under California
18 law, the Estate owns all right, title and interest to the inventory held by the Debtor and ZMC and
19 Skyline have an unsecured claim against the Estate.

20 As the liens are subject to a bona fide dispute, the Trustee seeks to sell the Assets free
21 and clear of this lien with such disputed lien to attach to the proceeds of the sale in the same
22 validity and priority as prior to the sale pending agreement with the creditor or further Court
23 order. As such, the Trustee believes that the Liens and Encumbrances listed above are each
24 invalid and have no impact on the Assets to be sold.

25 In summary, the Trustee seeks Court approval of the sale free and clear of any and all
26 disputed Liens and Encumbrances, with all disputed Liens and Encumbrances to be
27 unconditionally released, discharged and terminated, and with any Liens and Encumbrances not
28 satisfied through the sale to attach only to the proceeds of the transaction with the same priority,

1 validity, force and effect as they existed with respect to the Assets before the closing of the sale
2 pending further Court order or agreement with the parties. The Trustee does not believe it is
3 prudent or necessary to resolve the disputes with holders of any disputed Liens and
4 Encumbrances liens by Court order or judgment prior to the sale. The unresolved disputed Liens
5 and Encumbrances, if any, would be subject to a bona fide dispute and the Bankruptcy Code
6 provides for a means to sell free and clear of such interests. If the Estate is forced to wait for
7 resolution of the disputes, the costs of such delay will dilute the amount of funds available for the
8 Estate. By selling the Assets by auction sale as soon as possible, the Trustee will also avoid
9 having to incur moving costs to conduct an auction at a later date. As there are numerous
10 separate items to be sold, many of which are large, heavy and cumbersome that would have to be
11 moved and stored, moving and storage costs could be astronomical and would most likely
12 outweigh any benefit the Estate would achieve through the sale of the Assets at a later date.
13 Thus, the Trustee needs immediate Court approval of the auction sale.

14 Any claim that holders of the disputed Liens and Encumbrances may have against the
15 Estate related to the Assets to be sold, if any, are anticipated to be the subject of bona fide
16 disputes and therefore the sale may go forward free and clear of such claims pursuant to Section
17 363(f)(4). A bona fide dispute has been defined by *In re Atwood*, 124 B.R. 402 (Bankr. S.D. Ga.
18 1991) as a “genuine issue of material fact that bears upon the debtor’s liability, or meritorious
19 contention as to the application of law to undisputed facts.” *Id.* at 407. In *In re Milford Group,*
20 *Inc.*, 150 B.R. 904 (Bankr. M.D. Pa. 1992), the court stated it need not resolve a bona fide
21 dispute, but must determine whether the issues presented are genuine as to the existence of a
22 bona fide dispute. In doing so, the *Milford* Court found that the debtor had met its burden to
23 establish cause for the Court to allow for the sale of the property, free and clear of liens.

24 In the instant case, the proposed sale of the Assets conforms to the requirements of
25 Section 363(f)(4) in that the Trustee has established the existence of bona fide disputes with the
26 holders of disputed Liens and Encumbrances.

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1 The policy behind allowing assets to be sold free and clear of disputed interests provides
2 that the disputes do not bog down the swift and orderly liquidation of assets for the highest
3 possible value. In this case, more than any other, where the costs of moving assets pending
4 resolution of secured claim disputes would be astronomical, it is absolutely essential for the
5 Trustee to be able to quickly liquidate Assets for their maximum possible value. By
6 demonstrating the existence of the bona fide disputes, section 363(f) allows the Assets to be sold
7 free and clear of any lien that is subject to a dispute so that at a minimum, proceeds can be
8 generated for distribution to parties. If every sale were subject to resolution of disputes that were
9 in existence, expense and time associated with litigation would significantly impact values that
10 could be obtained by trustees and/or other estate fiduciaries for the benefit of creditors.
11 Resolution of the issues with regard to the claims of the holders of disputed Liens and
12 Encumbrances, if any, may likely take substantial time, effort and expense by the parties. That
13 process should not hinder, delay or in any way inhibit the Trustee's efforts to maximize the value
14 of the sale of Assets.

15 Thus, approval for the sale of the Assets free and clear of Liens and Encumbrances
16 pursuant to Bankruptcy Code Section 363(f)(4) in the manner provided herein is appropriate.

17 **D. Subject to Court Approval, the Trustee May Reject Any Executory Contract or**
18 **Unexpired Lease of the Estate**

19 Bankruptcy Code Section 365(a) provides, in relevant part:

20 . . . the trustee, subject to the court's approval, may assume or
21 reject any executory contract or unexpired lease of the debtor.

22 Termination and rejection of the lease for the Debtor's business premises will result in
23 reduced administrative costs (estimated at \$7,000.00 per month). To the extent that the real
24 property lease for Debtor's business premises located at 15830 El Prado Road, Unit B, Chino,
25 California is not terminated, the Trustee requests the Court authorize the Trustee to terminate and
26 reject the lease effective May 31, 2015.

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1 **E. The Trustee May Abandon Property of the Estate that is Burdensome or of**
2 **Inconsequential Value to the Estate**

3 Bankruptcy Code Section 554(a) provides that "[a]fter notice and a hearing, the trustee
4 may abandon any property of the estate that is burdensome to the estate or that is of
5 inconsequential value and benefit to the estate."

6 Furthermore, "[a]bandonment" requires affirmative action or some other evidence of
7 intent by the trustee." *Stein v. United Artists Corp.*, 691 F.2d 885, 890 (9th Cir. 1982) (citations
8 omitted). In *In re K.C. Mach and Tool Co.*, 816 F.2d 238 (6th Cir. 1987) the court held that
9 "before ordering abandonment, the bankruptcy court must find either: 1) the property is
10 burdensome to the estate; or, 2) the property is both of inconsequential value and inconsequential
11 benefit to the estate". *Id.* at 245 (emphasis in original). In order to meet these requirements, it is
12 necessary to determine the property's fair market value and the amount and validity of the
13 encumbrances on the property. *In re Nat'l Smelting of New Jersey, Inc.*, 49 B.R. 1012, 1014 (D.
14 Colo. 1985); *see also, In re Murphy*, 22 B.R. 663, 665 (Bankr. Colo. 1982).

15 Here, the Trustee intends to abandon Assets which are inconsequential or burdensome to
16 the Estate when the Auctioneer moves the Assets into storage for the auction. Based on the
17 estimated costs of moving such assets which are inconsequential or burdensome to the Estate, the
18 Trustee believes it is for the benefit of the Estate and its creditors if those Burdensome Assets are
19 abandoned when the Auctioneer moves the Assets into storage for the auction. Accordingly,
20 pursuant to Bankruptcy Code Section 554(a), notice of the proposed abandonment of the
21 Burdensome Assets will be sent to all creditors of the Estate through the service of the Auction
22 Motion. Based on the fact that proper notice will have been given and the fact that there is no
23 realizable equity in the Burdensome Assets, the Trustee may abandon the Burdensome Assets
24 pursuant to Section 554(a) of the Bankruptcy Code.

25 **A. The Court has Authority to Waive the Fourteen-Day Stay of Sale**

26 Federal Rule of Bankruptcy Procedure 6004(h) provides that "[a]n order authorizing the
27 use, sale or lease of property other than cash collateral is stayed until the expiration of 14 days
28 after entry of the order, unless the Court orders otherwise."

1 The Trustee desires to conduct and close on the proposed auction sale as soon as
2 practicable after entry of an order approving the Auction Motion. Accordingly, the Trustee
3 requests that the Court in the discretion provided it under Federal Rules of Bankruptcy Procedure
4 6004(h), order that the fourteen-day stay of the order granting this Auction Motion shall not
5 apply.

6 **IV. CONCLUSION**

7 Based upon the foregoing, the Trustee respectfully submits that good cause exists for
8 granting the Auction Motion and requests that the Court enter an order which provides:

9 1. Approving the auction sale of the Assets, to the highest bidder, free and clear of
10 all Liens and Encumbrances pursuant to Bankruptcy Code Sections 363(b) and (f), with such
11 Liens and Encumbrances to attach to the proceeds of the auction sale in the same validity and
12 priority as prior to the Petition Date pending agreement with the lienholder or further order of the
13 Court.

14 2. Approving and authorizing the Trustee to enter into the Auction Plan for the
15 employment of the Tiger Remarketing Services as the Trustee's auctioneer to coordinate the
16 auction sale and authorizing payment of the Auctioneer's compensation and expenses pursuant to
17 the terms of the Auction Plan.

18 3. Authorizing the Trustee to use the proceeds of the auction sale to make Court
19 approved disbursements to the proposed Auctioneer pursuant to the terms of the Auction Plan, to
20 reimburse the Trustee for his actual costs incurred in preserving the assets of the Estate of
21 \$2,516.03.

22 4. Authorizing payment to the Auctioneer, without further order of this Court, upon
23 completion of the requirements of the Office of the United States Trustee's Revised Supervisory
24 Instructions #10.

25 5. Authorizing the Trustee to abandon the Estate's interest in the Burdensome
26 Assets.

27 ///

28 ///

DECLARATION

DECLARATION OF SAM S. LESLIE

I, Sam S. Leslie, declare:

1. I am the Chapter 7 Trustee for the bankruptcy estate of In re AC International Corporation dba Digiweigh ("Debtor"), Case No. 6:14-bk-14692-SY. Except as otherwise indicated, all statements in this Declaration are based on my personal knowledge, my review of relevant documents in the Debtor's bankruptcy case, or my opinion based upon my experience and knowledge as a panel trustee for the Central District of California. If called as a witness, I could and would competently testify thereto.

2. I am familiar with the Debtor's bankruptcy proceeding and submit this Declaration in support of my Motion for an Order Authorizing the Trustee to: (1) Conduct an Online Auction Sale of Assets of the Estate Free and Clear of Liens Pursuant to Bankruptcy Code Sections 363(b) and (f); (2) Employ Tiger Capital Group, LLC dba Tiger Remarketing Services as Auctioneer and Pay Compensation and Expenses to the Auctioneer; (3) Abandon Certain Assets; and (4) Granting Related Relief Including Use of Sale Proceeds to Reimburse the Trustee for Actual Costs Incurred ("Auction Motion"). Unless otherwise noted, capitalized terms herein have the meaning as set forth in the Auction Motion.

3. I have read and I am aware of the contents of the Auction Motion and the accompanying Memorandum of Points and Authorities. The facts stated in the Auction Motion and the Points and Authorities are true to the best of my knowledge.

4. Pursuant to Court order entered on March 27, 2015 (Docket No. 211), I was given authority to operate the Debtor's business until March 31, 2015 to preserve the Debtor's going concern value and provide time for me to locate a buyer for the Debtor's business. I did not find a buyer for the Debtor's business and have now ceased the Debtor's business operations.

5. As a buyer could not be found for the Debtor's operating business, I have determined that the sale of the Debtor's Assets through an auction will provide the most benefit for the Estate and its creditors. In addition, the majority of the Assets are located on premises leased by the Debtor under a pre-petition lease agreement that provides for rental payments of

1 \$6,698.66 per month. I need to liquidate the Assets in order return the leased premises to the
2 Debtor's Landlord and stop the accrual of administrative rent charges.

3 6. The Assets which are the subject of the Auction Motion are generally described as
4 digital scales in many sizes and for a variety of uses, along with parts, warehouse support
5 equipment and office equipment, the majority of which are located at the Debtor's business
6 premises of 15830 El Prado Road, Unit B, Chino, California. A list of the Assets to be included
7 in the auction is included in the Auction Services Proposal, a true and correct copy of which is
8 attached hereto as **Exhibit "1."**

9 7. I request authorization to employ Tiger Capital Group, LLC dba Tiger
10 Remarketing Services as the Estate's auctioneer ("Auctioneer") to coordinate the online auction
11 and authorization to pay Auctioneer's compensation and expenses pursuant to the terms of the
12 Auction Services Proposal. See Exhibit "1."

13 8. I have worked with the Auctioneer in previously cases and believe that with its
14 over forty years of experience in the matters to which it is to be engaged, the Auctioneer is very
15 well qualified to conduct a public auction of the kind proposed in the foregoing Auction Motion.

16 9. I propose liquidating the Assets by online auction to the highest bidder. The
17 proposed online auction will be scheduled for thirty (30) to forty (40) days after the Court has
18 approved the Auction Motion to allow time for the Auctioneer to coordinate and market the
19 online auction, including generating a "lot listing" of the inventory in the weeks prior to the sale.
20 Online viewing of the items to be auctioned will be available seven (7) days prior to the auction
21 and onsite viewing of the auction items will be held one (1) day prior to the auction at the
22 auction viewing location of 13545 Larwin Circle, Santa Fe Springs, CA 90670.

23 10. I have been advised by the proposed Auctioneer that the auction sale may
24 generate net funds (after costs of sale) of \$26,975.00 to \$76,975.00. Through the competitive
25 bidding of a public auction sale, it is anticipated that I will receive the best and highest value for
26 the Assets and therefore, the ultimate sale price of the Assets will be fair and reasonable.

27 ///

28 ///

1 11. With regard to Assets of the Estate that are not to be sold at the auction sale
2 (collectively the "Burdensome Assets"), based on the estimated costs of moving such assets
3 which are inconsequential or burdensome to the Estate, I believe it is for the benefit of the Estate
4 and its creditors if those Burdensome Assets are abandoned when the Auctioneer moves the
5 Assets into storage for the auction.

6 12. I have verified that the Auctioneer has filed his Blanket Bond with the Clerk of
7 the Bankruptcy Court (Los Angeles Division) and that it has been sent to the United States
8 Trustee.

9 13. As soon as possible and prior to the hearing on the Auction Motion, the
10 Auctioneer will obtain an additional individual bond for the auction sale in the amount of
11 \$125,000.00.

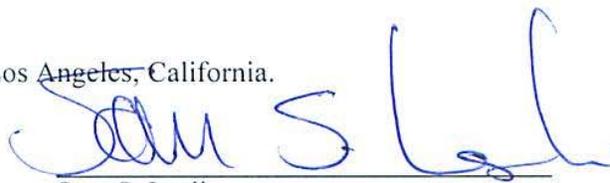
12 14. In addition, I request the Court authorize me to use the proceeds of the auction
13 sale to reimburse my actual costs incurred in preserving the assets of the Estate and conducting
14 the auction sale. I have incurred actual costs of \$2,516.03 to preserve asserts of the Estate.
15 Attached hereto as **Exhibit "2"** are true and correct copies of the receipts for the actual costs
16 incurred for which I seek reimbursement totaling \$2,516.03.

17 15. After my counsel had prepared the Auction Motion, Skyline's counsel sent
18 correspondence to my counsel asserting that the Debtor (and now I) merely hold the Assets in
19 trust for Skyline. Attached hereto as **Exhibit "3"** is a true and correct copy of the
20 correspondence received by my counsel from Skyline's counsel on April 29, 2015.

21 16. Thus, based on good business reasons, approval of this Auction Motion would
22 serve the best interests of the Debtor's Estate and its creditors.

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

25 Executed on April 30, 2015, at Los Angeles, California.

26 
27 Sam S. Leslie

28

DECLARATION

DECLARATION OF JEFF TANENBAUM

I, Jeff Tanenbaum, declare:

1. I am the President of the Tiger Remarketing Services (“Firm” or “Auctioneer”), the proposed auctioneer for Sam S. Leslie, Chapter 7 Trustee (“Trustee”) for the bankruptcy estate of AC International Corporation dba Digiweigh (“Debtor”). I have personal knowledge of the matters set forth in this Declaration and if called upon to testify, I could and would testify competently thereto.

2. I make this Declaration in support of the Motion for an Order Authorizing the Trustee to: (1) Conduct an Online Auction Sale of Assets of the Estate Free and Clear of Liens Pursuant to Bankruptcy Code Sections 363(b) and (f); (2) Employ Tiger Capital Group, LLC dba Tiger Remarketing Services as Auctioneer and Pay Compensation and Expenses to the Auctioneer; (3) Abandon Certain Assets; and (4) Granting Related Relief Including Use of Sale Proceeds to Reimburse the Trustee for Actual Costs Incurred (“Auction Motion”). Unless otherwise noted, capitalized terms herein have the meaning as set forth in the Auction Motion.

3. The Firm has extensive experience in the matters to which it is to be engaged and is well qualified to conduct a public auction of the kind proposed by the Trustee in the foregoing Auction Motion. Included with the Auction Services Proposal annexed hereto as **Exhibit “1”** is the Firm’s resume.

4. The Firm has advised the Trustee that we anticipate the auction of the Assets to generate revenues based on the current business environment as follows:

	<u>Low</u>	<u>High</u>
Sales Projections	\$50,000	\$100,000
Seller’s Commission at 0% (the Auctioneer will receive compensation through a Buyer’s premium of 15% to be paid from the Estate after the sale)	\$0.00	\$0.00
Auctioneer Expense Reimbursement	(\$23,025)	(\$23,025)
Estimated Net Recovery	\$26,975	\$76,975

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1 5. Included with **Exhibit "1"** attached hereto is a copy of the Auctioneer's blanket
2 bond in favor of the United States of America for coverage in the aggregate of \$50,000 ("Blanket
3 Bond"). As soon as possible and prior to the hearing on the Auction Motion, the Firm will
4 obtain an additional bond of \$125,000.00. The additional bond will be issued in the name and
5 case number of this case and will be in favor of the Trustee. The Firm has advised the Trustee
6 that the total value of all pending bankruptcy estate auctions in which the Auctioneer is involved
7 in this district does not exceed the Blanket Bond, including auctions already conducted in which
8 funds have not yet been disbursed by the Auctioneer to a trustee and pre-auction estimated
9 values of estate assets in the custody and control of the Auctioneer. Once this Auction Motion is
10 approved, the Auctioneer will obtain an individual bond for the auction sale as required to meet
11 the requirements of the Office of the United States Trustee.

12 6. The Firm maintains insurance for lost or stolen property.

13 7. I have read Auction Motion and the Firm agrees to and approves all of the terms
14 and conditions thereof.

15 8. To the best of the Firm's knowledge after full investigation, neither the Firm, nor
16 any of the professionals comprising or employed by it, have any connection with the Debtors,
17 their creditors or any other party in interest, their respective attorneys or other professionals, the
18 United States Trustee, or any person employed by the Office of the United States Trustee.

19 9. To the best of the Firm's knowledge after full investigation, none of the
20 professionals comprising or employed by the Firm are related to any judge of the United States
21 Bankruptcy Court for the Central District of California, or to the United States Trustee or any
22 employee of the United States Trustee.

23 10. To the best of my knowledge after full investigation, the Firm is both disinterested
24 as that term is defined in Bankruptcy Code Section 101(14) and represents no interest which
25 would be adverse to the Debtors, their Estates or their creditors or any party in interest in this
26 proceeding.

27 11. The Firm has no pre-petition claim against the Estates.

28 ///

1 12. The Firm has been advised of and agreed to accept the proposed employment
2 subject to the provisions of 11 U.S.C. § 328(a). The Firm understands that the Bankruptcy Court
3 may allow compensation different from the compensation set forth herein.

4 13. The Firm has received no retainer for the services to be performed herein.

5 14. Following the sale and auction of the Assets, the Firm shall turn over any and all
6 proceeds from the auction to the Trustee within seven (7) days after the auction of the Assets. In
7 addition, no later than twenty-one (21) days after the auction, the Auctioneer shall prepare and
8 submit to the Trustee a "Report of Auctioneer", which will include the following information:
9 the date of the sale; each item sold; the sale price; the name, address and telephone number of
10 the purchaser; in the case of lots, a brief description of each lot sold as well as the sale price and
11 purchaser; the gross proceeds from the sale; a statement that the gross proceeds have been turned
12 over to the Trustee; and a descriptive list of the items that were not sold but which were returned
13 to the Trustee.

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

16 Executed on April 30, 2015, at Westlake Vlg., California.

17 
18 Jeff Tanenbaum

EXHIBIT 1

Presented To: Sam Leslie, Chapter 7 Trustee
Presented By: Jeff Tanenbaum, President
Date: 3/18/2015, rev. 4/7/2015

Plan Overview		
Debtor	AC International	
Sale Format	Online bidding with onsite viewing	
Sale Date	30 - 40 days from Court Approval	
Viewing Location	13545 Larwin Circle, Santa Fe Springs, CA 90670	
Bid Location	www.SoldTiger.com	
Subject Assets	Approx. \$250,000 at cost of digital scales - various consumer and commercial models	
Marketing Highlights	- Newspaper - Trade Publications - Internet & Email	
Gross Recovery Est.	\$50,000 to \$100,000	*
Estate Costs	\$23,025	Billed at cost, including relocation (not including occupancy)
Commission	0% Commission	Plus a 15% Buyers' Premium
Net Recovery Est.	\$26,975 to \$76,975	Before occupancy costs
Sale Timeline		
- 40 Days	Auctioneer Employed	
- 35 Days	Asset Relocation Begins	
- 25 Days	Marketing Begins	
- 20 Days	Asset Preparation Begins	
- 7 Days	Items Posted Online	
- 1 Day	Preview	
-	Sale Day	
+ 5 Days	Checkout Complete	
Key Points		

* Recovery is based on the inclusion of all sellable inventory and any fixed assets deemed cost effective to relocate.

Labor Expenses		
Expense Category	Detail	\$
Setup	<i>Asset Prep, Tagging, Photos</i>	4,800.00
Preview & Auction Day	<i>Preview Supervision</i>	350.00
Checkout	<i>9 Day Removal & Cleanup Period</i>	2,175.00
Other	<i>n/a</i>	-
Security	<i>Preview / Checkout</i>	400.00
Subtotal		7,725.00
Marketing Expenses		
Expense Category	Detail	\$
Newspaper	<i>Local & Regional Newspapers</i>	1,500.00
Trade Publications & Online	<i>Surplus Inventory Trades</i>	2,500.00
Email / Internet	<i>Internal Email & Purchased Lists</i>	1,500.00
Other	<i>Telemarketing & Agency Fees</i>	1,500.00
Subtotal		7,000.00
Other Expenses		
Expense Category	Detail	\$
<i>Supplies</i>	<i>Catalogs, Lotting Materials, etc.</i>	500.00
<i>Online Bidding Service</i>	<i>Included</i>	-
<i>FedEx</i>	<i>Report Printing & Delivery</i>	150.00
<i>Miscellaneous</i>	<i>Unexpected & Misc</i>	500.00
<i>Bond</i>	<i>Bond (Based on \$125,000)</i>	650.00
<i>Storage</i>	<i>Relocation & Storage @ 2 months</i>	4,000.00
<i>Credit Card Fees</i>	<i>Responsibility of Auctioneer</i>	-
<i>Cleanup</i>	<i>2 Dumpsters & Labor</i>	2,500.00
<i>Administration</i>	<i>Responsibility of Auctioneer</i>	-
<i>Customer Services</i>	<i>Responsibility of Auctioneer</i>	-
Subtotal		8,300.00
TOTAL		\$ 23,025.00

All cost are passed on at cost and will not exceed the total indicated; costs may vary between categories

The following are not included in the sale costs nor deemed to be Auctioneers responsibility:
 i) occupancy costs, ii) removal of hazardous materials or sensitive data, iii) restoration of building facilities to any defined standard

Compensation Options	
Structure	Details

Fee For Services	0% Seller's Commission Auctioneer shall charge a 15% Buyers' Premium* Expense Reimbursement
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Recovery Analysis - Total		
	Low	High

Sale Projections**	50,000.00	100,000.00
Commission	-	-
Estimated Expenses	(23,025.00)	(23,025.00)
Estimated Net Recovery	26,975.00	76,975.00
	54.0%	77.0%

* Tiger will charge purchasers a 15% buyers premium and the estate a 0% commission as its compensation. The premium will be remitted to Trustee along with the sales proceeds and paid to Tiger with the expense reimbursement following Trustee's received and approved Auctioneers Settlement Report.

** Projections are based on estimated inventory counts totaling approx. \$200,000 at debtor's cost. This is based on the inventory provided, reduced by 1/3rd to adjust for the "obsolete" inventory. Projections also assume the remaining product is in good working condition.

Service Description

Auctioneer will assist in identifying marketable assets
Auctioneer will provide a marketing write-up for client approval
Auctioneer will organize, tag, photograph and otherwise prepare assets for sale
Auctioneer will market the sale aggressively using a variety of medium
Auctioneer will respond to sale inquiries and manage transactions
Auctioneer will post sale details to network auction websites
Auctioneer will send (2) eblasts announcing the sale
Auctioneer will staff and manage inspections and provide asset catalogs
Auctioneer will register bidders, obtaining deposits and a terms acknowledgement
Auctioneer will manage deposit taking and collections with 24 hours of sale
Auctioneer will oversee the pickup and removal process
Auctioneer will provide a marketing report detailing promotions and activity
Auctioneer will provide a comprehensive sale report detailing income & expenses

Service Terms

Trustee shall have the right to convey free, clear and unencumbered title to the assets
Auctioneer will be the exclusive agent to sell the assets
Trustee shall maintain insurance on the assets until delivered to the purchasers
Auctioneer will not incur expenses on Seller's behalf unless agreed to prior to expenditure
The sale will be without limit and without reserve
Auctioneer shall establish opening bids and bid increments based on its expert judgment
All items will be offered in "As-Is, Where-Is" condition
Auctioneer will require bidders to post an appropriate deposit as a prerequisite to bid
Auctioneer will require bidders to agree to comprehensive terms as a prerequisite to bid
Auctioneer will accept: credit cards, cashiers' checks, guaranteed checks, wire transfers
Auctioneer will collect and remit any applicable sales tax;
Auctioneer reserves the right to conduct the auction of assets in conjunction with assets of an unrelated case
Trustee shall provide executed title release documents for auctioneer to provide to purchasers
Auctioneer will provide to Trustee an Auctioneers Report within 21 days of the auction, including:
- List of items sold; - Price of each item sold; - Buyer of each item sold, including the name, address & phone number; - list of unsold items returned to Trustee; - Gross proceeds of sale
Auctioneer will provide to Trustee the following additional documents in the Auctioneers Report:
- Settlement Summary Report; - Expense Itemization Report; Statement that gross proceeds have been turned over to the Trustee; - Copies of Marketing Materials; - Expense Receipts
Trustee will provide Auctioneer's payment of allowed and approved expenses within 10 calendar days of receipt of Auctioneer's Report

About Tiger

Tiger Remarketing Services is a dba of Tiger Capital Group, LLC, a Massachusetts Limited Liability Company. Tiger Remarketing Services, Tiger Valuation Services, Tiger Capital Group and Daley-Hodkin combine to make-up the Tiger Group. Tiger Remarketing Services' primary operations offices are located in Los Angeles, New York and Boston.

Tiger Group provides advisory, valuation, disposition and auction services within a broad range of retail, wholesale, and industrial sectors. With over 40 years of experience and substantial financial backing, Tiger offers a uniquely nimble combination of expertise, innovation and financial resources to drive results. Tiger's seasoned professionals help clients identify the underlying value of assets, monitor asset risk factors and, when needed, convert assets to capital in a variety of ways quickly and decisively. Tiger's collaborative and no-nonsense approach is the foundation for its many long-term 'partner' relationships and decades of uninterrupted success. Tiger maintains offices in Los Angeles, Boston, New York, San Francisco and Sydney, Australia.

Tiger Group's Remarketing Services division has facilitated the disposition through auction of over \$1 Billion of equipment and wholesale inventories for small businesses, the U.S. Bankruptcy Court and such Fortune 500 companies as Apple Computer, Read Rite Corporation and ExxonMobil. Tiger recently acquired The Daley-Hodkin Corporation, a firm with a 30-year legacy of providing reliable valuations and sale results to stakeholders of industrial machinery throughout North America. Tiger Remarketing Services is dedicated to the marketing aspect of the auction business, employing innovative promotional strategies and the most appropriate sale systems and technologies to extract the highest and best value for a Seller's assets.

Tanenbaum Resume

For 25 years, Jeff Tanenbaum has managed and implemented asset disposition solutions for financial institutions, insolvency professionals, Fortune 1000 companies and small businesses. Prior to joining Tiger in 2010, Tanenbaum served as both executive and auctioneer at several national auction/liquidation firms. During his time at those firms, Tanenbaum oversaw live and online auction sales of nearly \$1 billion of machinery, technological equipment, furnishings, collectibles, wholesale inventories and real property. He studied business at the University of Southern California and received his Certified Auctioneers Institute (CAI) designation at Indiana University through the National Auctioneers Association

Service Advantages

- Nearly 40 years experience;
- Diverse expertise spanning many industries;
- Marketing focus and expertise;
- Dedication to achieving maximum revenues from the sale of your assets
- Principal participation in all aspects of the sale process
- Collaborative team approach to accommodate Client's needs
- Excellent communication and follow-through
- Precise accounting and documentation
- In-house online bidding systems to allow for the quick and effective solutions
- Regional offices & partners allow for effective solutions from Coast to Coast

Key Contacts

Name	Title	Contact
Jeff Tanenbaum	President	805.497.4999 jtanenbaum@tigergroup.com
Michelle Salazar	Director of Business Development	805.497.4999 msalazar@tigergroup.com
Wayne Hecht	Manager - Field Operations	805.497.4999 whecht@tigergroup.com
Raspina Jannesar	Manager - Auction Operations	805.497.4999 rjannesar@tigergroup.com

Blanket Bond

UNITED STATES BANKRUPTCY COURT FOR THE
DISTRICT OF

BOND NO: 105744651

AUCTIONEER'S BOND

KNOW ALL MEN BY THESE PRESENTS, That we, Tiger Valuation Services, LLC dba Tiger Remarketing Services, of Westlake Village, California as Principal, and Travelers Casualty and Surety Company of America, a corporation, organized and existing under the laws of the State of Connecticut, with an office and usual place of business at One Tower Square, Hartford, CT 06183, as Surety, are held and firmly bound unto the UNITED STATES OF AMERICA in the sum of Fifty Thousand and no/xx (\$50,000) Dollars, lawful money of the United States of America, for the payment of which sum we do hereby bind and oblige ourselves and our respective heirs, executors, administrators, successors and assigns jointly and severally, firmly by these presents.

WHEREAS, the said Tiger Valuation Services, LLC dba Tiger Remarketing Services desires to conduct sales as auctioneer in accordance with the rules, orders, and decrees of the United States Bankruptcy Court for the Central District of California.

NOW, THEREFORE, THE CONDITIONS OF THIS OBLIGATION IS SUCH, that if the said Tiger Valuation Services, LLC dba Tiger Remarketing Services auctioneer, shall faithfully and promptly account for all monies and property which may come into his possession as such auctioneer, and shall fully comply with all rules, orders and shall in all respects faithfully perform the duties of auctioneer in accordance with the Bankruptcy Code, the said rules of Court and said order and decrees, then this obligation to be void, otherwise to be and remain in full force and effect.

That if the Surety shall so elect this bond may be cancelled by giving Sixty (60) day written notice to the United States Bankruptcy Court of the United States of America District of California.

The Surety however, shall remain liable for any default occurring during the period up to the expiration of said (60) days notice.

IN WITNESS WHEREOF, the Tiger Valuation Services, LLC dba Tiger Remarketing Services has hereunto set his hand and seal and the Travelers Casualty and Surety Company of America has caused this instrument to be executed by its proper officers duly authorized, and its corporate seal to be hereunto affixed this 10th day of February, 2012.

See Attached
Witness to Signature

Tiger Valuation Services, LLC dba Tiger Remarketing Services
BY: Danny McKane (L.S.)

BOND

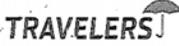
United States Bankruptcy Judge

Travelers Casualty and Surety Company of America
Matthew [Signature]
Attorney-in-Fact

Dated: 2/13/12

Blanket Bond

WARNING: THIS POWER OF ATTORNEY IS INVALID WITHOUT THE RED BORDER



TRAVELERS

POWER OF ATTORNEY

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
Seaboard Surety Company
St. Paul Fire and Marine Insurance Company

St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

Attorney-In Fact No. 220920 Certificate No. 002855504

KNOW ALL MEN BY THESE PRESENTS: That Seaboard Surety Company is a corporation duly organized under the laws of the State of New York, that St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, that Farmington Casualty Company, Travelers Casualty and Surety Company, and Travelers Casualty and Surety Company of America are corporations duly organized under the laws of the State of Connecticut, that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc. is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

Janet Davis, and Matthew Jacob Creith

of the City of Woodland Hills, State of California, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 3rd day of March, 2009

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
Seaboard Surety Company
St. Paul Fire and Marine Insurance Company

St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company












State of Connecticut City of Hartford ss. By: George W. Thompson
George W. Thompson, Senior Vice President

On this the 3rd day of March, 2009, before me personally appeared George W. Thompson, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal. My Commission expires the 30th day of June, 2011.



Marie C. Tetreault
Marie C. Tetreault, Notary Public

58440-5-07 Printed in U.S.A.

WARNING: THIS POWER OF ATTORNEY IS INVALID WITHOUT THE RED BORDER

Blanket Bond

WARNING: THIS POWER OF ATTORNEY IS INVALID WITHOUT THE RED BORDER

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, which resolutions are now in full force and effect, reading as follows:

RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the Company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal boards, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her; and it is

FURTHER RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary; and it is

FURTHER RESOLVED, that any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary; or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority; and it is

FURTHER RESOLVED, that the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding on the Company in the future with respect to any bond or understanding to which it is attached.

I, Kori M. Johanson, the undersigned, Assistant Secretary, of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this _____ day of _____, 20 ____.



 Kori M. Johanson, Assistant Secretary












To verify the authenticity of this Power of Attorney, call 1-800-421-3880 or contact us at www.travelersbond.com. Please refer to the Attorney-In-Fact number, the above-named individuals and the details of the bond to which the power is attached.

WARNING: THIS POWER OF ATTORNEY IS INVALID WITHOUT THE RED BORDER

Blanket Bond



December 27, 2013

Wendy Franzka
USI OF SOUTHERN CALIF (0VC599)
21600 OXNARD ST STE 800
WOODLAND HILLS, CA 91367

Wendy -WXFJA

Steve Gibbs
770 Pennsylvania Drive
Suite 110
EXTON, PA 19341
Phone: (610) 458-2228
Fax: (866) 785-2463
Email: SGIBBS@travelers.com

This is a Direct Bill policy. The Direct Bill
Account Number is 7161X4167.

This is the Reinstatement for: TIGER VALUATION SERVICES, LLC d/b/a - TIGER REMARKETING
340 N. WESTLAKE BLVD., SUITE 260
WESTLAKE VILLAGE, CA 91362

Bond Number: 105744651
Type of Bond: U.S. Bankruptcy Court Auctioneer's Bond
Obligee Name: US BANKRUPTCY COURT
Obligee Address: 1 MAIN STREET
Obligee City, State & Zip: COSTA MESA, CA 92628 USA
Transaction Effective Date: February 10, 2014
Premium Effective Date: February 10, 2014
Premium Expiry Date: February 10, 2015
Bond Limit: \$50,000.00
Bond Premium: \$250.00
Commission - Percentage: 30%
Special Commission: \$0.00
Countersignature Branch:
Countersignature Commission: \$0.00
State Tax: \$0.00
State Surcharge: \$0.00
TOTAL PREMIUM: \$250.00

Comments:

Thank you for placing your business with us.

Producer Name: LOERA, JORGE

S-4123 (9/96) Premium Evidence

Asset List

Sale to include predominantly the debtor's 1st quality new product detailed below, along with parts, warehouse support equipment and office equipment deemed cost effective to relocate.

On-Hand	Item	Description
25	11225 DW-100AXL	DW-100AXL 100G/0.01g POCKET SCALE
10	11226 DW-100AXN	DW100AXN 100G JEWELRY SCALE NAVY BLUE
637	11915 DW-600 BXL	DW-600G/0.1 G POCKET SCALE LIGHT BLUE
3692	11916 DW-600BXN	DW-600BxB 600g/O.1g POCKET SCALE NAVY BLUE
36	16227 DW-100AS	DW-100AS 100g/0.01g JEWELRY SCALE
0	17312 DW-250BT	DW-250BT 250g/0.1g TOUCH SCREEN SCALE BLACK
100	19312 DW-250BKB	DW-250BKB 250g/0.1g KEYCHAIN SCALE BLACK
3	24422 DW-56BPB	DW-56-BPB 56 LB/0.1 oz POSTAL SCALE BLACK with ADAPT
859	24621DW-50BPL	DW-50BPL 50 LB/0.2 oz POSTAL SCALE w/USB FUNCTION
623	250G	250G 250GRAM CALIBRATION WEIGHT
22	25KG	25 KG CALIBRATION WEIGHT
52	25 LB	25 LB CALIBRATION WEIGHT
147	26622 DW-50BPLY	DW-50BPLY 50 LB/0.2 OZ POSTAL SCALE DYMO
172	27622 DW-50BPLS	DW-50BPLS 50LB/0.2 OZ POSTAL SCALE BLACK
420	31112 DW-99	DW-99 999 DIGITAL NUTRITION SCALE
142	32112 DW-86	DW-86 ELECTRONIC KITCHEN SCALE 3KG/1G
70	33116 DW-81	DW-81 BOWL SCALE 5KG/1G
175	41111 DW-61	DW-61 330lb/0.2lb GLASS TOP BODY FAT SCALE
159	42213 DW-91N	DW-91n 400lb/0.2 lb BODY FAT/WATER SCALE
341	500G	500g GRAM CALIBRATION WEIGHT
22	50LB	50lb CALIBRATION WEIGHT
681	53211 DW-68G	DW-68G GLASS TOP BATHROOM SCALE SQUARE 3301
20	71121 DWP-B6002	DWP-B6002 LAB BALANCE 600G/0.01g
4	75211 DWP-B2004	DWP-B2004 200g/0.1mg BALANCE
1	81231 DWP-98CBH	DWP-98CBH 15KG/0.2g HIGH PRECISION COUNTING S
8	81341 DWP-98CAH	DWP-98CAH 30KG/0.5G HIGH PRECISION COUNTING
5	81441 DWP-98CCH	DWP-09CCH 6KG/0.1G HIGH PRECISION COUNTING SCALE
3	81574 DWP-1100	DWP-1100 1100LB/0.1LB BENCH SCALE WITH INDICATOR
3	82464DWP-440	DWP-440 440LB/0.02LB BENCH SCALE
103	82511 DW-65	DW-65 DIGIWEIGH GLASS TOP LOW PROFILE BODY SCALE
13	864A4 DW-63	DW-63 400LB/0.1LB SHIPPING SCALE
0	ADAPTOR	ADAPTOR FOR POSTAL SCALE
0	DW-1000BC	DW-1000BC ECONOMIC POCKET SCALE 1000g/0.1g
61	DW-1000BC-1	DW-1000BC ECONOMIC POCKET SCALE 1000g/0.1g
2	DW-1000BC2	DW-1000BC2 ECONOMIC POCKET SCALE 1000g/0.1g
587	DW-1000BXN	DW-1000BXN 1000G/0.1g POCKET SCALE NAVY BLUE

Asset List

0 DW-1000BZ	DW-1000BZ 1000G/0.1G POCKET SCALE NAVY BLUE
17 DW-1000CHROME	DW-1000CHROME 1000G/0.1G JEWELRY SCALE
606 DW-1000CHROME-1	DW-1000CHROME-1 1000G/0.1G
278 DW-1000D	DW-1000D DUAL MODE DISPLAY POSKET SCALE 1000g/0.1g
123 DW-1000IP	DW-1000IP 1000g/0.1g CELL PHONE STYLE POCKET SCALE
2 DW-1000NB	DW-1000NB 1000 GRAM NOTEBOOK STYLE POCKET SCALE
4 DW-1000NBS	DW-1000NBS 1000 GRAM NOTEBOOK STYLE POCKET SCAI
842 DW-1000RIO	DW-1000RIO 1000G/0.1G RIO POCKET SCALE WITH B
0 DW-100AM	DW 100g/0.01g POCKET SCALE WITH S/S PLATFORM
31 DW-100AS-1	DW-100AS-1 100G/0.01 G JEWELRY SCALE
167 DW-100AXN-1	DW100AXN-1 100G/0.01G JEWELRY SCALE
264 DW-100AZ	DW-100AZ 100g/0.01g JEWELRY SCALE
0 DW-100AZ-1	DW-100AZ-1 100G/0.01
290 DW-100CHROME	DW-100CHROME 100G/0.01G JEWELRY SCALE
0 DW-100D	DW-100C DUAL MODE DISPLAY POCKET SCALE 100g/0.01g
1594 DW-100IP	DW-100IP 100g/0.01g CELL PHONE STYLE POCKET SCALE
319 DW-110LS	DW-110LS 110 LB/0.1 LB LUGGAGE SCALE WITH Thermo
337 DW-15PBP	DW-15PBP 15lb/0.1 oz POSTAL SCALE
0 DW-20D	DW-20D 20G/0.001G DIAMOND SCALE
25 DW-200AZ-1	DW-200AZ-1 100g/0.01g JEWELRY SCALE
190 DW-22	DW-22 44LB BABY SCALE
20 DW-22-1	DW-22-1 44 LB BABY SCALE
1785 DW-600BM	DW-600BM 600g/0.1g POCKET SCALE with S/S PLATFORM
752 DW-600BOOK	DW-600BOOK 600G/0.1g DIGITAL SCALE
799 DW-600BXL-1	DW-600BXL-1 600G/0.1G
3514 DW-600C	DW-600C 600g-0.1g CLOCK SCALE WITH GIFT BOX
220 DW-600NBS	DW-600NBS 600 GRAM NOTEBOOK STYLE POCKET SCALE
0 DW-600W	DW-600W GRAM DIGITAL WALLET SCALE
147 DW-64-1	DW-64-1 400lb/0.1 lb STAINLESS STEEL SHIPPING SCALE
463 DW-65B	DW65B GLASS TOP LOW PROFILE BODY SCALE IN BLACK
128 DW-69	DW-69 330 LB/0.2 LB GLASS BATHROOM SCALE
681 DW-70	DW-70 PORTABLE PERSONAL SCALE WITH POUCH
2 DW-81-1	DW-81-1 BOWL SCALE 5KG/1G
345 DW-82	DW-82 KITCHEN SCALE WITH WHITE LCD BLACKLIGHT
384 DW-83-1	DW-83-1 CLEAR BOWL KITCHEN SCALE
312 DW-84	DW084 STAINLESS STEEL KITCHEN SCALE 5kg/1g
11 DW-85	DW-85 11lb/0.1 oz KITCHEN SCALE W/ BAMBOO PLATFORM
231 DW-90	DW-90 BODY FAT ANALYSING SCALE WITH USB
1 DW-94CAM	DW-94CAM 30KG/1G PROFESSIONAL COUNTING SCALE

Asset List

4	DW-94CBM	DW-94CBM 15KG/0.5G PROFESSIONAL COUNTING SCALE
2	DW-94CDM	DW-94CDM 3KG/0.1G PROFESSIONAL COUNTING SCALE
358	DW-99DK	DW-99CK DIGIWEIGH DIET SCALE 5kg/1g
583	DW-99DZ	DW-99DZ DIGIWEIGH DIET SCALE 5g/1g
0	DW-PRT24D	DW-PRT24D 24-BIT DOT MATRIX PRINTER
43	DW-PRT24D-1	DW-PRT24D-1 124 BIT DOT MATRIX PRINTER
7	DW-PRT24T	DW-PRT 24T BIT THERMAL PRINTER
16	DW-TY-400	DW-TY-400 5000G/1G BOWL SCALE
2	DWP-10000C2XW	DWP-10000C2XW 10000LB/2LB WIRELESS CRANE
0	DWP-10000F	DWP-10000F 5'X5' 10000LB NTEP FLOOR SCALE
37	DWP-10000F-1	DWP-10000F-15X5 10000LB/2LB NTEP FLOOR SCALE
2	DWP-10000F-4X6	DWP-10000F-4X6 4'X6' 10000 LB/2 LB NTEP FLOOR SCALE
0	DWP-10000R-C-1	DWP-10000R-C-1 10000LB/4X4 FLOOR SCALE
8	DWP-1000L	DWP-1000L 1000LB/0.1LB LOW PROFILE SCALE
8	DWP-1000LBW	1000LB CALIBRATION WEIGHT
0	DWP-1000R-C-1	DWP-1000R-C-1 1000 LB/0.1LB 4'X4' FLOOR SCALE
0	DWP-1001-1	DWP-1001-1 1000g/0.1g DIGITAL TABLETOP BALANCE/COU
76	DWP-101B-IN	DWP-101B-IN NTEP INDICATOR WITH RECHARGEABLE
113	DWP-102E-1	DWP-102E-1 SCALE INDICATOR
18	DWP-102E-IN	DWP-102E-IN WEIGHING INDICATOR (LED)
89	DWP-102N-1	DWP-102N-1 DIGIWEIGH NTEP INDICATOR
106	DWP-102N-IN	DWP-102N-IN DIGIWEIGH NTEP INDICATOR
1	DWP-102NP	DWP-102NP DIGIWEIGH NTEP INDICATOR WITH SET
39	DWP-102NS-IN	DWP-102NX-IN DIGIWEIGH NTEP STAINLESS STEEL IN
2	DWP-103M3	DWP-103M3 DIGIWEIGH INDICATOR FOR IN-MOTION WEIGH
5	DWP-103M5	DWP-103M5 DIGIWEIGH INDICATOR FOR STATIC WEIGHING
7	DWP-11K4X8	DWP-11K4X8 11000LB FLOOR SCALE 4'X8'
3	DWP-11K5X7	DWP-11K5X7 11000LB FLOOR SCALE 5'X7'
1	DWP-11KR-A	DWP-11KR-A 10000 lb/1lb 5'X5' FLOOR SCALE
193	DWP-15CBA-F	DWP-15CBA-F FLOOR SCALE CABLE FEMALE COUPLER
181	DWP-1KLC-NTEP	DWP-1KLC-NTEP 1K LB NTEP SHEER BEAM LOAD CELL
0	DWP-20000C2X	DWP-20000C2X 2000LB/10LB CRANE SCALE W/REMOTE
2	DWP-20KAXLEPC	DWP-20KAXLEPC DIGIWEIGH 20KLB AXLE TRUCK SCALE P
1	DWP-250SB	DWP-250SB 250LB/0.1LB STAINLESS STEEL BENCH
47	DWP-2KLC-NTEP	DWP-2KLC-NTEP 2.5K LB NTEP SHEER BEAM LOAD CELL
3	DWP-30KAXLE-1	DWP-30KAXLE-1 30000LB AXLE TRUCK SCALE
1	DWP-30PC	DWP-30PC 30 lb/0.005lb NTEP PRICE COMPUTING SCALE
39	DWP-30PC-1	DWP-30PC-1 30 lb/0.005lb NTEP PRICE COMPUTING
1	DWP-440-1	DWP-440-1 440 LB/0.02 BENCH SCALE

Asset List

116 DWP-4KLC-NTEP	DWP-4KLC-NTEP 4K LB NTEP SHEER BEAM LOAD CELL
3 DWP-5000SWF-B	DWP-5000SWF-B STAINLESS STEEL WASHDOWN FLIP TOP
0 DWP-5000C2X	DWP-5000C2X 5000LB/1LB CRANE SCALE W/REMOTE
2 DWP-5000C2XW	DWP-5000C2XW 5000lb/1lb WIRELESS CRANE SCALE
0 DWP-5000F-1	DWP-5000F-1 5000LB 4X4 FLOOR SCALE NTEP
5 DWP-5000F-2X2	DWP-5000F-2X2 DIGIWEIGH 5000LB FLOOR SCALE
5 DWP-5000F 2X4	DWP-5000F-2X4 DIGIWEIGH 5000LB FLOOR SCALE NTEP
6 DWP-5000F-3X3	DWP-5000F-3X3 3'X3' NTEP FLOOR SCALE WITH IND
16 DWP-5000FS	DWP-5000FS 5000LB STAINLESS STEEL FLOOR SCALE
23 DWP-5000FS-B	DWP-5000FS-B 5000LB STAINLESS STEEL FLOOR NTEP
4 DWP-5000SR	DWP-5000LB/1LB 4'X4' STAINLESS STEEL W/RAMP
12 DWP-5000SW	DWP-5000SW STAINLESS STEEL WASHDOWN
15 DWP-5000SW-B	DWP-5000SW-B 5000LB/1LB STAINLESS STEEL FLOOR
4 DWP-5000SWF	DWP-5000SWF STAINLESS STEEL WASHDOWN FLIP TOP
DWP-500C2X	DWP-500C2X 500LB/0.2LB CRANE SCALE
56 DWP-500LC	DWP-500LC DIGIWEIGH 500LB SHEER BEAM LOAD CELL
58 DWP-5KLC	DWP-4KLC DIGIWEIGH 5K LB SHEER BEAM LOAD CELL
63 DWP-5KLC-NTEP	DWP-5KLC-NTEP 5K LB NTEP SHEER BEAM LOAD CELL
1 DWP-60KAXLE	DWP-60KAXLE DIFIWEIGH 60KLB AXLE TRUCK SCALE
2 DWP-60KAXLE-1	DWP-60AXLE-1 60000LB AXLE TRUCK SCALE
43 DWP-60PC-1	DWP-60PC-1 60LB/0,02lb NTEP PRICE COMPUTING SCALE
5 DWP-800-1	DWP-800-1 800LB/0.1LB BENCH SCALE
37 DWP-98CCHD	DWP-98CCHD 6kg/0.1g DUAL COUNTING SCALE
18 DWP-B3003	DWP-B3003 LAB BALANCE 300G?0.001G
5 DWP-BSLED	DWP-BSLED BIG SCREEN LED DISPLAY
34 DWP-CBOX-P	DWP-CBOX-P4 CELL JUNCTION BOX PLASTIC HOUSING

EXHIBIT 2



Transaction Details Prepared for
Robert F Bicher III
Account Number
XXXX-XXXXXX-02001

Date	Description	Card Member	Amount
JAN30 2015	24/7 Locksmith ServiChino Hills CA	LORI J BICHER	\$1,129.00

Doing business as

24/7 LOCKSMITH SERVICE

19667-19699 CALLE DEL REPOSO

WALNUT

CA

91789

UNITED STATES

*OK to pay
S.M.S. Co. L.*

Additional Information: [NWZ4V5 squareup.com/receipts](http://NWZ4V5.squareup.com/receipts)

WORK ORDER INVOICE

NAME		DATE
ADDRESS		
LOCATION		PHONE
TERMS		

MATERIAL	QTY.	DESCRIPTION	PRICE	AMOUNT
			DUPLICATE KEYS	
		ORIGINAL KEYS		
		DEADBOLT (TYPE)		
		KNOBSET (TYPE)		
		LOCKSET (TYPE)		
			TOTAL MATERIAL	

LABOR	DESCRIPTION	HRS/RATE	AMOUNT
		LABOR TO INSTALL ABOVE	
	CYLINDER COMBINATION CHANGE		
	SAFE COMBINATION CHANGE		
	EMERGENCY HOME/AUTO LOCKOUT SERVICE		
	SERVICE CALL		
		TOTAL LABOR	

CUSTOMER SIGNATURE _____

MAIN ENTRANCE REAR DOOR WINDOW SAFE
 FRONT DOOR HALL DOOR CLOSET PATIO DOOR
 SIDE DOOR INSIDE _____
 OPEN LOCK(S) INSTALL REPIN CLEAN/LUBR.
 SECURE PREMISES REMOVE & REPLACE CHANGE COMB ADJUST
 FIT KEYS MASTER KEY _____

TOTAL LABOR	
SUB-TOTAL	
TAX	
TOTAL	

AUTHORIZATION FOR SECURITY / EMERGENCY SERVICES
 I hereby certify that I have the authority to order the lock, key or security work designated above. Further, I agree to observe the locksmith who bears this authorization from any and all claims arising from the performance of such work.

SIGNATURE: _____ DATE _____

IF AUTO	
YEAR	MAKE
MODEL	
LICENSE NO.	



Office Logics™

www.officelogics.com
 818. 226.1200
 818. 226.1201 fax
 info@Officelogics.com
 15021 Ventura Blvd.
 Sherman Oaks, Ca 91403

Invoice

Bill To	P.O. No.	Date
Robert F. Pinner & Associates Lori J. Pinner 1180 Monte Vista Redlands, CA 92373		1/30/2015
		Invoice #
		3042

PAID
 02/04/2015

Item	Description	Qty/Hrs	Rate	Amount
Labor	Make duplicate backup copy of entire company data, crack passwords on all workstations and server, secure/block remote access connections to the network, etc...(actual time spend over 5.5 hrs.)	3.75	175.00	656.25
Component	1 Gig Seagate backup drive	1	86.01	86.01T
We appreciate your prompt payment.		Subtotal		\$742.26
		Sales Tax (9.0%)		\$7.74
Terms		Total		\$750.00
		Balance Due		\$0.00

*Ok pay
 Saw \$*



Discover the bizarre protein scientifically proven to END your Tinnitus
MyTinnitusSolution



How Old Men Tighten Skin
63 Year Old Man Shares DIY Skin Tightening Method You Can Do From Home
healthylivinglifeguide.com

jenstley Sign Out

Check Mail Compose

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Search

Shortcuts | Settings | Help

Search

Reply Reply All Forward Mark Unread Actions Go Delete Spam

Mail

- Today on AOL
- Now Mail (45)
- Clubs Mail
- Drafts (3)
- Sent
- Spam
- Recently Deleted
- Saved Chats

- Contacts
- Calendar
- My Folders

Receipt from Office Logics

From: Square <noreply@messaging.squareup.com>
To: jenstley <jenstley@aol.com>
Date: Fri, Jan 30, 2015 6:53 pm

Things just got easier.
Now when you shop at sellers who use Square,
your receipts will be delivered automatically.
[Learn more](#)



Office Logics

How was your experience?



\$750.00

Custom Amount

7

5

0

.

0

0

5

7

5

Total

.

0

0



917 708 9127
www.sce.com

For billing and service inquiries
call 1-800-990-7788, 24 hrs a day, 7 days a week

Customer account 2-25-435-4525

Date notice prepared: Feb 21 '15

15830 EL PRADO RD STE B
CHINO CA 91708-9127

Past due service disconnection notice

PAID

*OK to pay
3/3/15*

\$ Past due \$208.52 must be paid by 5 pm on Mar 9 '15

Utility services past due amount	\$208.52
Total past due amount	\$208.52

Important please read

Your payment is past due. To avoid disconnection of service, your payment must be received by Southern California Edison before the date shown above. If your utility service is disconnected, a Service Connection charge ranging from \$6.00 to \$86.00 may be required. A deposit may be required to re-establish your credit whether or not your service is disconnected.

This notice does not stop disconnection of service for any other unpaid bill. Your utility service will not be disconnected for unpaid amounts for other services. However, if you do not pay the total past due amount, your other services may be discontinued, you may be subject to legal action, or both. Southern California Edison will determine how payments are applied.

Options for paying your bill

- Do not mail your payment, as it may not be received in time. You may pay your bill through a Southern California Edison approved electronic payment method or bring this notice to a Southern California Edison authorized payment location.
- If you are a residential customer, you may pay your bill using your Credit Card or most Debit Cards by calling 1-800-254-4123. See the reverse side under Options for Paying Your Bill for more information.
- If you are having difficulty paying your bill, please contact us immediately. You may be eligible for a payment extension or financial assistance (available to income qualified customers). For information, please call 1-800-990-7788 before Mar 9 '15.

(14-664) Tear here

Break this entire disconnection notice when you pay

Tear here



Customer account 2-25-435-4525

Amount due by Mar 9 '15 **\$208.52**

Amount enclosed \$

OVDU 02202015 PD



A C INTERNATIONAL INC
15830 EL PRADO RD STE B
CHINO CA 91708-9127

Do not mail your payment.

25 435 4525 10000837 000000000000020852000020852

EXHIBIT "2"

Contact information

Customer service numbers

General Services (U.S. & Canada)	1-800-655-4555
Account Balance & Extensions	1-800-950-2350
Emergency Services & Outages	1-800-611-1911
California Alternate Rates for Energy (CARE)	1-800-447-6620
Electric Industry Restructuring	1-800-709-1723
Energy Theft Hotline	1-800-227-3901
Hearing & Speech Impaired (TTY)	1-800-352-8580

Multicultural services (Available Monday - Friday 8 a.m. - 5 p.m.)

Cambodian / កម្ពុជា	1-800-843-1309
Chinese / 中文	1-800-843-8343
Korean / 한국어	1-800-628-3061
Vietnamese / Tiếng Việt	1-800-327-3031
Spanish / Español	1-800-441-2233
(7 días a la semana 8 a.m. - 8 p.m.)	

Correspondence: Southern California Edison (SCE)
P. O. Box 6400, Rancho Cucamonga, CA 91729-6400

Important information

Rotating outages

A rotating outage is a controlled electric outage that lasts approximately one hour for a group of circuits, which is used during electric system emergency conditions to avoid widespread or uncontrolled blackouts. Each SCE customer is assigned a rotating outage group, shown on the upper part of the SCE bill. If your rotating outage group begins with the letters A, M, R, S, or X, you are subject to rotating outages. If it begins with H or Exempt, you are not. Your rotating outage group may change at any time. For more information, and to see which rotating outage groups are likely to be called in the event of a system emergency, visit www.sce.com or call 1-800-655-4555.

Options for paying your bill

On-line	www.sce.com or Electronic Fund Transfer	
Mail-in	Check or Money order	
In Person	Authorized payment locations	1-800-747-8908
Phone	QuickCheck	1-800-950-2356
	Credit Card-Visa/MasterCard*	1-800-254-1123
	Debit Card-ACCEL/NYCE/Pulse/Star*	1-800-254-1123

*The Credit/Debit card payment options are not available for payment of commercial services or security deposits for commercial services.

You may call us for electronic payment options, to make payment arrangements, or for information on agencies to assist you in bill payment. If service has been disconnected, on the day of the service reconnection, be sure all appliances and other electric devices are turned off. For additional home safety tips, visit www.sce.com/safety or you may call SCE Customer Service at 1-800-655-4555.

Past due bills

Your collection notice was prepared on February 21, 2015. You will have 15 days at your new address to pay a bill from a prior address before your service will be terminated. Termination of electric service requires a Service Connection charge. SCE does not terminate residential services for nonpayment of bills for other classes of service. If you are a residential customer, and claim an inability to pay and payment arrangements have not been extended to you by SCE pursuant to SCE's filed tariffs, you may contact the California Public Utilities Commission (CPUC).

Rules and rates

SCE's rules and rates are available in full at www.sce.com or upon request.

Late Payment Charge (LPC)

A late payment charge of 0.8% will be applied to the total unpaid balance on your account if full payment is not received by the due date on this bill (except for CARE and state agency accounts).

Disputed bills

If you think your bill is incorrect, call us and speak with a customer service representative, or if necessary, with a manager. If you feel unsatisfied with the result of such discussion(s), contact the CPUC, Consumer Affairs Branch by mail at: 505 Van Ness, Room 2003, San Francisco, CA 94102; or at: www.cpuc.ca.gov, 1-800-649-7570, TTY: 1-800-229-6846. Include a copy of your bill, why you believe SCE did not follow its rules and rates, and a check or money order made out to the CPUC for the disputed amount. You must pay the disputed amount, or send it to the CPUC, before the past-due date to avoid disconnection. The CPUC accepts payment only for matters relating directly to bill accuracy. While the CPUC is investigating your complaint, you must pay any new SCE bills that become due.

Electronic Fund Transfers (EFT)

When you provide a check as payment, you authorize us either to use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction. When we use information from your check to make an electronic fund transfer, funds may be withdrawn from your account as soon as the same day we receive your payment. You will not receive your check back from your financial institution, but the transaction will appear on your financial institution statement. If you do not wish to authorize an electronic fund transfer, please call the 800 number on the front of your bill.

Definitions

- DWR Bond Charge: Bonds issued by the Department of Water Resources (DWR) to cover the cost of buying power for customers during the energy crisis are being repaid through this charge.
- SCE Generation: These charges recover energy procurement and generation costs for that portion of your energy provided by SCE. Beginning April 11, 2010, pursuant to CPUC Decision 10-03-022, Direct Access (DA) is again open to all non-residential customers, subject to annual limits during a four year phase-in period, and absolute limits following the phase-in. All residential customers currently returning to Bundled Service may not elect to return to DA service.

CUSTOMER COPY

TRANSACTION RECORD

Softgate Systems of California, Inc.
330 Passaic Avenue
Fairfield, NJ 07004

PayXchange service provided by
Softgate Systems, Inc.

ENVIOS Y MAS
10023 MILLS AVE
WHITTIER, CA 90604-1202
(562) 698 5541

Date: 03/03/2015 Time: 06:31:47 PM
Agent Id : 40151
Reference Number: 40151-5000039017
Vendor : SOUTHERN CALIFORN.
EDISON
Posting Time : 2015-03-05
Amount : \$ 216.52
Fee : \$ 1.50
Total : \$ 218.02

Account Number
2754354525

TRANSACTION APPROVED



REMIT PAYMENT TO:
 DTI International
 4021 Avenida De La Plata #502
 Oceanside CA 92056
 Tel. 760-754-8829, Fax. 760-754-9702
 DTI International

Invoice Number: **N176414 R1**
 Invoice Date: 3/9/2015
 TERMS: NET 30
 Load: 176414

INVOICE

BILL TO Sam Leslie, Trustee 3435 Wilshire Blvd., Suite 990 Los Angeles, CA 90010	SHIPPER (FROM) AC International 15830 El Prado Rd #B Chino, CA 91710
--	--

PO Reference: . Pickup Date: 3/9/2015 In: 12:00 AM Out: 3:00 PM Delivery Date: 3/20/2015 In: 12:00 AM Out: 2:00 AM Carrier Pro Num: CTBV-31811969cc	CONSIGNEE (TO) PJ's Wholesale 2551 Westbelt Drive Columbus, OH 43228
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PACKAGES	DESCRIPTION OF ARTICLES	WEIGHT	CLASS	RATE	TOTAL
2 Pallets	Scale Weight Indicators , nmfc: 129540	990 lbs	125	Flat	\$419.01
	Sub Total:	990 lbs			\$419.01
	** INVOICE PAID ** on 3/2/2015				\$-419.01
	*** TOTAL CHARGES DUE ON 4/8/2015 ***				\$0.00

We accept VISA / MC / AMEX / Discover and Check by Phone / Fax / Email
 Invoices over 90 days will be subject to a 30% collection fee and interest charges of 1.5% per month
 All invoices submitted for collection are subject to loss of discount applied

EXHIBIT 3

LAWRENCE B. YANG
ATTORNEY AT LAW

LAW OFFICES OF LAWRENCE BAUTISTA YANG
TEL 626 284 1142 FAX 626 587 8503

MAIL ADDRESS VIA USPS & LICENSED COURIERS ONLY
20687 Amar Road, SUITE 2, MAILSTOP 245
Walnut, CA 91789

STREET ADDRESS No. 1
1000 S. Fremont Ave., MAILSTOP 58
Building A-1 SUITE 1125
Alhambra, CA 91803

STREET ADDRESS No. 2
20274 Carrey Road
Walnut, CA 91789

April 29, 2015

Lynda T. Bui, Esq.
Shulman Hodges & Bastian LLP
100 Spectrum Center Drive, Suite 600
Irvine, CA 92618
Fax 949 340 3000

Re: Case no. 6:14 bk 14692 SY AC International Corp.

Dear Ms. Bui:

I write to confirm Skyline Technology's position on the inventory that is presently in the warehouse of ACI.

Skyline will be filing a proof of claim for about \$250,000, representing shipments of DIGIWEIGH products to ACI. These shipments were made pursuant to the "purchase and Supply" contract between ACI and Skyline executed in China on August 19, 2011.

Pursuant to that contract, ownership of the merchandise shipped to ACI remains with Skyline until they are paid for. Since they remain unpaid, ACI owns the inventory of \$250,000.

Without going into the issue of applicable law, there is no ambiguity as to who owns the merchandise. The parties both agree that the merchandise shipped belong to Skyline

until ACI pays for it. It is clear that both parties agree that Skyline owns the inventory pursuant to the "purchase and Supply" contract.

As to the fact that the contract is silent on applicable law, Skyline says that applicable law is China. I am waiting to cross examine, or depose, Mr. Huang to ask him what he believes applicable law is that ACI agreed to.

If Mr. Huang says that his understanding is that China law applies, there is no ambiguity either on what the intent of both parties are. It would then be clear that both parties agreed that China law applies.

I understand that the applicable convention on the international sale of goods recognizes parole evidence to establish missing contract terms where both parties agree. If this were a local sale, the argument for the UCC requirement would be stronger. But it is what it is, it's an international sale of goods covered by contract where both parties agree that Skyline owns the merchandise.

Since both parties agree pursuant to contract that Skyline owns the inventory, and if Chinese law applies, then a likely conclusion is that U.S. law will not apply with respect to the aspects of UCC and other matters relating to the inventory.

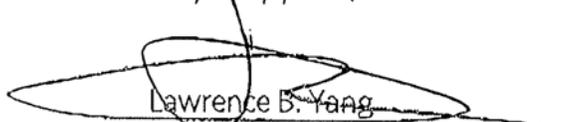
If Skyline owns the inventory, ACI does not have the right to sell it because it does not own it. If this is found by the court to be the correct legal outcome in an adversary proceeding, the inventory is not part of the bankruptcy estate of ACI because it would be an asset held in trust for Skyline.

Skyline will endeavor to help the trustee with answers to questions that you asked. At this point, I am informed that Skyline does not have any molds of ACI in its possession.

Skyline will cooperate as much as possible with the trustee in any way possible that it can. However, Skyline believes that it owns the inventory in the warehouse of ACI up to at cost value of \$250,000 and will file its proof of claim shortly.

Therefore, Skyline believes that the DIGIWEIGH inventory that now sits in the warehouse of ACI is not part of the bankruptcy estate of ACI because ACI merely holds that inventory in trust for Skyline. Hence, the trustee has no jurisdiction over the inventory, does not have the legal right to administer that inventory, and has no right to auction it.

Very truly yours,


Lawrence B. Yang
Attorney at law