

Larin - Cross

1 THE COURTROOM DEPUTY: Do you solemnly swear your
2 testimony will be the truth, the whole truth, and nothing but
3 the truth, so help you God?

4 THE WITNESS: I do.

5 THE COURTROOM DEPUTY: Be seated, please.
6 Please state and spell your name for the record.

7 THE WITNESS: My name is Kevin Larin, L-A-R-I-N.

8 THE COURTROOM DEPUTY: Thank you.

9 KEVIN LARIN,
10 having been first duly sworn, was examined and testified as
11 follows:

12 CROSS EXAMINATION

13 BY MR. COLLINS:

14 Q Good afternoon, Mr. Larin.

15 A Good afternoon, Mr. Collins.

16 MR. COLLINS: So let's go ahead and pull up the Larin
17 affidavit, please. I believe that is Receiver -- or, excuse
18 me, on FCMA's exhibit list.

19 Can we pull up the -- I don't know the logistics. There
20 should be a digital copy. Again, I don't know the process of
21 getting it up there. Is that -- okay.

22 THE COURT: What is it you're trying to show?

23 MR. COLLINS: Trying to get the declaration of Kevin
24 Larin on the screen. I believe it's FCMA's Exhibit Number 2.

25 THE COURTROOM DEPUTY: Do you have a paper copy?

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1 MR. COLLINS: I do. I can do it that way.

2 THE COURT: I assume you-all have seen this. This
3 one's stipulated to; is that correct?

4 MR. COLLINS: This is his direct testimony. That has
5 been stipulated as his direct.

6 THE COURTROOM DEPUTY: Yes, sir.

7 BY MR. COLLINS:

8 Q So, Mr. Larin, this is from your affidavit, paragraph 16.
9 Do you kind of recognize this as part of your affidavit?

10 A I do recognize this, yes.

11 Q In this paragraph, you state that "In analyzing Uncle
12 Nearest's actual cash flows for the 9 weeks ending June" --
13 and I think it's starting, so I can get you to it, I think
14 it's actually the first sentence. "In analyzing Uncle
15 Nearest's actual cash flows for the 9 weeks ending June 13th,
16 2025, the Riveron team found that the cash flow was
17 approximately negative by \$1,215,000." Correct?

18 A Correct.

19 MR. COLLINS: Okay. I need Exhibit 4 to the Larin
20 affidavit. So let's take this over.

21 BY MR. COLLINS:

22 Q So this has been stipulated to in evidence. This is --
23 make sure I don't get myself messed up here. Do you recognize
24 this exhibit?

25 A I do.

1 Q Can you tell us what it is?

2 A Yes. This was -- this was a weekly cash, statement of
3 cash receipts and disbursements that was prepared by the
4 then-interim CFO, Mr. Carlos Flores.

5 MR. COLLINS: Okay. Sorry, Your Honor. I have
6 misplaced my notes.

7 Oh, here it is. Sorry. Too many things on my table.

8 BY MR. COLLINS:

9 Q So this is not something that you prepared?

10 A This is a recitation of Mr. Flores' work.

11 Q Okay. But you prepared this?

12 A I believe, yes. I believe we compiled his work, yes,
13 correct.

14 Q Okay.

15 A And by the way, I only say that because the top bar, in
16 the blue with the white text, is pretty endemic of the work
17 that we do.

18 Q So we'll go under the assumption that you guys prepared
19 this, correct? It's based on other data, but this is
20 something -- this is a document you prepared?

21 A Yes. We compiled. I wouldn't say "prepared," but I
22 would say "compiled" probably would be a better term.

23 Q So, and you're using this to support conclusions in your
24 affidavit?

25 A Correct.

1 Q Okay. So when you say that the cash flows for the nine
2 weeks ending June 13, 2025, were negative, are you, are you
3 saying operating cash flow?

4 A What I'm saying is cash receipts minus cash
5 disbursements. The reason I would make that distinction,
6 operating cash flows on a three-statement financial model
7 would mean that I'm going to the statement of cash flows,
8 which is completely separate. At these points of emergency in
9 companies that are, for all intents and purposes, losing cash,
10 we deal at the first steps with just cash receipts and
11 disbursements until we have an opportunity to stabilize
12 operations, at which time we can deal with the remainder of
13 the financial statements.

14 Q And in that process you're just looking at all cash
15 receipts and all cash disbursements, correct?

16 A Yes. Yes.

17 Q Okay.

18 A Sorry. The word "all" gave me a little bit of pause, so
19 I wanted to stop there.

20 Q Well, and the point I'm making is -- and perhaps I'm not
21 using the right accounting term. When we talk about all cash
22 flow for the company, that can include payment, paydown of
23 debt, of existing debt, and other things that are not really
24 the current, kind of showing whether the company is cash-
25 flowing from current operations?

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1 A Within the three statements, the statement of cash flows,
2 the statement of cash flow from operations is I think where
3 you're going. If I could just have a point of correction, is
4 that correct?

5 Q That's correct.

6 A I apologize. I don't mean to ask questions from the
7 stand.

8 Q That's good. I appreciate that.

9 A But I wanted to be clear. Yeah, at this point, at these
10 points, at these early stages of an engagement, when a company
11 is hemorrhaging cash, we really don't worry about the
12 financial statements and whether they are going to work
13 through a three-statement model. We worry about whether or
14 not we are losing cash on a daily operating basis.

15 Q Got you. Got you. And so when we, when we look at this
16 Exhibit 4, what are the last two line items? There are two
17 line items, if you look there at the bottom. One is "Other/
18 Uncategorized," and the next one is "Other Obligations"?

19 A Uh-huh. All right.

20 Q Do you know what are in those categories?

21 A I do. I'm familiar with both of those because they both
22 jumped out at us early on. So we actually investigated that
23 with Mr. Flores. What we came up with is -- we'll work from
24 the bottom here -- "Other Obligations" were payments to Dash
25 Funding.

1 Q Yeah.

2 A This is the company that the -- that this line of credit
3 to sell future revenue was entered against. So these were the
4 periodic payments for that.

5 The one above that, frankly, is one -- you know, quite
6 often if you see a line that says "Other" and "Uncategorized"
7 and has large dollar amounts in it, that brings your area of
8 focus. So we moved our area of focus to that.

9 Quite candidly, Mr. Flores was unable to provide us any
10 detail. The things that he couldn't categorize elsewhere, he
11 just left in this "Other." So this was cash that went out the
12 door.

13 Q Okay. So we don't know, we don't know whether that was
14 current operating cash or what it was paid to, correct?

15 A That would be correct.

16 Q Okay. And the -- what you mentioned in terms of the
17 "Other Obligations" line, you said that was to Dash Funding?

18 A Correct.

19 Q Was it all Dash Funding?

20 A If memory serves me correctly, yes, it was.

21 Q Okay. And what is Dash Funding?

22 A Dash Funding is -- I don't even know how I would
23 categorize it, but it's essentially a financing operation
24 where you take on debt, selling future revenue at a discount.

25 Q Okay. Now if you remove -- let's say you removed the

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1 "Other/Uncategorized," right? If we were trying to get to
2 actual kind of operating cash flow -- and this is again
3 leading up to the case, so it's got some relevancy, but it may
4 not have perfect relevancy at the moment.

5 But if you were to take that out, obviously you would
6 then add back those amounts and that would, from an operating
7 standpoint, decrease this number in terms of a weekly cash
8 burn number, correct?

9 A I think it would decrease it, but I don't think it tells
10 the entire picture and what else would need to be normalized
11 in this.

12 Q Well, and I think it sounds like you guys haven't fully
13 investigated all of these numbers so that maybe the relevance
14 of this is somewhat not fully there?

15 A I don't know if I would go that far. I think we've
16 looked sufficiently in this, and I think that there is
17 significant relevance to it.

18 Q But in terms of, you know, what you're stating as the
19 actual weekly cash burn, especially if you were just talking
20 about operating expenses, it could be less than that?

21 A And it could be a lot more. I'll tell you why.

22 Q But we don't know. I guess the answer is we don't know?

23 A No. Actually, we can look and see the week ending 5/30,
24 that large collection from Park Street was actually a pull-
25 forward for receivables out of actual normal cycle. So that

1 typically sits at a couple hundred thousand dollars a week.

2 It actually approached a million dollars.

3 On top of that, during this time period, ordinary
4 payables were not being paid in the ordinary course. So that
5 payables balance was continuing to age upwards and upwards.
6 So not only are receipts, these cash receipts overinflated
7 from what was expressed earlier in terms of standardizing
8 operations, the receipts are not standardized; they're
9 actually overinflated.

10 The disbursements are underrepresentative of the actual
11 obligations as they actually came due. So I would say in
12 totality, probably on a normalized basis, on a standardized
13 basis, this company probably hemorrhages faster cash than what
14 was reflected here in Mr. Flores' own work.

15 Q Now you guys have put together the 2024 financials,
16 right?

17 A No.

18 Q I'm sorry. Not the 2024. I'm talking 2025. I'm sorry.
19 I said the wrong year. You've done the financials for 2025,
20 right?

21 A There's nothing in the Riveron engagement that would have
22 us preparing financial statements.

23 Q Oh, that's a good point. Okay. Fair enough. Point
24 taken.

25 So the point of this is, this is what was provided to

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1 you, but in terms of Riveron actually having fully
2 investigated these numbers, that hasn't happened?

3 A Fully investigating, no, probably not, because I would
4 tell you, when we asked questions about these, I don't think
5 that the answers were as forthcoming as we would have liked to
6 have done to conduct a full investigation.

7 Q But as a practical matter, we have actuals for this full
8 period, correct?

9 A I guess that depends on the definition of the term
10 "actuals." If you're talking about actual prepared financial
11 statements during this time period that would stand up to
12 scrutiny for, let's say, a CPA, I don't think we have actual
13 financials yet. But I would have to leave that to the
14 receiver and his financial advisors to tell us the state of
15 the affairs of these financials.

16 Q So we have a receiver that's been in place for four
17 months with an accounting team that's been going through the
18 records. And, generally speaking, even if you just cut off
19 2025 at January, you should be able to find out what the
20 revenue and expenses are for the company, right? You have
21 bank records. You have other things that can -- and this is a
22 cash flow statement?

23 A I would say that that's probably a resource-loaded
24 question. You give me enough bodies, I'm sure we could
25 probably do that, but then, of course, each one of those

1 bodies is going to cost time and money.

2 Q Correct. And that's happened. So I guess my point is,
3 if we have actual numbers, then really these projections don't
4 really have much pertinence?

5 A These aren't projections. These are actuals as they
6 occurred. This is cash coming into their bank accounts and
7 leaving their bank accounts. These are not projections.

8 Q And my point is, if we have the receiver having actually
9 kind of gone through and looked at the numbers, those would be
10 the more relevant numbers than these, wouldn't they be?

11 A Would you repeat the question. I'm not sure if I'm
12 following what you're saying.

13 Q I mean, if the receiver has actually gone through and
14 done the work that they, that his professionals have been paid
15 to do, then those would be the relevant numbers, not this?

16 A Then I'll state that differently. Maybe if I can answer
17 it this way and you tell me if I'm answering your question
18 correctly. I'm not trying to be combative. But I feel
19 relatively confident, because we saw these in the bank
20 statements, that the cash that came in on the week of 4/18 was
21 377,000, and the cash that went out was 407,000. And I think
22 if we continued through week by week, I have a pretty high
23 degree of confidence that that would stay, that that would
24 stay true to what this statement shows. I can't say with
25 absolute certainty here on the stand, but I would be willing

1 to say that I think we could be relatively confident that this
2 was the amount of cash that left the bank over this time
3 period.

4 MR. COLLINS: Okay. We'll move on.

5 Go back. Can you put the affidavit back on. I think
6 that is Exhibit 2. Oh, I'm sorry. I've got to do it on this.
7 I'm sorry.

8 BY MR. COLLINS:

9 Q Okay. You also state in this paragraph that "Uncle
10 Nearest's own restructuring plan showed forecasts for an
11 additional need for funding, with an approximately \$32 million
12 cash need in 2024 and a \$48 million cumulative cash need
13 through the first half of 2026."

14 Do you see that?

15 A But just one correction. You said 2024, but it says
16 2025.

17 Q I'm sorry. Did I get it wrong, the date?

18 A It's okay. It's okay. But that is correct.

19 Q So let's look at your Exhibit 5 that I think you referred
20 to. So you recognize this document?

21 A I do. It is a proposed restructuring plan, given to us
22 by the Keystone Group at the early outset of our retention.

23 Q And this is the document you're referring to with the
24 projections?

25 A Yes. When I refer to Uncle Nearest's own financial

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1 advisor at the time, it was the Keystone Group.

2 Q Let's find the -- I believe that is what you're referring
3 to; is that correct?

4 A That's correct.

5 Q So when we look at this sheet and we look at the negative
6 cash flow, you see that center section where it talks about
7 debt service and past due debt service?

8 A Correct.

9 Q Okay. And if we just look -- we don't include 2024 and
10 we just include 2025 and 2026. There is 28 -- \$35 million
11 that is included in that, in this statement, for paydown of
12 past-due debt service, correct?

13 A Past-due debt service would be 13.

14 Q Well, or debt service and past-due debt service?

15 A So the total fixed charges is what you're --

16 Q Now do you know if the debt service -- what is included
17 in that category?

18 A Off my memory, no. This is well over a year ago, so I
19 don't think I can say with confidence.

20 Q Understood. But most likely that is an operating debt,
21 because that would be included up above in the --

22 A Yeah. I don't think that I could testify as to whether
23 the Keystone Group has properly categorized something in one
24 line or another.

25 Q But if, in fact, that were and you added back 35 million

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1 in payments, that would significantly impact this negative
2 cash flow that you reference, correct? Again, in terms of
3 operating, right? I understand you can always pay down debt
4 and use cash flow to pay that, but when we're talking about
5 operating cash flow and we're not talking about just paydown
6 of debt --

7 A Assuming, I would say -- pardon me. I didn't mean to
8 interrupt you. But assuming that what has been presented here
9 as a forecast is accurate, then I think, yes, that would, that
10 would make sense, that would hold water. But I can't attest
11 to that.

12 I think the observation here was that the first proposal
13 for a plan was that we need 32 to \$48 million, along with
14 significant relief, along with the ability to sell off the
15 bank's -- or, excuse me, FCMA's collateral and share in it on
16 an approximately 60/40 split.

17 Q Yeah.

18 A That seemed like a few too many asks in a first opening
19 foray.

20 Q Understood. And really my point of my question is trying
21 to get to the operating cash flow kind of analysis. And so I
22 recognize that this isn't your report. You do have it in your
23 exhibit and reference to it. And so my point is, and I think
24 you've answered it, is that if, in fact, that debt was not
25 included, that would obviously change the impact of your

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1 statement, at least in terms of operating cash flow?

2 A In terms of operating cash flow, maybe it does, but I
3 think that my statement with respect to that report was that
4 their own financial advisor had asked us for relief. \$48
5 million is just a portion of the ask.

6 Q Fair enough. And, again, my distinction is really just
7 not to say that what you said was wrong, that if, in fact,
8 some of this wasn't operating debt that was being paid, then
9 that, from the standpoint of whether this company can cash-
10 flow, would impact that analysis?

11 A Yes, a lot of things could impact that analysis, correct.

12 Q Very good. So in terms of preparing your affidavit --
13 and you've got your experience in there and you have a lot of
14 experience, and I assume you brought that all to bear in your
15 analysis. And I know that Riveron has spent a good deal of
16 time on this case. I think you indicated 2,000 man-hours; is
17 that correct?

18 A In the pre-receivership period, yes.

19 Q Go back to paragraph 16. So this, again, paragraph 16 of
20 your affidavit, you state, the next sentence after the one we
21 just spoke about, "Furthermore, a 13-week cash flow forecast
22 that Uncle Nearest provided in May 2025 showed a negative
23 cumulative cash flow of negative \$6,788,000 through the week
24 ending August 8th, 2025."

25 Do you see that?

1 A Yes, I do.

2 Q Okay. And when you state that, you cited to this
3 exhibit, correct?

4 A Correct.

5 Q Okay. So you've analyzed this exhibit?

6 A Yes. Yes.

7 Q Okay. So when I looked at it, I had some kind of
8 immediate questions, okay? The first thing I noticed was it
9 says, "Provided by Uncle Nearest," which is kind of odd for
10 something -- that an exhibit would -- you know, somebody would
11 prepare it and say "Provided by" versus "Prepared by."

12 A Uh-huh.

13 Q So that caught me kind of weird. Does that sound -- I
14 mean, that may not be weird to you, but that's fine. But when
15 I look at the total cash in number, I see numbers 235, 235,
16 235, and this is a cash flow forecast. So, number one,
17 doesn't Uncle Nearest generally bring in more cash than that
18 in a week?

19 A I can tell you that this is the cash forecast that was
20 provided to us.

21 Q Okay. All right. And you looked at it and didn't see
22 anything interesting about it?

23 A I saw, frankly, a lot of rounded numbers. We asked, you
24 know, what these were built on, especially considering that
25 there was such talk about reliance upon Nielsen data and what

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1 could be derived from that. For this just to arrive at flat
2 groups of numbers, it just felt a little bit -- I don't mean
3 to sound this pejorative, but a little bit lazy in its
4 execution, that somehow a little more thought should have been
5 put into this.

6 Q Well, you know, even if we just kind of look back, so I
7 think you indicated that you had summarized the -- you know,
8 in this Exhibit 4 that we just looked at -- I'll put it back
9 up -- that you had summarized the information that was given
10 to you by Uncle Nearest, correct?

11 A Uh-huh.

12 Q Okay. And so what's the total cash in number by week
13 there?

14 A Normalized, after we take out some advances on Park
15 Street, I would be stretching my memory to be able to say, but
16 I think I would have to take out Park Street collections as
17 probably its own line.

18 Q Actually --

19 A And I would have to correct for the pull-forward on Park
20 Street in the week ending 5/30, although I don't have it in
21 front of me, what that exact amount was. But then that would
22 give me what the Park Street collections would be, which would
23 frankly be a representation of a longer term amount of
24 depletions.

25 Then I would also look at retail and tours, which tends

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1 to sit at around \$100,000 a week. I mean, I would say if you
2 asked me in passing for a quick conversation, how much do they
3 do in retail and tours a week, I would tell you \$100,000.

4 When it comes to Park Street collections, it really depends.
5 It depends on seasonality. It depends on the information that
6 they have available and how they put their forecast together.

7 Q Okay. All right. But now Park Street collections is the
8 actual cash collection number, is it not?

9 A Yes.

10 Q Yeah. So that number is --

11 A Well, I'm sorry. Let me clarify. That is the -- those
12 are the cash collections with respect to depletions.

13 Q Correct. But it's a cash number, correct?

14 A Correct.

15 Q Okay. So you don't need to adjust that because you're
16 doing a cash flow forecast, correct?

17 A Not necessarily, because that week, what happened in the
18 week of 5/30 -- and I realize I have the luxury of having been
19 part of those conversations. There was an agreement that, as
20 it was represented to us by both Ms. Weaver and I believe
21 Mr. Flores, that there was a pull-forward of collections that
22 were not quite due yet, to be able to bring them in out of
23 cycle, to be able to add additional liquidity to the company
24 because it was burning so much cash even though it wasn't
25 making the payments as they came due.

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1 Q Just to make sure, are you sure you're not speaking about
2 the difference between the collections number versus the --
3 effectively there is an account in Park Street that also has
4 funding based upon future collections or has a number based on
5 future collections, and that the discussion you were having
6 with them was whether to include, whether you just include the
7 cash collections number or you also would include the
8 potential for the future collections? Wasn't that the actual
9 discussion you were having with them at that point?

10 A Don't know if that was the actual discussion, but if you
11 have newer and better information on that, then okay. I don't
12 remember that. What I remember, what was represented, what I
13 remember being represented to us, there is an amount that we
14 can draw during a time period, and this was an amount that was
15 brought outside of cycle faster than it typically gets paid to
16 be brought in.

17 Q Okay. Well, I tell you what. It may not, it may not
18 matter. And so, in your estimation, this \$235,000 number
19 doesn't cause you any, any notice. It sounds about right?

20 A It doesn't give me heartburn if this is their
21 representation.

22 Q Does it seem low?

23 A Taken in seasonality -- and I would have to go back and
24 look over my notes to be able to say what was going on during
25 sales leading up to this, what was going on in depletions

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1 leading up to this. I think it's kind of a loaded question
2 for me to say if it feels low, but am I really harmed by 3.2
3 million over a calendar quarter? Not particularly.

4 Q Okay. All right. What about the next line, "Payroll
5 Genesis"? Anything about that line seem weird to you?

6 A Absolutely.

7 Q What's weird about it?

8 A Well, first off, they don't pay their payroll on time.
9 They haven't paid their payroll on time. As we've heard so
10 far, they've had to finance it.

11 Q Okay.

12 A It has been typically a few months behind, and even
13 despite the fact of what's been purported as 60-day terms, it
14 would often go three, four, five invoices before they finally
15 got paid. So to see a Payroll Genesis line that showed up in
16 every single one, a little bit, a little bit troubling.

17 Q Well, in fact, isn't the weird thing that payroll was
18 done twice a week -- or twice a month, not every week?

19 A Sure.

20 Q And what about the next line, "Ramp"? That's the credit
21 cards, correct?

22 A Oh, boy. We referred to them as credit cards, and I
23 would say the only reason I said "Oh, boy" is that we were met
24 with a significant amount of resistance from the folks onsite
25 when we called them credit cards. They are payment cards, not

1 credit cards, but just thought I would be correct.

2 Q But are those paid monthly -- or paid weekly? Excuse me.
3 Is that charge paid weekly?

4 A Can it be paid weekly? Yes. Has it been paid weekly?
5 At times, yes.

6 Q It's not due weekly?

7 A I don't know when it's actually due. I don't know if
8 I've actually seen an invoice from Ramp.

9 Q All right. Well, fair enough. Okay. So let's go down
10 to the production line, "NGD Production." Every week it's the
11 exact same number?

12 A Exactly.

13 Q And same with the sales and marketing and same with Uncle
14 Nearest Corporate and NGD Corporate. Literally, every line is
15 exactly the same across?

16 A Correct.

17 Q Do you see that?

18 A Yes.

19 Q So that doesn't strike you as kind of weird?

20 A I think I've already said that it struck me as a bit
21 lazy. And, again, I don't mean that in a pejorative manner,
22 but I don't think that someone thought too hard about this,
23 the point being when a company, left to their own devices,
24 provides us with a cash forecast, they show us over the next
25 13 weeks they're going to lose \$6.7 million and really has a

1 difficult time putting together a cash forecast without
2 assistance.

3 Q So just to make sure I'm clear, you saw a report that has
4 plainly ridiculous numbers, and it doesn't strike you enough
5 to say, is this a report that I need to rely upon as a
6 legitimate company report of cash flow?

7 A Repeat that again, because I could answer that a couple
8 different ways, and I don't want to sound like --

9 Q Right. That's fine. In your affidavit, you present this
10 as the company having given you this cash flow forecast, and I
11 guess implying that they gave it to you legitimately as a cash
12 flow forecast. And it clearly is so ridiculously wrong that
13 it didn't strike you to question whether, in fact, this is
14 really a cash flow forecast that they had provided?

15 A I think when the CFO of a company provides me with a cash
16 flow forecast that says over the next 13 weeks, when we are
17 representing the first lien lender, who is severely in
18 arrears, and comes back and says over the next quarter we are
19 going to lose \$6.7 million, that gives me pause.

20 Q What if I told you -- and maybe you believe this or not.
21 What if I told you that this, in fact, was a template for a
22 cash flow forecast that they were working on, preparing, and
23 had provided to you and your team as the format for a cash
24 flow forecast and basically they just put dummy numbers in
25 there because it wasn't really a cash flow forecast? What

1 would you say to that?

2 A Don't know if I would say anything to that. I didn't
3 know that there was any evidence to that effect.

4 Q Well, we'll have to draw that out in testimony. But your
5 testimony is you and your team got this and believed that it
6 was an actual cash flow forecast being presented to you by the
7 company?

8 A I think it was ridiculous on its face, yes.

9 Q And did you question the ridiculousness of this forecast?

10 A Absolutely. Absolutely.

11 Q And who did you question that to?

12 A To Mr. Flores. I'm trying to think. I'm not even sure
13 who else was in that conversation.

14 Q And you did that personally?

15 A Personally?

16 Q Yeah.

17 A In person? Probably over the phone. Probably on Zoom.

18 Q But it was you?

19 A It was either me and/or someone else on my team at that
20 day.

21 MR. COLLINS: Can we switch to --

22 THE COURTROOM DEPUTY: You said computer?

23 MR. COLLINS: Yeah, use the computer, please.

24 BY MR. COLLINS:

25 Q So what you have -- have you seen this document before?

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1 A Can't recall that I have specifically seen this, but I
2 may have.

3 Q What does this look like to you?

4 A It looks like it's following a similar format to what we
5 saw on the other document.

6 Q Okay. And is this the format that you would receive cash
7 forecasts from the company?

8 A Wow. Yeah, it appears that it is. I don't have any
9 reason to believe that it wouldn't be.

10 Q And what's the time period covered by this one?

11 A May 23rd to August 15th, 2025.

12 Q Okay. And Exhibit 6 that we were just looking at, what
13 time period did that cover?

14 A May 16th to August 8th.

15 Q Okay. All right. So basically the same time period?

16 A Uh-huh.

17 Q A week off, correct?

18 A Yes, that would be correct.

19 MR. COLLINS: Could we go back to the computer,
20 please. Thank you.

21 BY MR. COLLINS:

22 Q And so what is the negative cash flow on this
23 spreadsheet?

24 A Let's see. Do we have a cumulative column on here? Not
25 sure if we do. To be honest with you, unless I have a

1 calculator at hand, I would actually prefer to use Excel with
2 this.

3 Q I believe -- let's scroll back to the first page of it.

4 So do you see an ending balance of cash?

5 A Ending balance of cash.

6 Q This is a report that you use, right? I mean, this is a
7 report that was provided to you.

8 A I'm trying to find where we're looking. When you say
9 ending balance of cash -- oh, there we go. As of 8/15,
10 correct.

11 Q But let me ask you this: Is this report -- and take your
12 time to review it. Is this showing a negative \$6,788,000,
13 negative cash flow?

14 A No, it does not appear to be.

15 Q Okay. So do you want to change your opinion on what this
16 Exhibit 6 is?

17 A No. I've said that the company presented a cash flow
18 forecast to us that said that they were going to lose over \$6
19 million in the 13-week period as we were working through our
20 processes. As we were working through finding a path for them
21 to navigate their cash shortfalls, to navigate repayment of
22 the loans, they presented a cash forecast.

23 Q And they presented you a cash forecast. They wanted you
24 to fund and they presented you a cash forecast that forecasts
25 \$6 million negative?

Larin - Cross

1 A Uh-huh.

2 Q And then, a week later, provided you another cash
3 forecast that was nowhere near that?

4 A And a couple months earlier, they presented a business
5 plan that said that they needed \$48 million. I think it's
6 really a testament to the fact that there was a lack of
7 clarity on the financial documents that came out of this
8 company.

9 Q Isn't it possible that you just didn't investigate
10 Exhibit 6 and realize that, in fact, it was never intended to
11 be a projection; it was simply the template, which Exhibit
12 54 -- which I would like to get into evidence, Your Honor.

13 Exhibit 54 was then tailored, tailored to, right?
14 Because, as you said, it looks like the same format, on the
15 topside, as that one. Isn't that the truth?

16 A The truth. I'm sorry. I'm --

17 Q Isn't it a fact that you just did not investigate this
18 exhibit to determine that, in fact, it was never presented as
19 a true cash flow forecast; it was just presented as a template
20 that was then used to prepare the true cash flow forecast,
21 which shows nowhere near a \$6 million negative balance?

22 A Yeah. I don't know in the ordinary course of business,
23 as a financial advisor for a troubled company, if the CFO
24 sends me a document, that I investigate with a question like,
25 was that a joke? Are you kidding? Was that just a template

Larin - Cross

1 that you sent me? Those are not typical, ordinary course
2 questions.

3 Q And so it's your testimony under oath that this was not
4 sent to you as a template and asking whether you would approve
5 the format?

6 A I'm unaware of this being sent to me as a template to
7 approve the format.

8 MR. COLLINS: We'll move on.

9 Your Honor, before this hearing is over, I will get a
10 copy of the email, and we'll probably need to talk with
11 Mr. Larin again, but we'll move on.

12 THE COURT: You know, I'm going to reserve a little
13 time for their motion as well, and, you know, you're staring
14 16 till 4:00 right in the face.

15 MR. COLLINS: Yeah. Got you.

16 Let's pull up Larin Exhibit 4.

17 Your Honor, I would like to move Exhibit 54 into
18 evidence. That was this, what's showing on the screen right
19 now. This is the cash flow forecast that was --

20 MS. LIGGINS: Your Honor, I'm just going to keep a
21 rolling objection going now. This is an exhibit that we have
22 not seen, that was not designated on the list. I do not know
23 who prepared it. I do not know when it was prepared. We
24 don't have any information about this exhibit. He showed it
25 to Mr. Larin all of five minutes ago.

Larin - Cross

1 MR. COLLINS: Your Honor, he's testified --

2 THE COURT: Is that true, Mr. Collins?

3 MR. COLLINS: He's testified that this is --

4 THE COURT: Mr. Collins.

5 MR. COLLINS: I'm sorry.

6 THE COURT: Answer my question. Is that true?

7 MR. COLLINS: Is what?

8 THE COURT: That they've never seen this, you didn't
9 provide it to them until five -- and the first time they saw
10 it was five minutes ago. Is that true?

11 MR. COLLINS: That is true.

12 THE COURT: It's not admitted.

13 MR. COLLINS: Your Honor, my understanding is, in
14 rebuttal, we can use rebuttal evidence without having --

15 THE COURT: You haven't laid the foundation for that.

16 MR. COLLINS: The foundation is he testified that
17 this is the report that he was receiving.

18 MS. LIGGINS: Your Honor, I think that's a
19 mischaracterization of Mr. Larin's testimony. He did not
20 testify about this exhibit. He doesn't know what this exhibit
21 is. What he testified to is what he thought Exhibit 6 was,
22 which was provided to the Weaver parties, as ordered by the
23 Court, in accordance with its orders and rules.

24 MR. COLLINS: May I respond? I would say if you want
25 to limit the -- the purpose of this exhibit is not to prove

1 the number that's on there. This is to prove the format of --
2 that, in fact, what he testified to as being a legitimate cash
3 flow forecast being provided to him, showing negative 6
4 million 7, was not true and that, in fact, it was simply a
5 format that they were agreeing to for this type of report.

6 THE COURT: I've not seen evidence of that yet. I
7 mean, you've stated that.

8 MR. COLLINS: And that's --

9 THE COURT: But I've not seen that. I mean, you've
10 said that there's, I guess, an email or something that says
11 that. Have you got that?

12 MR. COLLINS: That, we will get that, Your Honor.
13 That's why I reserved for the end of the time.

14 THE COURT: All right.

15 MR. COLLINS: Your Honor, honestly, I think the --

16 THE COURT: Well, then I'll deal with that issue when
17 the rest of that's put forth then.

18 MR. COLLINS: In terms of allowing --

19 THE COURT: Whether or not to admit it.

20 MR. COLLINS: Okay.

21 THE COURT: All right. Let's move on. And, again,
22 Mr. Collins, and I don't want to fuss at you, but this is your
23 motion and your emergency hearing. You wanted an emergency
24 hearing on this.

25 MR. COLLINS: Understood, Your Honor.

Larin - Cross

1 THE COURT: And so I expect you to be prepared for
2 it.

3 MR. COLLINS: Your Honor, we're doing the best we can
4 to get through our evidence.

5 THE COURT: Well, I know, but you called it. I
6 didn't call it. This isn't my hearing.

7 MR. COLLINS: Understood.

8 THE COURT: All right.

9 MR. COLLINS: Understood.

10 We've got Exhibit 4, please, on the Larin Exhibit 4. So
11 I think we need to -- I need to do that.

12 So now this -- okay. Actually, let's go back to the
13 affidavit. I think that -- is that -- I need to do that too,
14 don't I?

15 THE COURTROOM DEPUTY: Doc camera?

16 BY MR. COLLINS:

17 Q So paragraph 23 of your affidavit, you say, "Prior to the
18 appointment of the Receiver, Uncle Nearest provided Riveron
19 with various financial reports." Correct?

20 A That's correct.

21 Q And among those were the operating receipts and
22 disbursements for the period April 12th through June 13th?

23 A Correct.

24 Q Let's go to Exhibit 9.

25 And then we go to the post-receivership receivables.

Larin - Cross

1 This, again, was prepared by Riveron?

2 A Compiled by Riveron, yes.

3 Q And this was based on receivership numbers, correct?

4 A Post-receivership, yes.

5 Q And in paragraph 24 of your statement, you state, "In
6 particular, cumulative post-receivership cash flow statements
7 demonstrate that operating cash flows continue to be negative.
8 In particular, cumulative post-receivership cash flows from
9 September 1 through January 18 were negative \$930,000 or
10 approximately negative \$47,000 per week." Correct?

11 A Correct. And just to refresh, this is where I come to
12 the conclusion that they are -- my opinion that they are cash
13 flow negative, from the -- excuse me -- from an operating cash
14 flow perspective; is that correct?

15 Q Okay.

16 A I'm just, I'm trying to make sure which section I'm
17 looking at here --

18 Q Yeah. Okay.

19 A -- without having to refer back to my notes.

20 Q So, but this, this operating report does not exclude
21 payments to Tennessee Distilling Group, correct?

22 A Does not -- does not exclude payments?

23 Q Well, exclude, include. I mean, it doesn't -- it
24 basically, it doesn't exclude, correct, the payments to
25 Tennessee Distilling Group, right? So it includes their

1 payments?

2 A Let me answer that differently and see if that answers
3 your question. To the best of my knowledge, information, and
4 belief, from the work that my team did, this represents the
5 actual cash received into the bank accounts and that left, but
6 for the FCMA funding. And these are the adjustments on here.
7 We added back the receivership fees and the FCMA funding to
8 say that, to go back to that conversation from earlier,
9 standardizing cash flows.

10 Q But you didn't, you didn't -- this is not an operating
11 cash flow statement in the sense that you also included
12 payments on historical Tennessee Distilling Group debt as part
13 of that cash flow?

14 A Oh, the catch-up payment to Tennessee Distilling?

15 Q Correct, yes. Those are included in this cash flow?

16 A They are. So, just so we're clear, when Tennessee
17 Distilling came in and made their demand, wanted to be paid
18 for what they had not been paid for in the past and they were
19 paid, yes, that is represented in the cash that is burned
20 during this time period.

21 Q Right. So when we talk about operating cash flow,
22 generally you wouldn't be talking about payment on liabilities
23 that were before the receivership, at least, when we're
24 talking about does this company cash flow currently?

25 A I think the fact that they're paying on old debt that had

Larin - Cross

1 not been paid is a statement that they're not paying their
2 bills as they come due.

3 Q Well, I mean, you could make this negative. If you paid
4 \$50 million, what you said the past debt is -- if you paid 50
5 million, you could say it's 50 million in negative cash flow,
6 right?

7 A If it's 50 million that you had not paid in the ordinary
8 course when it came due, yes.

9 Q But if we're talking about can this company, moving
10 forward, pay its current operations from current income, you
11 would not include in that analysis payments that were not
12 current obligations -- not current obligations?

13 A Assuming that they owed nothing, that they didn't owe
14 about \$175 million right now, that they didn't owe \$22 million
15 in AP, I don't know as a fact. I would have to spend some
16 time on -- I would like to spend some time on Excel to be able
17 to work through that, to say if starting from right now, if we
18 had a fresh start, let's say emerging from bankruptcy on a
19 fresh start, could it do it? I would like to reserve my
20 opportunity to answer that question until I have the ability
21 to look at what the assumptions are going into it, what the
22 growth assumptions, what the depletion assumptions are, what
23 the go-forward operating costs are. There's a lot to be
24 unpacked in that.

25 Q But, I mean, don't we have that right here? Right?

Larin - Cross

1 Because all you have to do is add back the Tennessee
2 Distilling payments to see that, but for the Tennessee
3 Distilling payments, this company is cash flow positive by
4 \$900,000?

5 A I think you're mistaken on that conclusion.

6 Q Let's do the math.

7 A Because this Judge, this Court, this proceeding has
8 stayed a significant amount of payments, including debt
9 service payments, including trade payments that were wrapped
10 up in the previous receivership period.

11 Q I'm just looking at your sheet. Let's just look at your
12 sheet, right? If we add back \$1,500,000 that was paid on old
13 debt to Tennessee Distilling Group, the cumulative cash,
14 adjusted cash flow would be positive by about \$900,000.
15 That's just simple math; isn't that right?

16 A Based on those assumptions that you're making, based on a
17 series of assumptions, yeah. If I added back 1.5 million to
18 this amount, yes.

19 Q It's one assumption.

20 A Okay.

21 Q It's one assumption that we don't include the Tennessee
22 Distilling Group payments on old debt to clear liens, right?
23 That was the point of that, correct, was to clear the lien?
24 That was testified earlier. You were in here. If we add that
25 back, the company is cash flow positive by \$900,000, based on

1 this spreadsheet?

2 A If that was the only adjustment, perhaps.

3 Q Okay. Let's go to Exhibit 10. Do you recognize this
4 document? Let me zoom you in here a little bit.

5 A Yeah. Thank you very much. It may be a little bit too
6 close there.

7 All right. I'm trying to remember. Yeah, I do remember.
8 This is the -- I think I do remember this. I'm trying to,
9 trying to recall. Is this -- hmm. Apologies. I recognize
10 the format. I don't recognize having been through these.

11 Q This is part of your affidavit.

12 A Sure.

13 Q This is, yeah, your exhibit. So it's Exhibit 10 to your
14 affidavit.

15 A Okay.

16 Q Do you recognize it?

17 A I do.

18 Q Okay. And what is this showing?

19 A To be honest with you, right now as I'm looking at this,
20 I'm not remembering exactly what that is. I would love to be
21 able to refer back to my notes, but I'm not going to do this.
22 But what this shows is that it's both a combination of both
23 actual and projected cash flow from the period of the weeks
24 ending January 18th through April 19th.

25 Q Right. And this is based on the same format as the last

1 one we just looked at, right?

2 A Uh-huh.

3 Q And, again, this also includes the Tennessee Distilling
4 Group amount, correct?

5 A Correct, yes.

6 Q And so, again, if we add back \$1,500,000 of cash flow,
7 the ending cash is positive \$900,000?

8 A If that were the only add-back and that was the only
9 adjustment, yes.

10 Q In your affidavit, you indicate -- and we'll go to
11 paragraph 31. You indicate that "Based on information
12 provided by both Uncle Nearest and the Receiver, it's my
13 opinion that Uncle Nearest lacks sufficient asset value to
14 fully secure the loans." See that?

15 A Yeah. I apologize, Mr. Collins. It's cut off on my
16 screen. Could you shift it up a little bit. Thank you very
17 much. Yes.

18 Q But earlier in your affidavit, you indicated you aren't
19 giving a value opinion in your affidavit?

20 A A valuation opinion.

21 Q Valuation?

22 A Value would be a different thing.

23 Q How is value different than valuation?

24 A Well, valuation would mean that I'm giving a number as to
25 the actual valuation. Value is, of course, a different word.

Larin - Cross

1 I have my values. I think that there's value in that
2 statement, right? But am I giving a value opinion? No. And
3 I'm not giving a valuation opinion either.

4 Q I'm not sure I'm understanding. You say in this that
5 Uncle Nearest lacks sufficient asset value to fully secure the
6 loans. You aren't saying that -- you aren't using "value" in
7 the way you just said, I don't think, right? I mean --

8 A No, I'm not giving an opinion of value. I'm saying that
9 within the rubric that they apply for their revolving line of
10 credit, that there is not sufficient asset value, giving 75
11 percent value to essentially the AR and 70 percent value to
12 the -- what do you call it -- to the inventory, that that
13 would be -- that would not be enough to cover what they owe on
14 this loan.

15 Q You're talking about the borrowing base?

16 A I am talking about the borrowing base.

17 Q That doesn't say the borrowing base here. It says,
18 "lacks sufficient asset value to fully secure the loans."

19 A Uh-huh.

20 Q If you're only talking 70 percent, then if you add the
21 other 30 percent, it would cover the loans?

22 A If that was achievable, but it's more often than not
23 achievable because banks assign the borrowing base percentages
24 to cover a net orderly liquidation value.

25 Q So your basis here is based on an arbitrary borrowing

1 base number, not based on true asset value, correct?

2 A I'm not sure if I would agree with the word "arbitrary."

3 But if --

4 Q Let's talk about borrowing base. How do you set a

5 borrowing base?

6 A By agreement with the person who has lent you money.

7 Q And isn't that pretty arbitrary?

8 A No, I would not agree with the word "arbitrary" on that.

9 Q But if they say it's 80 percent, then 80 percent becomes
10 the borrowing base?

11 A Then I think there would be a meeting of the minds
12 between the two parties.

13 Q But, I mean, it's not something that is defined by the
14 world. This is something that parties just agree to a number
15 and that's it. It isn't necessarily based on value, correct?

16 A I don't know if I agree with you, just because of my
17 interaction with banks over the years, that they base these
18 percentages off of the work that they do to come to net
19 orderly liquidation value, commonly known as NOLV.

20 Q But just to clarify, your testimony is that, based on the
21 borrowing base, they don't secure the loan. It's not based on
22 the value of the barrels?

23 A At least on that point, yes.

24 Q In terms of the borrowing base -- let's move to Exhibit
25 13. I believe it's his Exhibit 13.

Larin - Cross

1 So this is -- what is this we're looking at? I'm sorry.

2 A It's okay. There we go. Thank you.

3 This is a projected prospective borrowing base had the
4 company issued a borrowing base at 12/31, using the exact same
5 methodologies and rubrics that they had for every other
6 borrowing base, apart from the ones where they were
7 overstated.

8 Q And the borrowing base is based on cost, right?

9 A It is.

10 Q Are most borrowing bases based on either accounts
11 receivable or inventory?

12 A Based on, yes, typically a combination of the two and
13 other accounts.

14 Q And do those types of assets generally appreciate in
15 value over time?

16 A That's a rather general statement. Across which
17 industries? And wasting and obsolescence, all those things
18 work their way in. So do -- some industries, the values of
19 inventory go down.

20 Q But generally speaking -- obviously, this is a different
21 inventory. But generally speaking, inventory values and
22 borrowing base calculations do not generally go up over time?

23 A Yeah. Generally, generally, I would say they either stay
24 constant or they go through some sort of wasting over time.

25 Q Correct. And same with accounts receivable. Accounts

Larin - Cross

1 receivable don't get better over time, correct?

2 A Uh-huh.

3 Q And --

4 A Well, hold on. Sorry. I said, "Uh-huh," but I don't
5 know if I necessarily agree with that statement.

6 Q Accounts receivable?

7 A Accounts receivable don't get better over time was the
8 question?

9 Q Right. As they age, they become less collectible
10 usually, correct?

11 A As they age. Okay.

12 Q Yeah.

13 A All right. So that was the distinction. Excuse me.

14 Q So that's correct, though?

15 A I think it's a factor of what the terms are. So if I
16 move to a new supplier who, say, is going to pay me in 90-day
17 terms but they've got a higher credit rating, higher cash
18 flow, as opposed to me dealing with small interests who have
19 30 days, 30-day terms, and if I've moved my aging and it's now
20 gotten older, it actually may have more value and
21 collectibility because I've got more financially stable
22 sellers.

23 Q If I have an account receivable today, is it going to be
24 more valuable in a month than it is most likely today?

25 A An individual entry?

1 Q An individual account receivable.

2 A An individual entry, not the accounts receivable ledger
3 overall?

4 Q As a general category.

5 A An individual collection entry?

6 Q A single asset, a single account receivable, does it get
7 better over time? As it ages, does it get more valuable? In
8 fact, it loses value, right, because of time value of money?

9 A Not necessarily.

10 Q Time value of money?

11 A Let's say it's on 30-day terms. If it's on 30-day terms
12 and the first time you saw it it's five days old, but the
13 second time that you see it you're one day from collection, I
14 would say that has more value because that's about to hit your
15 bank account.

16 Q Well, let's talk then about barrels. Barrels age and
17 increase in value, clearly, right? You don't have to go
18 through a machination about it. They get more valuable over
19 time?

20 A As I have learned through this engagement, in dealing
21 with various people who are involved in the sale, the purchase
22 of barrels, what has typically been true is that barrels have
23 gone up in value.

24 What is happening now is that barrels are not necessarily
25 going up in value, or they're going up in a slower rate than

Larin - Cross

1 they had in the past, and/or it's much more difficult to find
2 a place to sell them because the secondary market is
3 oversaturated with excess supply.

4 So it's a loaded answer. I apologize for it. But in the
5 historic, yes, barrels would typically age out and become more
6 valuable, assuming they've been in a good rickhouse, well
7 cared for, that there was good, that there was a good process
8 to getting them there. However, we are at a different stage
9 in the market, from all of my understanding. But I'm not a --
10 I'm not a BevAlc expert.

11 Q Fair enough. But you have kind of indicated about this
12 borrowing base, and the borrowing base is based on cost. So
13 if you have a barrel that's four years old, it's going to be
14 worth more than a new barrel, I mean, in any market, correct?

15 A Based on a conversation I just had with a representative
16 who is out there buying and selling barrels is that the cost
17 of a new-fill barrel and the cost of a four or five-year-old
18 barrel is about the same right now. Nobody wants them.
19 That's a statement that was made to me. Again --

20 Q Have you talked to -- and who was this made by?

21 A This was made by a representative of the Tiger Group.

22 Q Have you ever talked with Thome? Are you familiar with
23 J.B. Thome?

24 A I'm sorry. With whom?

25 Q Are you familiar with J.B. Thome?

1 A J.B. Thome. No, I don't think I've had a conversation
2 with a J.B. Thome.

3 Q Okay. A barrel broker.

4 A Okay.

5 Q The largest barrel broker since 1977. If I were to show
6 you a report that he did -- and I won't -- so this is a report
7 from J.B. Thome that basically includes a current --

8 THE COURT: I don't even know what it is, so --

9 MR. CAMPBELL: I know. I feel like I've got to
10 reserve the objection.

11 MS. LIGGINS: We don't either, Your Honor.

12 MR. COLLINS: I won't put this into evidence, Your
13 Honor, but I want him to --

14 THE COURT: Mr. Collins, you only have so much time.
15 I understand the point about the valuation of the barrels, but
16 you're really, you're spending a lot of time on stuff that --
17 I mean, it's your time, but --

18 MR. COLLINS: Yeah, Your Honor. I appreciate it.
19 It's hard to try to manage a short period, and we're trying to
20 do what we can. So I'll move on. Point well-taken, Your
21 Honor.

22 I think we're about to wrap up. Just making sure we
23 don't have anything.

24 I think that's all, Your Honor, for this witness.

25 THE COURT: All right. Thank you.

Larin - Cross

1 Do you-all have any questions?

2 MS. LIGGINS: I just have a couple clean-ups but not
3 much.

4 CROSS EXAMINATION

5 BY MS. LIGGINS:

6 Q Mr. Larin, just a couple things.

7 A Yes, ma'am.

8 Q I'm going to show you what is your declaration, paragraph
9 31.

10 A Yes, ma'am.

11 Q I believe Mr. Collins was asking you what Exhibit 10 is,
12 but I don't think you had your declaration in front of you,
13 which is your direct testimony.

14 A It has been passed to me just as of recently, yes.

15 Q Okay. But if you -- yes, scroll up so you can see what
16 the exhibit is. Scroll down, sorry, to the screen. Yeah,
17 right there.

18 Do you see the definition of Exhibit 10?

19 A Yes.

20 MS. LIGGINS: Okay. Now can you show me Exhibit 10.

21 BY MS. LIGGINS:

22 Q You said you didn't recall what this is?

23 A That's correct.

24 Q Does this refresh your recollection of what this actually
25 is?

Larin - Cross/Redirect

1 A Thank you very much. Yes, that does refresh my
2 recollection.

3 Q And what is it?

4 A This is a cumulative cash flow forecast for the period of
5 January 18th through April 19th.

6 Q So these are the numbers from the receiver during the
7 receivership?

8 A That is correct.

9 MS. LIGGINS: Okay. No further questions.

10 THE COURT: All right. Thank you.

11 Mr. Campbell, anything.

12 MR. CAMPBELL: I just have one question, Your Honor.

13 THE COURT: All right.

14 THE WITNESS: Yes, sir.

15 REDIRECT EXAMINATION

16 BY MR. CAMPBELL:

17 Q Mr. Larin, I'm going to refer back to Exhibit 9 here. We
18 talked a lot about TDG and the payment to TDG and whether or
19 not that's calculated. I want to direct your attention to the
20 second column, the actual 12/8 through 12/14 and then 12/15
21 through 12/21. Can you see the million-dollar bump there?

22 A I'm sorry. Give me one second to catch up on your --

23 Q Yeah, sure.

24 A You said 12/8?

25 Q Yes, sir.

Larin - Redirect

1 A Yes, got that. The one that starts at 1.535?

2 Q Correct.

3 A Over to which, which one?

4 Q The column below. What I'm really looking to ask you
5 about is the FCMA funding, the two totals there.

6 A Yes.

7 Q Is the difference --

8 THE COURTROOM DEPUTY: Touch the screen and you can
9 mark it.

10 MR. CAMPBELL: Huh?

11 THE COURTROOM DEPUTY: Touch the screen and you can
12 mark it.

13 MR. CAMPBELL: Oh, okay. Yeah, right there. Fancy.

14 BY MR. CAMPBELL:

15 Q Does that amount include the TDG payment?

16 A It does include it. That was the amount of funding that
17 was provided by FCMA to cover the -- to cover that payment.

18 Q Right. And so you've already backed out the FCMA funding
19 on this, right?

20 A Yes, that's correct.

21 Q So if you backed out the FCMA funding and then you backed
22 out the TDG funding, you would actually, in fact, be double-
23 counting that number, correct?

24 A I think that's probably correct.

25 MR. CAMPBELL: No further questions.

Larin - Recross

1 THE COURT: All right. Thank you.

2 RECROSS EXAMINATION

3 BY MR. COLLINS:

4 Q Let's run through this again. The FCMA funding is a
5 negative. You have to add -- if you add back, you'd then
6 offset the negative, correct?

7 A If I add back --

8 Q Right. So, yes, you're showing, the FCMA's funding is
9 showing a negative outflow that is related to the TDG payment,
10 correct?

11 A Following the logic here. Excuse me. So let's just walk
12 through that. The cumulative net cash flow report is 1.5.
13 The add-back for the receiver fees, 1.3. So that's 2.8,
14 correct. Now we also -- if it is going to take out, at that
15 point, the 2.7, okay, adding back that 2.7, then that would,
16 in my opinion, reverse any sort of -- not reverse. How do I
17 say this properly? It properly accounts for the fact that
18 that 2.7 million is a -- oh, shit, I'm even doing it in the
19 wrong -- oh, excuse me.

20 Q Maybe I can make this -- let me simplify this for you.
21 Let me simplify this for you, right? You have a cash flow,
22 right, a cumulative net cash flow reported. That's kind of
23 the net, right, of your model? You then add back the
24 receiver's fees, but then you take out the FCMA funding. The
25 FCMA funding paid both the receiver's fees and the TDG

1 payment. So if you're going to add back the cumulative
2 receiver fees, you've got to add back the TDG fees in order to
3 make that offset work; is that not correct?

4 A That's not correct, because what is in the cumulative net
5 cash flow reported includes the amount of money that Farm
6 Credit has given to Uncle Nearest in the post-receivership
7 period to bring it to that 1.5.

8 Q Well, then why do you add back the cumulative
9 receivership fees? Wouldn't they also then be included if you
10 were going to say that includes those? This isn't complicated
11 math.

12 A No. I think it's just the positives and negatives going
13 out at various levels that are just giving me pause. Give me
14 one second to answer this.

15 So, at this point, add back the cumulative receivership
16 fees. No. I would say that no, it doesn't, because the
17 receivership fees at this point were being paid at least out
18 of ordinary -- or at least out of cash flow being generated at
19 that time.

20 Q You're saying that the cumulative cash flow number --
21 because we just went through this, right? And you testified
22 the other way, and now you're reversing yourself. So let's --
23 this is an important point, right, because this determines
24 whether we're cash flow positive or cash flow negative.

25 So you're saying -- are you saying that in the cumulative

Larin - Recross

1 net cash flow you included everything, including the TDG
2 payments, but you didn't include the receivership fees?

3 Isn't it true that that is just the top of the net cash
4 flow number? It does not include receivership fees, it does
5 not include the TDG payments; is that correct?

6 A I do not think that that's correct because, if my memory
7 serves me correctly, the cumulative net cash flow reported was
8 prior to the receivership fees. Wait a minute.

9 Q It was net of all of the TDG -- everything that was
10 funded by the bank -- the bank funded both the receivership
11 fees and funded the TDG payments. That is the correct answer,
12 is it not?

13 A I do not believe that that is the correct answer.

14 Q This is your report.

15 A Uh-huh.

16 Q This is based on your own cash flow -- I'm sorry we have
17 to wait to deal with this in a short time, but this is what
18 we've got.

19 Can we go to the computer, please. Thank you.

20 So if we look at this, you see the operating
21 disbursements line and then you see the non-operating
22 disbursements line. You see that. And then you see
23 non-operating collections and operating collections. And in
24 terms of the payment to TDG, those were included in the
25 non-operating disbursements, correct?

Larin - Recross

1 A TDG -- let me just see if I can find where the TDG
2 actually is on this.

3 Q You can see there's a cash reserve for pre-receiver TDG
4 payments at the bottom?

5 A Uh-huh, yeah. The term "reserve" gives me a little bit
6 of pause to be able to say that that was actually money going
7 out the door rather than just calling it a reserve.

8 Q We're just talking a hypothetical then. If, in fact, you
9 take out the TDG payments, which you should on that prior
10 exhibit, the company was cash flow positive by about \$900,000,
11 correct, assuming my assumption?

12 A Assuming your assumption. I would want to compare that
13 to the other one live, but --

14 Q We just had this conversation before the re -- or the
15 redirect, I guess. Is that a yes?

16 A Well --

17 Q I'll take that you can't answer it, that you're going to
18 go -- that, in fact, you haven't studied this enough to be
19 able to have an answer and that we need to move on.

20 But, Your Honor, this is --

21 THE COURT: Look, I'm giving you a little bit of time
22 because I want you to be able to make your point, but I don't
23 think he's going to answer, so --

24 MR. COLLINS: Then I would -- if he can't answer a
25 question about his own spreadsheet, then I think --

Larin - Recross

1 THE COURT: The Court will take its own inference
2 from it.

3 MR. COLLINS: Then I think the inference ought to be
4 in our favor, that the 900 --

5 THE COURT: Well, the Court will evaluate it. That's
6 what we're here for. Are you ready to move on?

7 MR. COLLINS: We are. I don't have any further
8 questions.

9 THE COURT: Okay. All right.

10 MS. LIGGINS: Just real quick. I'm so sorry, Your
11 Honor.

REXCROSS EXAMINATION

12
13 BY MS. LIGGINS:

14 Q On this exhibit that's up, this is for the week ending
15 11/24, correct?

16 A The week ending 11/30, yes.

17 Q Right. And the TDG payment was made in December, so it's
18 not in this sheet?

19 A That's correct. This is the -- this is the cash flow
20 launcher system that Newpoint does. This is not my
21 spreadsheet.

22 Q Right. It's just a different time period?

23 A Correct.

24 Q Okay. And let me just ask it simply like this: When you
25 do the cash flow, you account for all the money that comes in?

Larin - Recross

1 A Correct.

2 Q \$2.7 million came in from Farm Credit, so it would be a
3 part of cash that came in?

4 A Correct.

5 Q But that is not a normal operating receipt, correct?

6 A That is not.

7 Q Because that was for a protective advance?

8 A That is correct.

9 Q The payment to TDG, however, is a normal operating
10 disbursement?

11 A Yes, it is.

12 MS. LIGGINS: No further questions.

13 THE COURT: All right. Thank you.

14 All right. Thank you.

15 All right. Mr. Collins, I want to reserve a little bit
16 of time for their motion for clarification. How much do you
17 have left?

18 MR. COLLINS: Well, if we can get Fawn Weaver on the
19 stand, we'll move through it as quickly as we can, Your Honor.

20 THE COURT: Okay.

21 MR. COLLINS: She's going to talk about kind of what
22 it would look like post-termination.

23 THE COURT: All right. If I don't let Ms. Norwood go
24 home at 5:00 o'clock, I'm going to be in trouble, Mr. Collins.

25 MR. COLLINS: Okay. Understood, Your Honor. We'll