

1 need to show a change in circumstances, and the Court said  
2 that in their order.

3 And so we just want to remind the Court that we are here  
4 on an interlocutory order that's being moved for  
5 reconsideration, and they need to demonstrate and show that  
6 there's been a change in circumstances. But we're not here to  
7 retry the reconsideration -- I mean the receivership hearing  
8 all over again.

9 THE COURT: All right. Thank you.

10 All right. Thank you.

11 Mr. Collins, are you ready to go to proof?

12 MR. COLLINS: I am, Your Honor.

13 THE COURT: All right.

14 MR. COLLINS: Call Phillip Young.

15 THE COURT: Call your first witness.

16 And I assume this is for cross-examination, since what  
17 his --

18 MR. COLLINS: Pretty much, because I don't know that  
19 we're going to tread any new water than what --

20 THE COURT: But I'll certainly give you some  
21 latitude.

22 MR. COLLINS: Thank you, Your Honor.

23 THE COURT: All right. Come on around, sir.

24 THE COURTROOM DEPUTY: Do you solemnly swear your  
25 testimony will be the truth, the whole truth, and nothing but

## Young - Cross

1 the truth, so help you God?

2 THE WITNESS: I do.

3 THE COURT: All right. Thank you.

4 THE COURTROOM DEPUTY: If you would please scoot up  
5 to those two microphones. Please state and spell your name  
6 for the record.

7 THE WITNESS: Phillip Gary Young, Jr., P-H-I-L-L-I-P,  
8 and the last name is Y-O-U-N-G.

9 THE COURT: Whenever you're ready, Mr. Collins.

10 PHILLIP G. YOUNG, JR.,  
11 having been first duly sworn, was examined and testified as  
12 follows:

13 CROSS EXAMINATION

14 BY MR. COLLINS:

15 Q Good morning, Mr. Young.

16 A Good morning, Mr. Collins.

17 Q So I'm just going to -- I'm not going to get into your  
18 background. That's all in your thing. We may talk about it a  
19 little bit later, but -- so you were appointed receiver in  
20 this case on August 22nd, 2025, correct?

21 A That sounds right.

22 Q And you filed a motion for clarification on September  
23 12th, 2025, correct?

24 A I did.

25 Q And that was about 21 days after you were appointed,

1 approximately?

2 A That sounds about right.

3 Q And actually let me -- prior to the motion to clarify,  
4 had you made any request for copies of bank statements from  
5 any of those companies?

6 A Not that I can recall.

7 Q Okay. So when you filed the motion for clarification,  
8 you hadn't done any investigation of those companies other  
9 than finding the transactions in the Uncle Nearest records?

10 A Right. Obviously, there was a reason that those -- I  
11 didn't pull those names out of thin air, so those names kept  
12 coming up in the Uncle Nearest records.

13 Q Okay. Did you seek any explanation of any of those  
14 transactions relating to the additional entities?

15 A At that time, no.

16 Q Okay. Had you -- did you seek any depositions from any  
17 of those entities?

18 A No.

19 Q No. And in the motion for clarification, you actually  
20 didn't even take a position as to whether they should be part  
21 of the receivership, correct?

22 A That's correct.

23 Q Okay. I have a bunch of questions. I'm going to skip to  
24 my questions. Because of time, instead of going through the  
25 documents, we'll skip directly to questions relating to

1 your -- to the motion to reconsider.

2 So your affidavit consists of 25 pages of factual  
3 assertions and also incorporates your second quarterly report,  
4 correct?

5 A Let me clarify something, Mr. Collins. There are some  
6 factual assertions, and then there are some opinions.

7 Q Okay.

8 A But, yes, it incorporates -- if your question is does it  
9 incorporate the second operating report, the answer is yes.

10 MR. COLLINS: Okay. So we're going to -- I tell you  
11 what. If we can pull up the affidavit, please, that would be  
12 easiest to --

13 THE COURT: What exhibit number is it?

14 MR. COLLINS: That, it would be Mr. Young's exhibit.  
15 Well, it's the affidavit they filed. I'm not exactly sure how  
16 that comes up as an exhibit.

17 THE COURT: I don't know what your exhibit numbers  
18 are, so you're going --

19 MR. COLLINS: Well, it's not my -- it's actually, I'm  
20 kind of crossing him on his testimony. So his affidavit, it's  
21 the exhibit to his affidavit.

22 Well, the affidavit, actually. I'm sorry. Okay. If you  
23 scroll down to paragraph 26.

24 BY MR. COLLINS:

25 Q So paragraph 26 of your affidavit, you state that because

1 of -- and I think it's the top of page 11. You say that  
2 "Because of substantial budget cuts I have made to the  
3 Company's operations, its monthly losses have been reduced  
4 from approximately \$1 million per month to approximately  
5 \$100,000 per month."

6 Do you see that?

7 A I do.

8 Q Okay. And then you restated that again at paragraph 48.

9 If you could scroll down to 48, please. Make sure I've  
10 got that right.

11 A I don't think it's in 48, but I know that I restated it.

12 Q Yeah. It may be 40 -- 40 -- look at 49 there.

13 Okay. Well, you restate it there, and then I think you  
14 restate it again at the end of the document. I think it's  
15 paragraph 70.

16 A Looks like it's in 46.

17 Q 46. And then you restate that again in paragraph 70.

18 Hopefully I got that one right. Yeah. So it's in the final  
19 paragraph. Again, you say 1 million per month to an average  
20 of 100,000 per month, right?

21 A Right.

22 MR. COLLINS: So if you can pull up Exhibit 5 to the  
23 Young affidavit.

24 BY MR. COLLINS:

25 Q And then so what is Exhibit 5? Can you -- if we can get

1 it to the front there. Can you describe what Exhibit 5 is?

2 A It's an income statement. And I'll go ahead and say, as  
3 I mentioned in the affidavit, certain of this information  
4 comes from company data and certain of this information was  
5 data that we produced as part of the receivership. So, as I  
6 said in the affidavit, I think it's somewhat limited in its  
7 reliability, but in the pleadings you asked for this document,  
8 and so I provided this document.

9 Q In terms of the -- in terms of your statement that you  
10 reduced the company expenses by 100,000 -- or by \$900,000 per  
11 month, what was that based on? Because I believe -- let me  
12 ask you, what was that based on?

13 A Yeah. And I'm glad you brought this up, because there is  
14 a slight clarification, okay? In one place I say 350, and in  
15 one place I say 100 are the operating losses since I've been  
16 involved, and I would like to explain that because I'm not  
17 sure it was entirely clear.

18 Q Well, we'll do that on redirect.

19 A Okay. That's fine. What's your question?

20 Q So the question is, what did you -- when you indicated  
21 that you had reduced monthly operating expenses by \$900,000,  
22 what was that based on?

23 A I think, I think the statement was we've reduced losses  
24 from a million dollars a month to \$100,000 a month.

25 Q Okay.

1 A And looking at the company records prior to the  
2 receivership, it was losing about a million dollars a month.  
3 And that is simply just, you know, a revenue minus cost  
4 analysis. And looking at the same revenue minus cost since  
5 the receivership, putting aside a \$1 million initial input  
6 that had to be made in order to catch a number of things up,  
7 revenue minus cost averaged out to be about a \$100,000-a-month  
8 loss.

9 Q So did you increase revenue?

10 A No.

11 Q You haven't increased revenue. So in order to get  
12 \$900,000 of less loss, that means you must have -- that whole  
13 amount must have come from a decrease in expenses?

14 A Correct.

15 Q Okay. So you are saying that you decreased expenses for  
16 the company by \$900,000 per month?

17 A Right.

18 Q Okay. So let's look at --

19 A Well, it's actually more than 900,000 because revenues  
20 have decreased and expenses have decreased by more than  
21 revenues have decreased.

22 Q Okay. Very good. So let's look at the income statement,  
23 and let's look at the -- let's see. So you see at the bottom  
24 there's a line titled "Total Expense"?

25 A I do.

1 Q Okay. So the receivership began in the third quarter of  
2 2025, correct?

3 A Toward the end of the third quarter, I believe.

4 Q Right. So the fourth quarter is where most of the  
5 reduction in expenses occurred, correct?

6 A That's right.

7 Q Okay. So if we look at -- so in the fourth quarter, when  
8 all of your cuts were reflected, the total quarterly expense  
9 number, what is that number?

10 A Looks like it's 4.2 million.

11 Q Correct. And in terms of operating expenses, what is  
12 that total number? It's the one right above it.

13 A 3.4 million.

14 Q Okay. And in terms of the -- so if we look at operating  
15 expenses, the difference between -- let's see. So the total,  
16 the total quarterly expense number for Q2 is, for operating  
17 expenses, is 3.947, correct?

18 A 3.9 for operating expenses, 6.5 for total expense.

19 Q Okay. And the difference there is about 482,000,  
20 correct?

21 A The difference where?

22 Q Between the 3.947 and the 3.465.

23 A Just in operating expense, yes.

24 Q Correct.

25 A Right.

1 Q And then the difference between the total expense line of  
2 4.2, and that was in Q4, and the total expense line in Q3 is  
3 what? 5.3 to 4.2 is what number? How much is that?

4 A Just about 1.1 million. And again I'll remind you, I  
5 can't verify anything before August 21st.

6 Q But you relied on that for your \$900,000, correct? I  
7 mean, you had to rely on something for the \$900,000.

8 A I think we looked at actual expenses, not what was  
9 reported expenses.

10 Q Well, so you prepared a financial statement that didn't  
11 look at actual -- this is your -- this is prepared by you,  
12 correct?

13 A Right. No. Again, as indicated in the affidavit, this  
14 was prepared -- anything prior to the receivership was  
15 prepared by the company.

16 Q Right. But you indicated that you cut \$900,000. You had  
17 to base it on something prior, right?

18 A Actual expenses, not reported expenses.

19 Q But you prepared a -- why would you prepare a  
20 financial -- if you knew what the actual expenses were, why  
21 would you prepare a financial statement that wasn't based on  
22 numbers you knew were accurate?

23 A We're working on reconciling this, but the reconciliation  
24 of this company's finances takes quite some time.

25 Q Okay. Well, so you're basically saying that you really

1 can't verify whether you reduced this by 900,000?

2 A No. I'm telling you, I'm telling you we can verify that  
3 we -- I'm telling you that I can't verify these numbers that  
4 you're showing me for Q1, Q2, Q3. I can for Q4.

5 Q So how -- so basically you haven't provided any evidence  
6 that actually shows a reduction of expenses?

7 A Mr. Collins, I'm not trying to bring -- I'm not trying to  
8 prove anything. I'm trying to do what the Court's asked me to  
9 do, and I'm trying to report to the Court my facts and my  
10 opinions based on those facts. I'm not trying to drive any  
11 outcome here.

12 Q Okay. Well, let's just presume that the Q3 numbers  
13 are -- that you've reported in this financial statement and  
14 you attached to your affidavit, let's presume they're correct  
15 for purposes of this discussion, right? And so you've  
16 indicated there's about a 1.1 million difference between the  
17 expenses between Q3 and Q4, correct?

18 A Assuming those numbers are correct.

19 Q Assuming they're correct. Okay. And then a quarter is  
20 three months, is it not?

21 A That's correct.

22 Q Okay. So if we base that -- if we assume that then, that  
23 that 1.1 is divided by 3, you know, what's that number?

24 A It's about 300,000. But I'll point out that I was  
25 operating this about half of Q3.

## Young - Cross

1 Q Correct. But you were operating it fully in Q4?

2 A That's right.

3 Q Right.

4 A Right.

5 Q And so you said you reduced operating expenses by  
6 \$900,000 -- you said it three times -- per month?

7 A Right.

8 Q This would show that, at best, it was \$300,000 per month?

9 A I disagree.

10 Q Okay. Well, you disagree that the analysis we just went  
11 through doesn't -- wouldn't indicate 300,000?

12 A If these numbers -- assuming these numbers are correct  
13 and assuming that I had not operated the company for half of  
14 Q3 and so that some of the expenses were already cut in Q3, I  
15 would agree with you. But if you compare Q4 to Q1, I think  
16 you'll find a \$3.4 million difference, and across three months  
17 that's more than a million dollars.

18 Q I thought you said you were at the tail end of Q3. I  
19 mean --

20 A About midway through. A month and a half.

21 Q You got appointed which date?

22 A August 21.

23 Q And when did you start implementing cuts?

24 A Immediately.

25 Q And did they take effect immediately?

1 A No, of course not.

2 Q Yeah. So when do you think those cuts took effect?

3 A Early September.

4 Q You believe that you made cuts in -- you got appointed on  
5 August 22nd. You made cuts as quickly thereafter as you  
6 could, and those cuts actually impacted the financial  
7 statements immediately?

8 A Not, not the complete impact. But did they begin  
9 impacting? Yes, they did.

10 Q So maybe, maybe half a month of Quarter 3 got an impact?

11 A I don't know, Mr. Collins. I'm not sure.

12 Q Okay. But, I mean, you realize that you can't make cuts  
13 that impact immediately?

14 A Right, of course not.

15 Q So based on these numbers, at best, you had a \$300,000  
16 benefit in terms of revenue or in terms of reducing losses?

17 A I understand the point you're trying to make, and I  
18 disagree with it, and I think I've explained why I disagree  
19 with your assumptions.

20 Q And I'm trying to understand --

21 A Your math is correct, but your basis is faulty.

22 Q Well, explain that.

23 A I think I have explained that because, number one, these  
24 numbers are not reliable. Number two, part of Q3 shows cost  
25 cuts that I've already implemented. I think I've already

1 explained that.

2 Q And I'm asking what your basis -- I mean, what numbers  
3 are you relying upon to make that determination?

4 MR. CAMPBELL: Your Honor, objection, asked and  
5 answered. I mean, I don't know where we're going with this.

6 MR. COLLINS: Do you have -- is there just one thing  
7 you can point me to?

8 THE COURT: Mr. Collins, Mr. Collins, you made your  
9 point.

10 MR. COLLINS: Okay.

11 THE COURT: I understand the point you're trying to  
12 make. Thank you.

13 MR. COLLINS: Let's look at the -- pull up my  
14 additional exhibit cash flow spreadsheet.

15 MR. BUCHMAN: Which exhibit?

16 MR. COLLINS: It's actually in the additional, in our  
17 rebuttal.

18 MR. BUCHMAN: Oh, rebuttal.

19 MR. COLLINS: Sorry, Your Honor. We're trying to  
20 figure out the -- yeah. You can put this up. Is it on the  
21 screen? Okay.

22 BY MR. COLLINS:

23 Q So this is, this is basically an analysis we did from the  
24 Larin affidavit that will -- that's been put into evidence,  
25 Exhibit 4. And this is a summary of what's in his, in his

1 affidavit. Are you familiar with his affidavit and exhibits?

2 A I am not. I've never looked at his affidavit.

3 Q Okay. Then we'll actually -- now are you familiar with  
4 the Newpoint cash flow -- pull up Movant's Exhibit 5, please.  
5 It's our Exhibit 5.

6 Is this a document you've seen before?

7 A It is.

8 Q Okay. And then let's go back to the cash flow  
9 spreadsheet we just had.

10 So basically what this cash flow spreadsheet does, at the  
11 bottom, is it takes the actual data from that exhibit and  
12 basically shows that from that exhibit and basing it on it,  
13 the monthly reduction in operating disbursements pre- and  
14 post-receivership is a total of \$55,000, okay?

15 A Okay.

16 Q Do you have any reason to dispute what's in the Newpoint  
17 cash flow numbers, the actual numbers?

18 A Certainly not.

19 Q Okay. But you haven't seen the Larin affidavit?

20 A I have not.

21 Q Okay.

22 A I don't know what this includes and what it doesn't  
23 include.

24 Q Okay. If those numbers on the operating disbursements  
25 are correct in terms of what's shown on the Newpoint cash flow

1 disbursement -- well, we'll move for this into -- I don't  
2 think this was in evidence as one of our exhibits.

3 MS. LIGGINS: Your Honor, we have never seen this  
4 exhibit.

5 MR. COLLINS: This is a rebuttal, yeah. So this is  
6 used just to rebut the assertion that the \$900,000 loss --  
7 we'll actually get this in during Mr. Larin's -- we'll go  
8 through it more deeply with him because he's the one who  
9 prepared the report, so --

10 THE COURT: So you're not moving it into the record  
11 now.

12 MR. COLLINS: We're not going to move it in. I would  
13 ask the Court actually to move it into evidence. And one of  
14 the things I wanted to talk to the Court about is where we are  
15 in the preliminary proceeding. You know, we recognize that  
16 this is -- we haven't had time to kind of fully develop the  
17 evidence, and the courts typically will be more lenient in  
18 terms of allowing matters in because of the compressed time  
19 frame.

20 THE COURT: Well, you've still got to follow the  
21 rules of evidence.

22 MR. COLLINS: Well, this will -- correct, Your Honor.  
23 And I think this is ultimately, this is summarized from  
24 exhibits that are --

25 THE COURT: Tell me, what exhibit number is it?

1 MR. COLLINS: This is -- we premarked it as Exhibit  
2 19. It's not in the exhibit list yet.

3 But basically, Your Honor, what this is is the Larin  
4 affidavit has been admitted, so it's a summary of that data.  
5 And, again, I have to get a witness up here to put it in, and  
6 we don't have time, and so I'm asking --

7 THE COURT: Why do you not have time?

8 MR. COLLINS: Because we have one day to try to get  
9 in a lot of evidence.

10 THE COURT: Okay.

11 MR. COLLINS: So what I would ask Your Honor is  
12 let's -- that because this is just -- and I'll give Your Honor  
13 the thing. This is a summary of what's in the Larin  
14 affidavit, and we'll --

15 THE COURT: Have you even shown it to the other side?

16 MR. COLLINS: No, not yet.

17 THE COURT: Okay. Why don't you give them a copy,  
18 and then we'll come back and address it after they've reviewed  
19 it and had an opportunity to comment on it. They might agree  
20 with it. I don't know. But you've got to show it to the  
21 other side.

22 MR. COLLINS: Yeah.

23 THE COURT: I gave you time to submit what you  
24 thought your exhibits were.

25 MR. COLLINS: Your Honor, we had to do that before we

1 even saw the affidavit.

2 THE COURT: Okay.

3 MR. COLLINS: Your Honor, that's a practical problem  
4 is we got a 70-page affidavit, and we have had to scramble to  
5 put together the analysis of it in order to just be  
6 responsive.

7 THE COURT: This is your motion, Mr. Collins.

8 MR. COLLINS: I understand, Your Honor.

9 THE COURT: Okay.

10 MR. COLLINS: But that's the practical reality. I  
11 understand that it's our motion.

12 THE COURT: Okay. All right.

13 MR. COLLINS: So we'll move on, Your Honor.

14 MR. CAMPBELL: We're not moving it in yet?

15 THE COURT: What?

16 MR. CAMPBELL: It's not being moved in currently.

17 Did I understand that?

18 THE COURT: It's not in the record yet.

19 MR. COLLINS: Yeah, yeah.

20 THE COURT: But look at it.

21 MR. CAMPBELL: I will.

22 THE COURT: And look, take a look at it. If you  
23 don't have any heartburn over it, just let me know and let's  
24 move on.

25 MR. CAMPBELL: Understood.

## Young - Cross

1 THE COURT: I mean, fight about what you need to  
2 fight about.

3 MR. CAMPBELL: Understood.

4 THE COURT: Pick your battle.

5 BY MR. COLLINS:

6 Q Who would be the best person, in terms of the data that  
7 supports the \$900,000 decrease, and who would -- and from your  
8 financial team, who would be the best person to speak to that?

9 A Probably Tim Stone or Mark Runday.

10 Q Okay. Let's move to Exhibit 4 and the Young affidavit.

11 Okay. Can you describe what this document is?

12 A Yeah. This is something that I asked Newpoint to produce  
13 to show the effects. This one shows the effects if the  
14 receivership had never been instituted, the net loss  
15 difference.

16 Q Okay. And the original cash flow base model is what  
17 exactly? That's the first line. You see that? What exactly  
18 is that?

19 A I think that shows the actual result from the last four  
20 months, and then what it does is adds to that expenses that  
21 would have had to have --

22 Q Okay.

23 A -- would have been incurred but for the receivership.  
24 So, for example, Dash Funding MCA Payments, obviously those  
25 were stopped as part of the receivership. So had the

1 receivership not been implemented, that would have been an  
2 extra cost.

3 Q And who prepared the base model?

4 A Newpoint.

5 Q Newpoint. And do we have -- is that in the record?

6 A I don't know.

7 Q Okay. If it isn't in the record, how do we know that  
8 that original cash flow number, what it's based on?

9 A You can ask -- you can ask Tim Stone. He's here today.

10 Q Okay. But you don't know what it's based on?

11 A No. I don't get down in the weeds on every single  
12 number, Mr. Collins, no.

13 Q All right. But it's in your -- I mean, you've referenced  
14 this in your affidavit, so presumably, hopefully you got  
15 somewhat in the weeds.

16 A I know what this is. I asked for this chart to be  
17 produced, so I know what this is.

18 Q But it's not your chart?

19 A No, it's not my -- I didn't sit with a calculator.  
20 That's for sure.

21 Q Okay. So in the absence of some --

22 THE COURT: Mr. Collins, Mr. Collins, Mr. Collins, we  
23 have no idea what exhibit numbers you're referencing. So,  
24 look, you have to reference what's on your list, okay? And so  
25 this is -- let's see. The clerk says that she doesn't know

1 exhibit numbers you're referencing compared to the exhibit  
2 list. Is this Exhibit 5 to affidavit? What is the exhibit  
3 number for this hearing?

4 MR. COLLINS: And that's part of the -- I'm not sure  
5 what the receiver's -- this is one of the receiver's exhibits.

6 THE COURT: Look, okay? Look, you wanted this  
7 hearing, okay? I gave you time to file an exhibit list so we  
8 could go through everything quickly and know how to reference  
9 it and get it in the record so that it could be thoughtfully  
10 considered, all right? So stick to your exhibit list, and  
11 let's move on.

12 MR. COLLINS: If Your Honor please, this is actually  
13 the -- this is the receiver's exhibit that he had as part of  
14 his affidavit.

15 THE COURT: Okay.

16 THE COURTROOM DEPUTY: What number is that?

17 MR. COLLINS: It's --

18 MR. BUCHMAN: Your Honor, this is Exhibit 4 to  
19 Exhibit A of the receiver's exhibits.

20 THE COURT: Okay. Does that comport with what's on  
21 our exhibit list, Ms. Norwood?

22 MR. COLLINS: It would be on the receiver's exhibit  
23 list.

24 THE COURT: Okay. Whichever exhibit list. You can  
25 reference what's on their list. We just have to know what

1 you're talking about.

2 MR. COLLINS: Understood, Your Honor. I think part  
3 of the issue is I'm not sure the receiver broke out his  
4 exhibits into individual --

5 THE COURT: Mr. Collins, that's your responsibility  
6 to, you know, kind of know where you're going.

7 MR. COLLINS: Understood.

8 THE COURT: You know, it's not the Court's.

9 MR. COLLINS: We did an amended --

10 THE COURT: Ms. Norwood, do we know what he's talking  
11 about?

12 THE COURTROOM DEPUTY: Is it A, B, C?

13 MR. CAMPBELL: It's A.

14 MR. BUCHMAN: Exhibit A.

15 THE COURT: I can see why you wanted seven days,  
16 Mr. Collins.

17 MR. COLLINS: Your Honor, understood.

18 THE COURT: Are we ready, Ms. Norwood?

19 THE COURTROOM DEPUTY: Yes, sir.

20 THE COURT: All right. Is it in the record?

21 THE COURTROOM DEPUTY: Yes, sir.

22 THE COURT: All right. Let's go.

23 MR. COLLINS: So go back to Exhibit, Receiver's  
24 Exhibit A, subpart 4.

25 BY MR. COLLINS:

1 Q Okay. So we're on Receiver's Exhibit A, subpart 4. And  
2 do I -- I guess we can just start where we were.

3 So you don't have any basis to know what yourself, as the  
4 receiver sitting here, what the initial original cash flow  
5 model that is the start of this chart, what it's based on  
6 or --

7 A Well, no, except that it does seem to tie to -- as you  
8 were flipping through exhibits, it does seem to tie to cash on  
9 hand.

10 Q Okay. But you don't know exactly?

11 A No.

12 Q Okay.

13 A No. I'm sorry.

14 Q Okay.

15 A And that would make sense. In looking at the chart, I  
16 mean, it makes sense that that's cash on hand because then you  
17 back out the receivership funding and things like that and  
18 other expenses that would have had to have been paid but for  
19 this Court's order.

20 Q Okay. Very good. Let's move to paragraph 28.

21 A Of my affidavit?

22 Q Correct. It's in the same document.

23 Yeah, scroll it up.

24 So this is still Receiver's --

25 MR. BUCHMAN: Exhibit A.

1 MR. COLLINS: -- Exhibit A.

2 MR. BUCHMAN: You said 28?

3 MR. COLLINS: Yeah, paragraph 28.

4 BY MR. COLLINS:

5 Q In paragraph 28 you indicate that, as part of the exhibit  
6 we were just looking at, that Ms. Weaver provided you,  
7 provided you operating projections. Do you see that?

8 A Where is that?

9 Q It's in paragraph 28. Are we in paragraph 28?

10 A Are you talking about where I say -- I think it's at the  
11 bottom here -- "For the benefit of the doubt, this  
12 even assumes that sales during this time would increase" --

13 Q Correct.

14 A -- "by \$1.8 million based on Fawn Weaver's revenue  
15 projections."

16 Q So did Fawn Weaver actually provide you revenue  
17 projections?

18 A Or Kate Jerkens.

19 Q So are you conflating Kate Jerkens and Fawn Weaver?

20 A Perhaps.

21 Q So it really wasn't Fawn Weaver that gave you these  
22 projections?

23 A Perhaps it was Kate Jerkens. I think that's probably  
24 right.

25 Q And, in fact, we're going to talk about that later, that

1 you basically have blamed Kate Jerkens and accused her of  
2 conspiring with Fawn Weaver to create these projections?

3 A I don't think I've accused anybody of anything. But I  
4 said if you do the math, when you have a -- when you have a  
5 revenue projection that comes in for January, which is  
6 historically a very low month, that is 20-something percent  
7 higher than a revenue projection or an actual revenue for  
8 November, which is a very high month, when you see that, then  
9 you start asking questions. And when we did the reverse math,  
10 we realized that the revenue projections for January were  
11 almost exactly what would be needed to balance the budget of  
12 our projections.

13 Q And did you investigate that issue?

14 A No. I just -- exactly what I just told you.

15 Q So you didn't, you didn't ask the team to go back and  
16 verify it?

17 A No.

18 Q Okay. And do you know that they actually did go back and  
19 verify it?

20 A I don't.

21 Q So you put the accusation in there without even  
22 investigating whether, in fact, it was accurate?

23 A I know that we had an internal discussion in -- at the  
24 end of December, where we made the determination not to  
25 provide the 13-week cash flow analysis anymore because we

1 thought it was being used for improper purposes.

2 Q And do you know that her projection actually came in  
3 \$500,000 under what actually happened in January?

4 A No.

5 Q So you don't know the numbers for January?

6 A No.

7 Q You're the receiver. You don't know the numbers for  
8 January?

9 A No. We're sitting at February 9th, so no.

10 Q You don't even know the top-line numbers, I mean, the  
11 projection numbers?

12 A I mean, I could see it from the chart, but, no, off the  
13 top of my head, I do not.

14 Q Would it surprise you to learn that, in fact, January was  
15 higher than her projection?

16 A It would be a pleasant surprise.

17 Q It's going to be a fact, and she's here to testify. So  
18 you kind of dragging her through the mud, if that were true,  
19 wouldn't that be a problem?

20 A I don't think I'm dragging her through the mud,  
21 Mr. Collins.

22 Q Okay. We'll let her speak to that.

23 So when you received this projection -- and let's roll  
24 back to Receiver's Exhibit A, subpart 4, I believe.

25 So when you received this projection from Kate Jerkens,

1 was it based on a post-receivership scenario?

2 A Yes.

3 Q I mean, and let me clarify, was it based on a scenario  
4 where there was no receivership?

5 A Oh, no.

6 Q Okay.

7 A No.

8 Q Do you think that the -- wouldn't the projection be  
9 better if it were post-receivership?

10 A I don't know.

11 Q Haven't you testified, or in your affidavit, that the  
12 receivership itself is -- you know, the uncertainty of the  
13 receivership is causing a problem with sales?

14 A Receiverships and litigation like this always have a  
15 negative impact on business. Would it immediately get better  
16 if this were dismissed? I don't think so. That's just my  
17 opinion based on my experience.

18 Q But it would likely get better at some point?

19 A Not with this cash flow.

20 Q But just talk about, everything being the same, would the  
21 lack of litigation increase the future in terms of sales?

22 A At some point, maybe, but I think it would be out of  
23 business before then based on the cash flow.

24 Q Well, that's a different issue, but this is about the  
25 projection, right? So if we -- so if we assume that that

1 projection would -- well, so as a practical matter, if you're  
2 relying on that projection that we know might be different if  
3 it were taking into account no receivership, then that's going  
4 to impact the validity of this projection too, right?

5 A That would be on the next page. So this, this assumes --  
6 this is backward looking, Mr. Collins. If you'll see, it  
7 says, "Summary of Adjustments to Cash Flow 9/1/25 to 1/18/26."  
8 Where you see that increased sales projection would be in the  
9 next chart --

10 Q Perfect.

11 A -- which is forward looking.

12 Q It's part of Exhibit 4, but it's the next page, right?

13 A That's right. That next page, right.

14 Q And so let's look at that.

15 A And, in fact, if you'll look at the second line there, it  
16 says Fawn Weaver increased sales collections.

17 Q Correct.

18 A Increased to 1.8 million.

19 Q Correct. Thank you for the clarification. So  
20 ultimately -- so the first part of your exhibit is backward  
21 looking. This is the forward looking?

22 A That's right. This one looks at essentially the next  
23 four months. Were this receivership to be terminated by the  
24 Court, this is what we would project to be the net impact --

25 Q Right.

1 A -- on the estate.

2 Q And so if we look at the -- so the negative original cash  
3 flow basis, again, is based on just the forward of other  
4 projections?

5 A That's right. If no more funding is inserted in the  
6 company, based on projections, at May 31, it would be negative  
7 3 million. That's right.

8 Q So, but that's the beginning balance?

9 A That's right.

10 Q So if we zeroed that out -- so if we're looking at a go-  
11 forward cash flow, wouldn't you zero that out?

12 A Yes, I think so.

13 Q All right. So let's zero that out. Fair enough?

14 A I see what you're saying. So it would be an impact -- I  
15 think what you're trying to get me to say is it would be an  
16 impact of negative 6.8 million.

17 Q No. What I'm saying is -- yeah.

18 A Right.

19 Q Well, what I'm really saying is, if you're really looking  
20 forward, then you don't come in with a zero -- you don't come  
21 in with a negative starting balance, right?

22 A Well, it does if you're talking about at the end of May  
23 31, '26. Assuming no more money is input by Farm Credit,  
24 looking at our operating budget, by May 31, it would be  
25 negative \$3 million.

1 Q But this is a beginning balance. This is as of January  
2 19th, 2025. That's the original cash flow base model.

3 A No, Mr. Collins. This is showing the end of that time  
4 period. This is showing where, where the --

5 Q Okay.

6 A -- where the estate would be without any more Farm Credit  
7 money, operating as it is currently operating. At the end of  
8 May, it would be negative \$3 million in the bank, essentially,  
9 right? And then you see --

10 Q I got you.

11 A -- adjustments made for that.

12 Q I got you. Well, so if we look at that, so in the  
13 original cash flow model, that includes receivership fees. It  
14 might include payment on past obligations, like TDG?

15 A I'm not sure I understand your question.

16 MR. COLLINS: Well, so in your original cash flow  
17 model -- let's pull up -- pull up the Newpoint. That is --  
18 yes. So let's find out where this is as an exhibit. What is  
19 this?

20 MR. BUCHMAN: This is Exhibit 5 for the movants.

21 THE WITNESS: I think maybe I can clarify. We've  
22 tried to zero out the things that would go away, if that's  
23 what you're asking me. If you look at that other chart, we  
24 tried to -- like, you'll see that we took out receivership  
25 expenses, for example, right?

1 BY MR. COLLINS:

2 Q Well, not, not -- if you're using -- let's look at the  
3 exhibit that's before you. Is this the exhibit -- or is this  
4 the -- now, granted, this is -- we don't have the most current  
5 one that they've done that I assume you're relying upon,  
6 because you haven't provided that because -- even though we've  
7 asked. But this is the December 10th one that was prepared by  
8 Newpoint, correct?

9 A That looks to be what it is.

10 Q Yeah. And so this is what that -- are you saying this --  
11 it may not be this exact one, but it's the -- this, you know,  
12 form in the future that is forming the basis of your base cash  
13 flow number?

14 A That's right. That's right. If you played, if you  
15 played the projections forward through May 31, that's what it  
16 is.

17 Q And so if you look down at the bottom, you've got non-  
18 operating disbursements. Do you see that?

19 A I do.

20 Q And that includes receiver fees?

21 A It does.

22 Q And then if you -- would also payments to TDG be  
23 reflected and Tennessee Distilling Group be reflected on this  
24 cash flow chart?

25 A Yes, but you would still have payments to TDG if the

1 receivership were to go away, because there's --

2 Q Well, I'm talking about, I'm talking about payments that  
3 were for debts that were incurred prior to the receivership.

4 A Yes, that would, that would be, that would be included.

5 Q Yeah. So if you -- and how much has been paid to  
6 Tennessee Distilling Group? I can refresh your memory. About  
7 1.5 million?

8 A I was about to say between a million and 2, but I was  
9 trying to do the math in my head.

10 Q About 1.5 million?

11 A That sounds about right.

12 Q And then how much has been paid in receiver fees?

13 A I don't know. It's in the -- it's in the report.

14 Q You don't -- I mean, do you have a ballpark of what it  
15 is?

16 A I know it's under what was budgeted. That's what I care  
17 about.

18 Q Okay. Was it -- I believe that number is approximately  
19 2.4 million. Does that sound about right?

20 A With consultants? Consultants too?

21 Q Everything, yeah.

22 A Yes, that's probably right.

23 Q Okay.

24 A Yeah.

25 Q So if you take 2.4 million and you add 1.5 million to it,

1 what do you get?

2 A 3.9.

3 Q 3.9 million.

4 A You're challenging my math skills.

5 Q So if we go back to the other exhibit, Receiver's Exhibit  
6 A, subpart 4, page 2, and we add \$3.9 million to that original  
7 cash flow number, what do you get?

8 A No, we're not adding 3.9 because, again, this is a  
9 forward looking model. The TDG payments have already been  
10 made.

11 Q I know. But you have to -- it has to be starting  
12 somewhere, right? Because these numbers don't total up. The  
13 numbers below the original cash flow line, they don't total up  
14 to negative 9 -- 9 million.

15 A I don't know. I don't have a calculator here. It looks  
16 like it does to me, but --

17 Q You would have to add back the 3.9 million, and you would  
18 end up with a starting -- the starting number would be  
19 positive \$900,000?

20 A No. We've already added it back, 2.5. This is  
21 assuming -- I'm not sure I understand your question, but let  
22 me tell you what this chart is. This is assuming on January  
23 19th, which is -- obviously we're past that today. But this  
24 is assuming on January 19th, this Court were to terminate the  
25 receivership, what is the net financial impact from January

1 19th through May 31?

2 And honestly, I mean, it's really simple if you look at  
3 it. What we've done is, because this Court has stayed certain  
4 obligations, we have to add -- because if the receivership  
5 goes away, the stay goes away. So you have to add back in  
6 those things. You have to add the Farm Credit P&I loans to  
7 the negative, right? That's a negative impact. And then we  
8 take out because a positive impact would be no professional  
9 fees, and we have a positive impact of increased sales of \$1.8  
10 million, which is what the projections we've been given were.

11 Q Well, again, we're talking about operating cash flow,  
12 correct? Isn't that what this is about? Right?

13 A That's right.

14 Q So when we talk about operating cash flow, you do add  
15 back the professional fees, but the principal and interest  
16 payments to Farm Credit are not operating cash flow items,  
17 correct?

18 A Yes, they are. They would be, they would be debits that  
19 would be required if this Court were to lift its order.

20 Q Well, only if the Court required the payment. I mean,  
21 that's a pre-receivership number, correct?

22 A No, only if the Court were to lift the stay.

23 Q The bank's collection action is the underlying lawsuit in  
24 this case, right?

25 A That's right.

1 Q Okay. Is there an order that says that they have -- that  
2 we have to pay that judgment before it's even rendered?

3 A There's a note.

4 Q But it's part of this litigation, so it wouldn't be paid?

5 A If you say -- that's for the Court to determine.

6 Q Is that operating cash flow, though?

7 A Yes. Payment of principal and interest payments is part  
8 of operating cash flow.

9 Q Okay. Well, we'll talk about that. The -- and the  
10 stayed vendor payments, again, these are -- we're talking  
11 about pre-receivership stuff. This is historical debt, right?

12 A That's correct.

13 Q Okay. And so when we talk about -- when I talk about  
14 operating cash flow, and why I'm asking the question, I'm  
15 talking about does the company have -- generate enough money  
16 from current operations to pay current debts.

17 A No.

18 Q That's what I'm -- you can't say no. I'm stating what  
19 my --

20 A Okay. I thought you were asking me a question.

21 Q No, no. I'm asking you -- I'm saying that when I ask you  
22 about operating cash flow, that's the definition I'm using,  
23 right, of can the company generate enough revenue from current  
24 operations to pay its current debts.

25 A As they're accruing.

1 Q As they're accruing.

2 A Okay.

3 Q Okay. And so when -- you know, I understand that there  
4 are historical debts that have to get paid at some point, and  
5 that's, I think that's the difference of what I'm trying to  
6 have you testify about is this chart includes the payment of  
7 historical debts. It is not a current cash flow analysis.

8 A Right. That's right. This is assuming the stay is  
9 lifted and that other debt has to be serviced.

10 Q Correct. And the service of that debt is a function of  
11 whether the company has agreements with those vendors, for  
12 example?

13 A Sure. Right.

14 Q Right. So when this case was filed, how many vendor  
15 lawsuits were pending?

16 A One that I'm aware of.

17 Q Which one was that?

18 A It was in Oregon.

19 Q Okay. So you said that there is, like, 50 million of  
20 vendor debt or unsecured debt?

21 A It's actually more than that --

22 Q Okay.

23 A -- as of last week, when Advanced Spirits gave me a  
24 demand.

25 Q And so isn't it interesting that there isn't -- there

1 weren't any lawsuits pending?

2 A No.

3 Q Isn't that unique, I mean, to have that much vendor debt  
4 and have no lawsuits?

5 A No.

6 Q And were they all current?

7 A No.

8 Q And so why do you think it was that there were no  
9 lawsuits being filed?

10 A I don't know the answer to that.

11 Q Would it surprise you if the management of Uncle Nearest  
12 had just made arrangements with these vendors?

13 A No, that wouldn't surprise me at all.

14 Q Okay. Is it not conceivable that those arrangements  
15 would continue once the management got back in control?

16 A I don't know how to answer that other than to say, based  
17 on the correspondence I've gotten from vendors, I would say  
18 that the answer to that is no.

19 Q But you don't know that the answer to that is no?

20 A Of course not.

21 Q Okay. And you haven't asked them that question?

22 A Have I asked them whether they plan to sue --

23 Q No.

24 A -- if the receivership were terminated?

25 Q Whether they would be agreeable to terms with the debtor

1 post-receivership.

2 A No. That's not my job as receiver to ask about what  
3 would happen post-receivership.

4 Q Understood. Understood. But you don't know the answer  
5 to that question?

6 A I do not know the answer to that question.

7 Q Okay. Let's turn to paragraph 30 of the receiver's, of  
8 again Exhibit A to the receiver. This is just Exhibit A,  
9 paragraph 30.

10 Let's see. Okay. I believe in paragraph 30 you indicate  
11 that the total debt of the company is approximately \$164  
12 million; is that correct?

13 A That was correct at that time. That's right.

14 Q Okay. And are you aware that the company's management  
15 disputes some of those debts?

16 A I've read it in your papers.

17 Q Okay. Has your team audited the debts of the company to  
18 determine the validity of them?

19 A We've audited them in the sense that we've tried to clean  
20 up the books, so if there were, you know, there were  
21 conflicting numbers or that kind of thing. Have I gone  
22 through to determine whether or not 1.1 million is actually  
23 owed to Dash Funding or whether it's 900,000? No, I have not.

24 Q Okay. And you haven't sent out letters to the vendors  
25 seeking confirmation that they're owed?

## Young - Cross

1 A No, not at all. And, in fact, you know, what this, what  
2 this is, just for clarity, is as we would get demands from  
3 creditors that were not on the AP list, we would include them.

4 Q Okay. So at this point in time, that is just an estimate  
5 of debt?

6 A That's right. And I will add, Advanced Spirits last week  
7 made a \$45 million demand on their account. So actually my  
8 number today would be more like 99 million. I noted in the,  
9 in the affidavit that that was a contingent liability, that  
10 they had not given me a number, and last week they gave me a  
11 number of 45 million.

12 Q Now that is offset by the barrel inventory that they  
13 hold?

14 A In theory. That would be my argument.

15 Q Right.

16 A You read my mind because, because that would be  
17 something, if we get to -- when we get to the point of  
18 reconciling that, I agree. If we're going to pay \$45 million,  
19 we want the 20,000 barrels back, right?

20 Q Exactly. And if those --

21 A But I'm just telling you that's what their demand is.

22 Q Yeah, yeah. So we don't know that that's -- we don't  
23 know what the number of that debt is?

24 A I would actually say you need to reduce it by the value  
25 of 20,000 barrels.

1 Q Correct.

2 A Or Uncle Nearest would need to accept the 20,000 barrels.  
3 But I'm just telling you what their demand was.

4 Q And the demand, the actual loan documents themselves  
5 don't require any payment for several years still, correct?

6 A That's right. They declared a default.

7 Q They declared a default?

8 A Right.

9 Q Because of why?

10 A Because we did not make the payments during the  
11 receivership because it was an upside down deal.

12 Q Exactly, right. Well, it's only -- so the receivership  
13 failing to make the payments on that debt is what caused the  
14 default?

15 A Yeah. Do you want to know why we failed to make the  
16 payments?

17 Q I'm just saying, you're basically saying that we've got  
18 this additional debt, but in fact it's the receivership that  
19 caused that demand to be made?

20 A That's right.

21 Q Okay.

22 A It was a bad contract, though. That's why. It was not  
23 an advisable contract.

24 MR. COLLINS: Okay. I would move to strike that,  
25 Your Honor. That wasn't responsive to a question.

1 THE COURT: Just let's move on, Mr. Collins.

2 MR. COLLINS: Okay.

3 THE COURT: Let's keep the back-and-forth to a  
4 minimum, gentlemen, okay?

5 BY MR. COLLINS:

6 Q On page 17 of your affidavit -- so move to 17. It's down  
7 a bit.

8 You indicate that "Initially, I was optimistic about the  
9 prospects of an aggressive sales price because the Company had  
10 reported revenues of \$75 million for 2024 and there seemed  
11 excitement about the Uncle Nearest brand."

12 Do you see that?

13 A I do.

14 Q Okay. And you continued to believe -- at least as late  
15 as October '25, you continued to believe that, correct?

16 A I sure did.

17 Q Yeah. And was it your opinion at that time -- or  
18 actually, in this same document, I think you indicate that the  
19 word you were getting was that the value of spirit companies  
20 ranged from a two times multiple to a 15 times multiplier of  
21 revenue, correct?

22 A Adjusted revenue, yes.

23 Q Adjusted revenue?

24 A Yes, correct.

25 Q And what is adjusted revenue?

1 A My understanding, and I'm not a spirits expert, but my  
2 understanding from spirits experts is that you have to take  
3 revenue and back out some taxes and then you back out sort of  
4 bulk sales.

5 Q So it's based primarily on case sales?

6 A That's right.

7 Q Correct? Case sales?

8 A Right, right.

9 MR. COLLINS: And so let's refer to Larin Exhibit 5.  
10 So if you look at the bank's -- can we pull up -- do we have  
11 the number for Larin's Exhibit 5? That is --

12 (Off-the-record discussion between Mr. Collins and  
13 Mr. Buchman.)

14 BY MR. COLLINS:

15 Q Are you -- have you seen this document?

16 A I've seen parts of this document.

17 Q Okay.

18 A I've not seen it as part of Mr. Larin's affidavit  
19 because, again, I didn't look at it.

20 Q You didn't review Mr. Larin's affidavit?

21 A I did not.

22 Q Okay. But you have seen this document?

23 A I've seen pieces of the Keystone document in the company  
24 records.

25 Q And so you never received a copy of this document?

1 A No.

2 Q Okay. Then we'll move on.

3 This, I believe this document has been admitted into  
4 evidence by the -- as part of our stipulations. So I'm going  
5 to turn to page 8. So this is page 8 of the document. Do you  
6 see that?

7 A I do.

8 Q And so this chart shows the M&A activity in the spirit  
9 industry and gives some examples of M&A transactions. Do you  
10 see that?

11 A I do.

12 Q And it points out several transactions recently,  
13 including, you know, if we look at Aviation Gin, it sold in  
14 2020 for a 24 times revenue multiple. Do you see that --

15 A I do.

16 Q -- on the side? And Proper No. Twelve sold for \$600  
17 million at a 12 times revenue in 2021?

18 A I see that.

19 Q And then Don Papa Rum sold for a 12.5 revenue multiple in  
20 2021 as well. You see that?

21 A Yes, I do.

22 Q And then to the left of that, it basically shows the  
23 revenue multiples at various, at various revenue numbers?

24 A I see that.

25 Q And so at 40 you indicated that the -- that in 2024, the

1 revenue of the company, effectively the adjusted case sale  
2 revenue, maybe with some other adjustments for taxes, perhaps,  
3 was around 40 million?

4 A That's right.

5 Q And so --

6 A Before tax adjustments, but, yes, 41 million.

7 Q So as of the end of -- if you applied the lowest revenue  
8 multiple here, the 12 times multiple -- which is still within  
9 the range that you had indicated, correct, in your affidavit?

10 A Originally, the two to 15 times, yeah.

11 Q Two to 15?

12 A Right.

13 Q It would be in the range of \$480 million?

14 A If you could get 12X, yes.

15 Q Okay. So what do you indicate the sales for 2025 were,  
16 approximately?

17 A About 25 million.

18 Q About 25 million. So if you got a 12 times multiple on  
19 25 million, that would be \$300 million, correct?

20 A That's right, if you got a 12 times.

21 Q And even if, even if you got lower than that, you could  
22 easily be above 200 million, correct?

23 A Depends on what the multiplier is, right.

24 Q Yeah. If, in fact, you could get \$300 million, that  
25 would make the company solvent, correct?

1 A I'm doing some math in my head. Sorry.

2 MR. CAMPBELL: Your Honor, I'm going to object to the  
3 question on speculation. And this is not a motion to sell  
4 hearing, so I'm not sure know what this goes to.

5 THE COURT: Overruled.

6 Just answer if you can answer it. If you know the  
7 answer --

8 THE WITNESS: I've done the math. I've done the  
9 math. The answer to that is yes.

10 THE COURT: I'm sorry. What was your answer?

11 THE WITNESS: The answer is yes with the assumptions  
12 that he's asked me to make.

13 THE COURT: All right. Thank you.

14 BY MR. COLLINS:

15 Q You point to, I think, in that same paragraph 36 -- let's  
16 go back to, yeah, 36. I'm sorry. Let's see. You point to  
17 several factors affecting the appropriate multiplier. Do you  
18 see that? I think it's --

19 A Yes.

20 Q It says, "However, many" -- let's see.

21 A Yeah, I see it. And I have some recollection of that  
22 paragraph.

23 Q And it's right there at the top, actually.

24 A Right.

25 Q And so what you say is size of business, trajectory of

1 growth, brand appeal, and availability of other brands in the  
2 market, correct?

3 A That's right.

4 Q Okay. And where did you get that information from?

5 A In discussions with Arlington and Thoroughbred.

6 Q Okay. So if we look at the size of business -- let me  
7 see that Keystone document.

8 If we go back to page 8, so if we look, for example,  
9 again at Aviation Gin, so Aviation Gin sold for 610 million  
10 based on a 24 times multiple. So if you divided 610 by 24,  
11 you would get basically their adjusted --

12 A Their adjusted revenue.

13 Q -- sales, yeah. Revenue number, right?

14 A Right.

15 Q And so that means that their sales were \$25.4 million at  
16 the time of that sale. Does that make --

17 A I'm going to trust your math.

18 Q Yeah. So, yeah, so trust my math on it. I appreciate  
19 that.

20 A I'm going to trust your math. I don't have a calculator.

21 Q I did use a calculator when I did it.

22 A Okay.

23 Q And then Don Papa Rum sold for \$280 million at a 12 and a  
24 half times revenue. And if you divide 280 by 12, you get  
25 about 22.4 million in sales.

1 A Okay.

2 Q So those, those are basically similar size revenue  
3 numbers to what we even have now, not counting 2024. That's  
4 basically what was done in 2025, correct?

5 A Yes, and not counting the time difference between 2021  
6 and 2026.

7 Q Correct. Understood. You also mentioned trajectory of  
8 growth as a factor, correct?

9 A That's right.

10 Q So that trajectory was upward prior to the receivership,  
11 correct?

12 A No.

13 Q And we're talking about sales growth. You say the sales  
14 growth was not on an upward trajectory prior to --

15 A Correct.

16 Q And what do you base that on?

17 A Well, based on what I know the reported 2023 sales were,  
18 revenues were -- which we don't have the record. I've been  
19 really clear about that. We don't have the records. We've  
20 not been able to go back and reconcile that number. But  
21 actual 2024 numbers were less than reported 2023 numbers, and  
22 then obviously 2025 is below 2024.

23 Q Did you evaluate that in Park Street?

24 A No.

25 Q Okay. So wouldn't Park Street be independently

1 verifiable information?

2 A Yes.

3 Q Okay. So if Park Street showed that 2024 was actually  
4 higher than 2023 --

5 A That would be the best source.

6 Q Okay. And so if I were to show you -- let's pull up Park  
7 Street.

8 A If you tell me that Park Street was higher in '24 than  
9 '23, then I would say, yes, that was a growth.

10 MR. COLLINS: Okay. I think it's in our rebuttal  
11 exhibit. It's Park Street --

12 MR. BUCHMAN: Depletion.

13 MR. COLLINS: It's not the depletion scorecard. It  
14 is the sales comparison.

15 BY MR. COLLINS:

16 Q Okay. And there's a better printout on paper. It  
17 doesn't show up as well on the screen.

18 A I've not seen this, but I'm going to take your word for  
19 it. If you tell me that 2023 is higher than 41 -- I mean, is  
20 lower than 41 million, I'm going to take your word for it.

21 Q Well, I'll show you these numbers. And these are printed  
22 out from Park Street. This is -- you can see that 2020 -- you  
23 can't see it on the screen, but it's available on the print.  
24 This is the 2023 number at 25,309,003, for 2023.

25 A Okay.

1 MR. COLLINS: And then if we scroll to the -- provide  
2 it to the Court as well, although I think you -- yeah.

3 Your Honor, may we approach and provide Your Honor a  
4 copy, a readable copy?

5 THE COURT: What exhibit is this?

6 MR. COLLINS: This is a rebuttal exhibit, so it's  
7 premarked as Exhibit 29. Exhibit 29. So it isn't in the  
8 exhibits. This is just rebuttal.

9 THE COURT: Have you shown it to the other side?

10 MR. COLLINS: We just gave them a copy.

11 THE COURT: All right.

12 MR. CAMPBELL: I don't know how it says what  
13 Mr. Collins thinks it says or verifies that it came from where  
14 he says it came from.

15 THE COURT: Well, he can ask his witness about it.

16 MR. COLLINS: We'll have testimony. We've got Kate  
17 Jerkens here.

18 THE COURT: He can ask the witness about it.

19 MR. COLLINS: Yeah.

20 THE COURT: Can you not put it on the thing?

21 MR. COLLINS: It's on the screen, Your Honor. It's  
22 just the dates on it aren't visible. They're visible on the  
23 printed copy, but they aren't showing up very well.

24 THE COURT: Okay. Bring it to Ms. Norwood.

25 All right. You want to show this to the witness and ask

1 him some questions; is that right, Mr. Collins?

2 MR. COLLINS: Sure.

3 THE COURT: You're not approaching. She is. All  
4 right. Thank you.

5 Ms. Norwood, give it to the witness. Thank you.

6 THE WITNESS: Thank you.

7 BY MR. COLLINS:

8 Q Have you ever gotten into the Park Street yourself?

9 A No.

10 Q So you don't --

11 A No. Other people have.

12 Q Kate Jerkens is here and she can testify as to this, but  
13 this is -- so if you were to -- if this were proven to be true  
14 Park Street numbers through her testimony, 25 million is shown  
15 there for 2023. You see that?

16 A I do.

17 Q And then if you scroll to the next page -- let's go to  
18 the next page -- this is the 2024 number from Park Street at  
19 34,954,000, so a significant increase?

20 A If -- right. Assuming that these are the Park Street  
21 numbers, that's right.

22 Q So from 2023 to 2024, at least from Park Street numbers,  
23 there was significant growth for Uncle Nearest, assuming again  
24 that we verify this is correct?

25 A And assuming that this is a complete report, yes, right.

1 Q And there are other parts of sales that go on too. So  
2 there could have been bulk whiskey sales and some other things  
3 that happened, but in terms of case sales growth, that's what  
4 this is reflecting, correct?

5 A Right. Park Street captures most of the case sale  
6 growth.

7 Q In terms of performance in the market, case sales is more  
8 determinative of that than bulk whiskey sales, correct?

9 A I would agree.

10 Q Yeah. And then so that represents 2024. Now I think you  
11 testified that 2025, the first part of 2025, you had questions  
12 about whether, you know, it was going to be as good as 2024,  
13 correct?

14 A That's right.

15 Q Okay. And in terms of your experience now with the  
16 industry, what are the strongest and weakest quarters for a  
17 brand?

18 A My understanding is that the strongest quarter is Q4 and  
19 the weakest quarter is Q1.

20 Q Okay. So, and so the bulk of the sales for a spirit  
21 brand, the highest volume of sales occurs in Q4, as they call  
22 it, October, November, December, correct?

23 A Right. I'm not sure it's more than 50 percent for the  
24 year, but it's the largest quarter.

25 Q Correct. And you know what depletions are, correct?

1 A I do.

2 Q Okay. And do you understand how -- well, tell me, in  
3 your own words, just to make sure we understand exactly what  
4 they are.

5 A Yeah. My understanding -- again, not being a whiskey  
6 expert, right, spirits expert, my understanding is that  
7 depletions are when cases are sold out of the stream from the  
8 distributor and then replenished.

9 Q To the retailer?

10 A Right.

11 Q So the distributor sells to the retailer, and that's a  
12 depletion?

13 A That's the way I understand it.

14 Q And in terms of how the distributor has a product to  
15 deplete, the distributor buys from the distilleries?

16 A Correct.

17 Q Okay. And so in terms of revenue for the distillery,  
18 that sometimes becomes a function of the pull-through, the  
19 depletion pull-through from the distributor, correct?

20 A That's my understanding, right.

21 Q And if the distributor has a lot of inventory, they're  
22 going to wait. Before they order again from the distillery,  
23 they're going to wait until they get the demand pull-through  
24 from the retailer?

25 A Correct.

1 Q So when we think about the health of a brand, we think  
2 about the health of a brand at the retail level because that's  
3 the source of the whole chain, right? If you get demand at  
4 the retail level, the retailers then buy from the  
5 distributors, and the distributors then buy from the  
6 distilleries?

7 A Right.

8 Q Correct. And if there isn't a whole lot of pull-through,  
9 there isn't a whole lot of demand at the retail side, the  
10 distributors don't order because they already are sitting on  
11 supply?

12 A Right, or if the distributors have already ordered too  
13 much product.

14 Q Exactly.

15 A Right.

16 Q And so in terms of timing of revenues, a lot of that is  
17 kind of based on just the dynamics between the retailer and  
18 the distributor, in terms of what they already have in  
19 inventory?

20 A That's right.

21 Q Right. And so when we talk about whether a company is on  
22 the incline or whether it's on the decline, the distributor  
23 orders don't tell the whole story, correct?

24 A I would agree with that.

25 Q Yeah.

1 A Right.

2 Q And so you really do have to look at what's happening on  
3 the retail level?

4 A At least to some extent, I agree.

5 MR. COLLINS: Okay. So let's do -- let's look at  
6 Exhibit 10. Okay. And actually let's pull, pull the Nielsen  
7 data. What exhibit is that?

8 MR. BUCHMAN: 6.

9 MR. COLLINS: Yeah, yeah. Okay.

10 BY MR. COLLINS:

11 Q Okay. Have -- do you ever look at the Nielsen numbers?

12 A I don't personally, no.

13 Q Do you know what Nielsen is?

14 A I do know what Nielsen is.

15 Q Do you know what Nielsen tracks?

16 A I do know what Nielsen tracks.

17 Q Okay. So Nielsen tracks through certain sources, right?  
18 It's not a complete set of sources in the industry recognized?

19 A Correct.

20 Q But it tracks retail sales of whiskey brands?

21 A Among certain stores and chains and things, yes.

22 Q Right, exactly.

23 A Correct.

24 Q And would you agree it's most reliable when you're  
25 talking about, you know, the bigger distilleries that have

1 50-state distribution?

2 A I don't know that I would say that.

3 Q If you don't know, that's fine. That's fine.

4 If we look at -- so now pull the next exhibit, Exhibit  
5 10.

6 So basically taking the data that's on those Nielsen  
7 charts, this is a summary of that Nielsen data. From a  
8 trajectory of growth standpoint at the retail level, what's on  
9 this chart -- and it's listed as Exhibit A, but this is our  
10 Exhibit 10 -- it basically shows Uncle Nearest's dollar  
11 growth, based on Nielsen, you know, the percentage growth; it  
12 shows the market growth, which is the American whiskey sector  
13 growth; and then it shows the difference.

14 So, as you can see, January through July of 2025, Uncle  
15 Nearest's growth was significantly higher. It was positive,  
16 actually, wasn't it, in every, in every month?

17 A That's what this chart indicates, yes.

18 Q And the market, on the other hand, was actually down in  
19 each of those months, correct?

20 A That's what this says, yes.

21 Q Okay. And the difference is then shown in that. The  
22 difference between Uncle Nearest's growth versus the market  
23 growth is the delta that's calculated there.

24 So based on the Nielsen numbers, wouldn't you say that  
25 Uncle Nearest was a growing company through the first part of

1 the year?

2 A Relative to the market?

3 Q Correct.

4 A Yes.

5 Q So the growth number that's reported is a year-over-year  
6 growth, right? So it reflects -- so for January, for example,  
7 this shows that, as compared to January 2024, Uncle Nearest  
8 was up 30.2 percent on its own, year over year?

9 A I don't know what it's compared to, but --

10 Q Yeah. It compares to the prior year. It's a year-over-  
11 year chart.

12 If you go back to Exhibit -- yeah.

13 So each of these, each of these are compared for year  
14 over year for each of these brands. And so what this chart  
15 shows is basically all -- you can see them all, Woodford,  
16 Maker's, Buffalo Trace. It shows that in -- on this  
17 particular chart, it shows on January -- as of January 25th,  
18 2025, Uncle Nearest was the 28th largest, in terms of Nielsen  
19 numbers tracking, was the 28th largest American whiskey brand,  
20 because I believe this is just all American whiskey is what's  
21 on this. So it includes bourbon. It includes Tennessee  
22 whiskey. But each one of these show -- the red and the green,  
23 it shows the brands that are positive and the brands that are  
24 negative in terms of year-over-year growth.

25 Okay. So go back to -- so this chart again kind of shows

1 the pre-bank lawsuit. The lawsuit was filed in July, as  
2 I under -- I think that's right. August 2025, Uncle Nearest  
3 was still, still up 7.2 percent in August.

4 A That's what it says.

5 Q Yeah. And the market was still down in August?

6 A .6, yes.

7 Q So there's still a healthy delta showing that Uncle  
8 Nearest was still performing strong at the retail level,  
9 correct? Again, assuming the chart is correct.

10 A Assuming the chart is correct.

11 Q After the appointment of the receiver, this is what  
12 Nielsen shows. It shows that in September we underperformed  
13 the market. The market was down 6.8 percent. We were down  
14 8.2 percent. And then each month after that, including  
15 January, which just came out, the performance is getting  
16 substantially worse --

17 A That's what it shows.

18 Q -- at the retail level. And again, assuming this chart  
19 is correct and the underlying data is correct, that's what  
20 Nielsen is showing, correct?

21 A That's what it shows.

22 Q Okay. So this all started when we were talking about  
23 multiples, right? So in terms of an applicable multiple, if  
24 we were selling this company in July of 2025, when we're on an  
25 upward trajectory as compared to the market, wouldn't that

1 demand a higher multiple?

2 A I think you've asked me to assume a lot. But assuming  
3 that, yes.

4 Q Okay. And now when we're in January and we're on a  
5 downward trajectory, that would presume a lower multiple?

6 A I mean, that logic follows.

7 Q Okay. And if the company were able to reverse that  
8 trajectory again and begin to grow, we would then be talking  
9 about a higher multiple again, correct?

10 A I think it would have to show some sustained growth, but  
11 I agree in general with your premise.

12 Q So I think the final thing in terms of the applicable  
13 multiple, you were talking about the availability of other  
14 brands in the market. In terms of Tennessee whiskey, that is  
15 a much smaller segment than Kentucky bourbon, for example?

16 A That's right.

17 Q Right. So --

18 A But they're related.

19 Q They -- people who drink Tennessee whiskey also drink  
20 bourbon?

21 A Usually.

22 Q Maybe not at the same time, hopefully.

23 Let's see. So, again, if we're looking at July, if we're  
24 looking at pre-receivership and we're thinking about  
25 multiples, we're -- this company was at a much higher

1 potential multiple just prior to the filing of the lawsuit and  
2 the receivership than it would demand at this point, in your  
3 opinion?

4 A I'm not sure I agree with that only because of lack of  
5 profitability.

6 Q But does profitability come into play? That's not part  
7 of the multiple process, correct?

8 A It's not directly part of the multiple process, but I  
9 think when people look at due diligence, yes, it comes into  
10 play when you're figuring multiples.

11 Q Let me ask you this: Is it your understanding that when  
12 a company such as Diageo or Brown-Forman purchases a brand,  
13 they are purchasing it thinking that they're not going to take  
14 over the operations and manage the brand themselves?

15 A I'm sure they're thinking they can make it more  
16 profitable, if that's your question.

17 Q Yeah. And so in terms of the most likely buyers of this,  
18 they are not financial buyers, right? They are strategic  
19 buyers?

20 A I don't think I agree with that.

21 Q Okay. If they were -- well, we can probably get this  
22 from Arlington. But if they were strategic buyers, they would  
23 be less concerned about profitability, correct?

24 A I think that follows. I understand what you're asking.  
25 I think that follows.

1 MR. COLLINS: Turn to page 36.

2 I'm trying to skip through, Your Honor, and kind of move  
3 this along.

4 BY MR. COLLINS:

5 Q You state in your affidavit some reasons why you changed  
6 your feelings about value as the case has gone, and the first  
7 thing is you say my -- and this is I think in paragraph --  
8 let's see.

9 I think we're still on -- we're on paragraph 36 in his  
10 affidavit. And scroll one more down. Scroll down to the  
11 bottom of 17.

12 So in subparagraph -- in footnote 8 of your affidavit,  
13 you indicate that, you know, "The Weaver Parties acknowledge  
14 the state of the spirits industry, and argue it's not a good  
15 time to sell whiskey-related assets."

16 You say you agree with that but that it's effectively the  
17 only option?

18 A That's right.

19 Q Okay. So in terms of it being the only option, what  
20 efforts did you take to evaluate the ability to restructure  
21 the debt of this company?

22 A I considered a lot of things. We made a lot of  
23 reach-outs to parties about refinancing debt. I considered  
24 whether we could put this into Chapter 11 and reorganize it  
25 without a buyer through Chapter 11.

1           Ultimately, the problem with any of those options was  
2 that if the company is not cash flow positive without  
3 servicing any debt currently, then even incremental increases  
4 in debt service would kill a Chapter 11 plan, for example, or  
5 would dissuade -- what we found is it has dissuaded anybody  
6 from refinancing the debt.

7 Q       Did you and your advisors put together a business plan  
8 for the company?

9 A       No.

10 Q       Okay. In terms of doing a Chapter 11, wouldn't that be  
11 kind of the first thing you would do, in terms of evaluating  
12 whether the company was viable moving forward, create an  
13 evaluation of the company and a business plan for it?

14 A       No.

15 Q       Why do you think a business plan would not have been  
16 needed in this case?

17 A       Because the numbers were self-evident. It was losing  
18 money without any debt service. If you add any debt service,  
19 even if there was some world where we could cram down the  
20 secured debt and get rid of the unsecured debt, come up with a  
21 plan, it could not service the debt.

22 Q       But the only way you can determine, as a restructuring  
23 professional, whether in fact that can happen is not just to  
24 look at current cash flow. It's a function of creating a  
25 business plan that evaluates future cash flow, correct?

1 A I disagree with that.

2 Q So it's your understanding that, in a reorganization, you  
3 only look historically to determine whether there's viability,  
4 you don't look to the future?

5 A My understanding, based on doing this for 25 years, is  
6 that you have to show a track record that then creates the  
7 reasonable likelihood that you can hit projections going  
8 forward.

9 Q But couldn't a Chapter 11 plan be created, right, where  
10 you put the company back on an upward trajectory and the plan  
11 is then a refinance after you now get that multiple that the  
12 company would have gotten prior to, prior to? Couldn't that  
13 be a legitimate reorganization strategy?

14 A If the numbers worked, it would be.

15 Q And that was not explored?

16 A No. It was explored. I was just explaining to you, the  
17 numbers won't work here.

18 Q So you don't even think there is a possibility for some  
19 interim financing to get the company moving again in a  
20 positive direction, obtain the higher multiple in a structured  
21 sale process that is not a fire sale, that that could not lead  
22 to a better price in a sale process?

23 A What I'm telling you is that we could not find any other  
24 source of lending in this case.

25 Q But you only looked at lending to take out the Farm

1 Credit debt, correct?

2 A No. We cast a broad net.

3 Q And so you couldn't find anybody -- you have some  
4 unencumbered assets, correct?

5 A No, not in my opinion.

6 Q So does somebody have a lien on -- does Farm Credit have  
7 a lien on the cognac assets?

8 A No, but its assets were used to purchase the cognac  
9 assets, which I think then --

10 Q That doesn't create a lien?

11 A No, it's not a lien. So if you're talking about --  
12 that's the only, that's the only asset that I'm aware of --  
13 I'm thinking. But it's the only asset that I'm aware of in  
14 the portfolio that does not have a lien. That doesn't mean  
15 that I'm free to do whatever I want to do with those funds for  
16 the receivership. That's not what that means. But I agree  
17 with you, there is not a lien on the cognac chateau.

18 Q All right. So it isn't -- it is not their property to  
19 get -- they don't have a right --

20 A They don't have a lien.

21 Q -- to the proceeds of that any better than any unsecured  
22 creditor, correct?

23 A I'm not sure I agree with that, again, because I can  
24 trace the funds.

25 Q I don't want to waste too much time on that. So is there

1 a scenario where equity financing -- did you pursue an equity  
2 infusion in order to bridge this and get the company back to  
3 an upward trajectory?

4 A No.

5 Q Okay. In your change about the feelings of value, you  
6 indicate -- I believe it's in the same paragraph -- that "My  
7 accounting team determined that the actual revenues for 2024  
8 were only 41 million, and 2025 revenues are expected to be  
9 less than 25 million when totally accounted for."

10 Does that sound right?

11 A That's right.

12 Q Okay. Now, in fact, the case sales of 2024 were actually  
13 known, have been known for a while, right? The question of 70  
14 to 40 is about barrel sales, correct?

15 A Known to whom?

16 Q Well, in fact, it's in this Keystone report. So the  
17 Keystone report -- we'll put this back up. So the -- keep  
18 them in order so I don't get out of whack.

19 So the Keystone report is dated February 11, 2025.

20 A I see that.

21 Q Yeah. And --

22 A I didn't have the Keystone report, just for clarity.

23 Q But you've talked to other professionals in the case that  
24 have analyzed, including Riveron, and got information from  
25 Riveron about the case, I assume, correct?

1 A I've not. My professionals have.

2 Q Okay. But you're testifying as to -- you're working with  
3 your professionals, right?

4 A Sure.

5 Q So, and in doing your affidavit, you have consulted with  
6 your professionals, correct?

7 A That's right.

8 Q Okay. So this is the report from Keystone, and you can  
9 see at the very top -- and I didn't put the highlighting on  
10 this. This was in their report. They are showing sales of 40  
11 million, correct?

12 A I see that.

13 Q Without barrel sales?

14 A Right.

15 Q So this information about what the actual case sales was  
16 has been available. It's been available on Park Street as  
17 well, correct?

18 A Yes.

19 Q Okay. So, in fact, you -- while you state that you  
20 changed your opinion based on, you know, this idea that you  
21 weren't -- you know, the level of sales was misrepresented to  
22 you, that's not exactly correct, right? Because you had  
23 access to the -- you had access to the \$40 million number very  
24 early?

25 A I'm not disputing that I had access to it. I'm telling

1 you that we had not gotten that information. Having access to  
2 it and having actual knowledge are two different things.

3 Q But you -- by the time -- we're talking about late  
4 October, right? You had been -- you had been -- that's when  
5 you said you changed your opinion, right?

6 A Early October. Well, it was sometime during October,  
7 yes.

8 Q Right. And so you had been in the case for more than  
9 five weeks?

10 A That's right.

11 Q And so you hadn't evaluated the 2024 numbers prior to  
12 that?

13 A I had not.

14 Q Okay. You mentioned -- again, I think this is still  
15 in -- go back to the receiver's affidavit, paragraph 36, I  
16 believe we were still on.

17 Scroll down. Is that 36? Yeah.

18 I believe you indicate that the media coverage and the  
19 Weavers' participation is damaging brand viability?

20 A That's what I was told.

21 Q Yeah. Who were you told that by?

22 A It was just feedback from everybody that was reaching out  
23 to me, creditors, shareholders, potential buyers.

24 Q Okay. And so --

25 A That was not my individual opinion. I was trying to

1 report the feedback I was getting.

2 Q And this was happening, again, mid-October time frame,  
3 because that's when you say you changed your opinion on value?

4 A I think, I think it's been increasing throughout the  
5 case. So, yes, I think it really began picking up mid-  
6 October.

7 Q Okay. But, again, in your statement, you're saying mid-  
8 October was when you changed your opinion on value?

9 A Right, because in the first few weeks, we were just  
10 trying to balance the budget and pay the bills, and it was not  
11 until after that critical time period passed that we could  
12 look beyond what we needed today.

13 Q Okay. And so you were appointed, and then in 21 days you  
14 filed the motion to clarify?

15 A That's right.

16 Q And in the motion to clarify, you made the suggestion  
17 that there was all this commingling between the company and  
18 these ten entities, correct?

19 A Correct.

20 Q And you hadn't done any investigation prior to filing  
21 that pleading?

22 A That's right.

23 Q Did it surprise you that the ten entities disputed that  
24 they had been commingled with the defendants?

25 A No.

1 Q Okay. So them filing pleadings contesting that was not a  
2 surprise to you?

3 A No.

4 Q Okay. So in October the only -- what pleadings had the  
5 Weavers filed by mid-October that you thought were creating  
6 this issue in the -- with the value?

7 A Nothing in mid-October. I think what I describe here in  
8 the affidavit is that it began to shift in mid-October. My  
9 optimism began to shift in mid-October. But, no, there had  
10 not been any pleadings in the --

11 Q Other than responding to motions to verify?

12 A Right, right, right, which again I was not surprised by.

13 Q And, in fact, the Weavers didn't file anything in this  
14 case about the receivership until the end of November, when  
15 they filed their motion to begin, to have the litigation begin  
16 to move forward?

17 A I think that's right.

18 Q So there isn't -- there weren't pleadings being filed by  
19 the Weavers during this period of time that were causing any  
20 media coverage, correct?

21 A Not mid-October, right.

22 Q Okay. Or, frankly, until the end of November, correct?

23 A That's right.

24 Q You indicate in paragraph 38 that the best indicator of  
25 value is what the market is currently willing to pay, correct?

1 A Correct.

2 Q And so, you know, if we -- if you said, you know, look,  
3 we need to have all our offers in by tomorrow, you know,  
4 everybody put your offer in and that's what we're going to do,  
5 no due diligence, would that be an indicator of the true value  
6 of the company?

7 A No.

8 Q Okay. So the true value of the company is not what a  
9 willing buyer is going to pay today. It's about what a buyer  
10 will pay in an orderly sales process?

11 A That's correct.

12 Q Okay. And the determination of an orderly sales process,  
13 because I know you do a lot of sales, is a function of the  
14 asset, correct?

15 A I would agree with that, yeah.

16 Q And when you're talking about a business, a sale of an  
17 operating business, that process can sometimes take awhile?

18 A It can.

19 Q Okay. And so if you're -- and you started this process  
20 with the sales -- when did you employ them, like Novemberish?

21 A November, I believe.

22 Q November. And they've done a call for offers. They did  
23 their call for offers. When was that?

24 A Well, it was not, it was not a call for offers. It was a  
25 call for initial letters of interest.

1 Q And when was that?

2 A Late December or early January, I believe.

3 Q So 30 days. Had people done significant due diligence?

4 A I think it was like 60 days. But, I mean, yes. I mean,  
5 there's a data room and people had looked in the data room  
6 already.

7 Q But nobody had met with management?

8 A No.

9 Q Okay.

10 A I mean, this was an asset sale, so --

11 Q Correct. But it's a sale of a going concern operation,  
12 correct?

13 A Correct.

14 Q Are you familiar with the term "normalization" when  
15 valuing a company?

16 A Somewhat, yes.

17 Q And do you have a -- I mean, can you even -- you may not  
18 know enough to even state what you think it is.

19 A No. I've heard the term, right.

20 Q Would it surprise you if what normalization is is the  
21 prospect of looking at a company and normalizing for  
22 extraordinary events that are occurring to the company?

23 A That's the way I understand it.

24 Q And so from a valuation standpoint, you would normalize  
25 it by adjusting the value to take away those extraordinary

1 events and kind of see the true --

2 A Right, pluses and minuses. Correct. Yeah, right.

3 Q Would you consider receivership being kind of an  
4 extraordinary event?

5 A Sure.

6 Q In terms of the receivership and the expense of  
7 operation, we've already talked about kind of cutting  
8 expenses. A lot of those expenses that were cut were in the  
9 sales and marketing budget, correct?

10 A Yes. Certainly some of them, yeah.

11 Q Well, and if we look at -- go back -- or go to his  
12 exhibit, the financial statements. I think it's -- this will  
13 be Receiver's Exhibit A, subpart -- keep scrolling down.  
14 Down, down, down. Right here.

15 Okay. So if we look again at -- this is the income  
16 statement that we already looked at. This is Receiver's  
17 Exhibit A, subpart 5.

18 All right. So if we look at line -- so I may be looking  
19 at the wrong exhibit. Let me make sure. Yeah, scroll, keep  
20 scrolling down.

21 So this is -- it's still part of Exhibit 5?

22 MR. BUCHMAN: Yes.

23 MR. COLLINS: So if we scroll down on Exhibit 5 to  
24 sales and marketing expense. Keep scrolling down. Yeah. So,  
25 and scroll all the way down to the very bottom. Should have a

1 total line, marketing. No, no, no. Yeah.

2 BY MR. COLLINS:

3 Q So, yeah. So if we look at that marketing line, so you  
4 see line 6900 at the top?

5 A I do.

6 Q Okay. And you can see -- scroll that page down a little  
7 bit. Yeah, down. The other way, other direction.

8 Okay. So you can see then the dramatic -- so just to  
9 remind everybody that the columns, right, it's Q1, Q2, Q3, Q4,  
10 and then the total for the year.

11 So in Q1, you know, 1.4 million in marketing expense; Q2,  
12 1.15; then it decreases substantially in Q3 to 586; and then,  
13 you know, again down to 217,232. So a pretty massive  
14 reduction?

15 A I would agree.

16 Q And you've already indicated, right, that QND is the most  
17 important sales time of the year, correct?

18 A It's the largest, yes.

19 Q Isn't it safe to say that the reduction of sales and  
20 marketing expense would have an impact on sales during that  
21 period?

22 A Yeah, I think that's safe to say.

23 Q Okay. And that's a pretty massive reduction, correct?

24 It's --

25 A Yes.

1 Q -- an 80-percent reduction --

2 A Yes.

3 Q -- or more.

4 In terms of multiples, right, so if we just assume,  
5 let's say, a six multiple on top-line sales, if we take  
6 an assumption that a dollar of marketing expense might lead to  
7 a dollar of sales, right? Can we just make that kind of  
8 assumption?

9 A Okay.

10 Q If you spend a dollar and you increase sales by a dollar  
11 and then you apply that six multiple to the sales, your one  
12 dollar creates enterprise value of \$6. Does that make sense?

13 A Based on your assumptions, yes, right.

14 Q Yeah. And so when you cut sales by a dollar and you lose  
15 that dollar of -- you cut your marketing expense by a dollar  
16 and you lose a dollar of sales, right, because you've saved  
17 your money but you lost the sales, you've actually decreased  
18 it by the multiple?

19 A I agree, again --

20 Q You've decreased enterprise value by the multiple?

21 A I agree based on your assumptions. That's right.

22 Q And so the strategy of cutting this company back in the  
23 process of a sales process -- I mean, this was a sales  
24 process, right? You were moving towards a sales process,  
25 right?

1 A I would say we were not moving toward a sales process,  
2 honestly, until we realized that there was no reorganization,  
3 there was no refinance options that were going to be  
4 available.

5 Q Well, you were doing it on a dual basis?

6 A That's right.

7 Q Right. So they were happening simultaneously?

8 A Correct.

9 Q Okay. But you were still -- a sales process was in the  
10 works, assuming you couldn't get a refinance, correct?

11 A In November, right.

12 Q In November?

13 A Right.

14 Q And during that period of time, you're slashing -- during  
15 the highest point of the year, right, in terms of sales,  
16 you're slashing the sales and marketing budget. Isn't that a  
17 reason why you're not getting the sales numbers you thought  
18 you were going to get and then the numbers in terms of what  
19 people would offer for the company?

20 A No, I don't think so.

21 Q Okay.

22 A I mean, is it a contributing factor? It could be a  
23 contributing factor, but, you know, you can't spend money you  
24 don't have.

25 Q Right. But ultimately did you ever go to Farm Credit and

1 propose a business plan that said, look, we're going to a  
2 sales process; I need some funding in order to make sure we  
3 keep sales at this level so we can get the multiple and people  
4 are interested in buying?

5 A Did I have that exact, that exact conversation? No.

6 Q Okay. So we're still on this same exhibit. Let's move  
7 to the balance sheet.

8 THE COURT: Mr. Collins, how much do you anticipate  
9 with this witness more?

10 MR. COLLINS: It's hard to say, Your Honor. I'm  
11 trying to skip through and --

12 THE COURT: This is your emergency motion.

13 MR. COLLINS: I'm not sure what time we're at. I  
14 probably -- I'm probably about halfway through, Your Honor,  
15 honestly.

16 THE COURT: All right. Let's take 55 minutes for  
17 lunch. We'll come back, we'll start promptly at 1 p.m.

18 MR. COLLINS: Okay.

19 THE COURT: Okay. I want to see Mr. Collins, counsel  
20 for the receiver, and counsel for Farm Credit for about three  
21 minutes after we recess for lunch.

22 MR. COLLINS: Okay.

23 (Court recessed from 12:08 p.m. to 1:00 p.m.)

24 THE COURT: All right. Mr. Collins, are you ready?

25 MR. COLLINS: I am, Your Honor.

1 THE COURT: Go ahead.

2 MR. COLLINS: I think, a preliminary matter, we got  
3 the exhibits that are the list to go into evidence for the --  
4 that has been agreed to.

5 THE COURT: Okay. Which witness list are these on?

6 MR. COLLINS: This would be our witness list -- or  
7 not our witness list, excuse me, our exhibit list.

8 THE COURT: Okay.

9 MR. COLLINS: I think before the hearing we hadn't  
10 done that.

11 THE COURT: Okay.

12 MR. COLLINS: So, Madam Clerk, are you ready?

13 THE COURT: We're listening.

14 MR. COLLINS: Okay. It is our Exhibit 1 and 2,  
15 Exhibits 4 through 8, Exhibits 10 and 11, Exhibits 14 through  
16 18, Exhibits 20 to 28, Exhibit 30 and 31, Exhibit 34 and 35,  
17 and Exhibits 37 through 39.

18 THE COURT: All right. Is that correct,  
19 Mr. Campbell?

20 MR. CAMPBELL: Your Honor, with the exception of  
21 Number 11. I think Number 11 is that letter of intent.

22 MR. COLLINS: Oh, okay. Yeah, excluding Number 11.

23 THE COURT: All right.

24 MR. CAMPBELL: With that correction, Your Honor,  
25 correct.

## Young - Cross

1 THE COURT: Ms. Liggins?

2 MS. LIGGINS: That's correct, Your Honor.

3 THE COURT: All right. So ordered.

4 MR. COLLINS: So, Your Honor, I think how we would  
5 like to proceed, if Your Honor is amenable, is we would end  
6 with Mr. Young, with the possibility that we might call him  
7 back if we have time at the end of the hearing, if that's  
8 acceptable to Your Honor.

9 THE COURT: Yeah. So you have no further questions  
10 at this time of Mr. Young?

11 MR. COLLINS: We would cease questions with  
12 Mr. Young.

13 THE COURT: Okay. Mr. Campbell, did you have any  
14 questions of the receiver?

15 MR. CAMPBELL: I've got a little bit of redirect,  
16 Your Honor, but I don't know if Ms. Liggins is going to cross  
17 Mr. Young.

18 THE COURT: Ms. Liggins.

19 MS. LIGGINS: I have some questions for Mr. Young,  
20 Your Honor.

21 THE COURT: Okay. Do you want to do that now?

22 MS. LIGGINS: Yes, Your Honor.

23 THE COURT: All right.

24 MR. CAMPBELL: Then I'll redirect following that,  
25 Your Honor.

1 THE COURT: All right. Thank you.

2 CROSS EXAMINATION

3 BY MS. LIGGINS:

4 Q Good afternoon, Mr. Young.

5 A Good afternoon.

6 Q Before we get started, I just want to clear up something  
7 you said in both the first and second quarterly report. You  
8 referenced that you -- and in your testimony -- that you had  
9 signed or entered into a forbearance agreement with FCMA, and  
10 I wanted to make it clear for the record. Did you really mean  
11 the amendments to the credit agreement?

12 A Right. That was a mistake. It was just an amended  
13 credit agreement.

14 Q Okay. And those, those agreements are Exhibits 27 and 28  
15 for FCMA.

16 What were those -- those were for protective advances?

17 A Yes. We give Farm Credit a rolling 13-week budget to  
18 project what the cash needs of the receivership will be and  
19 then, once we agree upon an advance amount, to cover any  
20 shortfall that gets documented with a credit agreement.

21 Q So, so far during the receivership, what have you used  
22 the protective advances to pay?

23 A We have paid off Tennessee Distilling Group because they  
24 had liens on the barrels. We have paid operating expenses,  
25 shortfalls of the receivership. And especially at the

1 beginning there were some significant amounts that needed to  
2 be paid initially in order for vendors to continue doing  
3 business with the estate, and then we've paid professional  
4 fees.

5 Q Okay. And then you testified earlier that you had made  
6 some marketing cuts, sales and marketing cuts. Can you tell  
7 us what kind of cuts those were?

8 A Yeah. It's a lot to travel, honestly. I know that's a  
9 big -- we only cut a couple of employees. We've cut quite a  
10 bit on, quite a bit on travel. And all of those, all of those  
11 cuts were made in consultation with Thoroughbred.

12 Q What kind of travel?

13 A Travel to do tastings or to do bottle signings or things  
14 like that.

15 Q And this is multiple employees that are traveling?

16 A Yes.

17 Q Who is -- is there any employee that travels more than  
18 any others?

19 A Ms. Weaver travels the most.

20 Q Okay. I'm going to just jump right into it. In your  
21 testimony that's in the record, Receiver's Exhibit C, and in  
22 your affidavit, which is Exhibit A, you said that Ms. Weaver  
23 and the management team had initially indicated to you that  
24 the revenue was 70 million for 2024; is that right?

25 A That's correct.

1 Q But you then, in your, I guess, recalculations -- I know  
2 you said you're putting together the financials again -- it  
3 ended up being around, is it 41 million?

4 A That's correct.

5 Q Okay. And that you believe that the 2025 revenue, which  
6 I understand is not complete, but you're estimating or  
7 projecting it's going to be 25 million?

8 A That's right.

9 Q Okay. And then when it comes to the debts, Ms. Weaver  
10 and the previous management team, they had indicated that the  
11 other debt -- when I say other debt, I mean debt other than  
12 the FCMA debt -- was around 10 million; is that right?

13 A I think it was 5 to 10, something in that range.

14 Q Okay. But you've discovered that that debt is actually  
15 50 million?

16 A Well, and now 99 with the Advanced Spirits demand, but,  
17 yes, 54 million excluding that.

18 Q Okay. And in addition to Advanced Spirits, have you  
19 received any other like demands like the Advanced Spirits  
20 demand?

21 A Yes.

22 Q From whom?

23 A A lot of people, WhistlePig, a lot of smaller creditors,  
24 and when I say smaller creditors, you know, 100,000, 200,000,  
25 I mean, some 3,000, right? But a lot.

1 Q Okay. How much was the WhistlePig?

2 A I think it was between 4 and 5 million.

3 Q Okay. And you said the TDG was 1.5?

4 A TDG was 1.5.

5 Q And Advanced Spirits, 45?

6 A That's right.

7 Q Okay. Any other demand letters?

8 A MarcyPen.

9 Q What's MarcyPen.

10 A So it's MP-TN LLC had two promissory notes, convertible  
11 promissory notes, in which Uncle Nearest was the borrower and  
12 MP-TN LLC was the lender.

13 MR. COLLINS: If I can object, Your Honor. I'm not  
14 sure -- they've already done direct. I don't think we got  
15 into any of this on cross.

16 THE COURT: Let's just let them flesh it out. I know  
17 how -- overruled to the extent that was an objection.  
18 I assume that's what that was. Overruled.

19 BY MS. LIGGINS:

20 Q Okay. And how much is the MarcyPen debt?

21 A Just over 20 million.

22 Q And it's to Uncle Nearest?

23 A The loan was to Uncle Nearest. It was a convertible  
24 note, but they declared a default before it converted.

25 Q Okay. And when you say it's a convertible note, what

1 does that mean?

2 A There were some conditions under which the debt could be  
3 converted to equity. If there were certain -- well, it was  
4 always at MP-TN's discretion, but if there were certain  
5 benchmarks made or a certain time amount, then MP-TN could  
6 exercise their right to convert the debt to equity.

7 Q Okay. So you're the person since the receivership  
8 hearing, since appointment of the receiver, that you are  
9 running the day-to-day of the company, correct?

10 A That's correct.

11 Q And so do you have an opinion about whether the company  
12 is solvent?

13 A It's not solvent.

14 Q And why do you say that?

15 A It's not solvent for two reasons, and I think I've  
16 covered this in my affidavit. It can't meet its obligations  
17 as they come due month to month, and the debt is in excess of  
18 the value of the assets.

19 Q Okay. And then you also said in your affidavit that the  
20 financials -- and these are your words, not mine -- were in  
21 shambles. Is that because there's no audited financials?

22 A It's for a lot of reasons. There were no audited  
23 financials, but there were not very good financial controls,  
24 which led to a lot of problems.

25 Q What do you mean by not very good financial controls?

1 A A lot of things. There were not very good checks and  
2 balances like you would expect from a company this size.

3 MR. COLLINS: Your Honor, may I object? We've got a  
4 limited amount of time, and we have -- the whole purpose was  
5 the direct, they were putting in that as their direct. It  
6 seems like we're just creating more direct in this round of  
7 testimony. So I'm trying to solve time. So I'll object on  
8 the basis that that wasn't -- we're getting into things that  
9 weren't into -- that I didn't cover with him.

10 THE COURT: I don't think they're limited by that,  
11 Mr. Collins.

12 MR. COLLINS: Okay. Well, that's what I understood,  
13 that the direct -- that the affidavit was taken as their  
14 direct testimony. That's what the stipulation was.

15 THE COURT: So you're saying -- okay.

16 MS. LIGGINS: May I respond?

17 MR. COLLINS: So I did -- I had my cross.

18 THE COURT: I understand.

19 MR. COLLINS: Yeah. And --

20 THE COURT: Yeah.

21 So let me ask you this, Ms. Liggins: What is it that  
22 you're wanting to show?

23 MS. LIGGINS: Well, Your Honor, first, I am limiting  
24 my questions to Mr. Young's direct testimony, which I think  
25 is allowed under the Federal Rules of Evidence. I get to

1 cross on whatever he said on his direct. But I am trying to  
2 point out the things that are impactful to show that there is  
3 no material change in circumstances since the appointment of  
4 the receiver back in August.

5 THE COURT: Yeah.

6 Mr. Collins, I'm going to overrule your objection. We'll  
7 give them a little bit of latitude on this. However, I  
8 understand what your base position is, is that -- and so I  
9 understand that argument. So to the extent that there's  
10 something out there that's not already in the record that I  
11 don't know about, you know, cover that. But if not, let's  
12 kind of get on.

13 MS. LIGGINS: Okay.

14 BY MS. LIGGINS:

15 Q Let's turn then to something that was new, that was not  
16 in the testimony, that I believe you filed after your witness  
17 and exhibit list and added, which was you were talking about  
18 the MarcyPen deal, which is an email from Ms. Weaver that also  
19 discussed that deal. Have you seen that email, Exhibit -- I  
20 think it's Receiver's Exhibit G?

21 A I have seen it. I know what you're talking about.

22 Q Okay. And when you say -- and I'm not going to go  
23 through the exhibit because it's in evidence. But when you're  
24 referring to the MarcyPen deal, you are talking about the  
25 transactions that are referenced in that as well?

1 A That's correct. It was a loan from MP-TN LLC to Uncle  
2 Nearest, funded to Uncle Nearest. The money was transferred  
3 to Grant Sidney, and then Grant Sidney made some distributions  
4 out of its account, including some money that went back to  
5 Uncle Nearest.

6 Q Okay. And so that's the \$20 million debt that Uncle  
7 Nearest has to MarcyPen?

8 A It's the same issue.

9 Q Okay. And then you also testified about a sales process,  
10 and I think you and Mr. Collins were talking about that you  
11 were in the preliminary stages and had received some  
12 indications of interest. Are any of those indications of  
13 interest greater than the amount of debts that you're aware of  
14 that the company has today?

15 A No.

16 Q Are any of those indications of interest greater than  
17 just the FCMA debt?

18 A No.

19 Q Are any of those indications of interest greater than the  
20 other debt, taking the FCMA debt out?

21 A Not if you include Advanced Spirits. If you exclude  
22 Advanced Spirits, then the answer is yes.

23 Q Okay. And then you originally filed the clarification  
24 motion, and when you filed it, you initially said that you  
25 didn't have an opinion about it; you were just looking for

1 some direction from the Court, yes?

2 A That's right.

3 Q But when you filed your supplemental information, you  
4 said you now have an opinion about not all ten entities but  
5 the reduced seven entities, about whether they should be  
6 included or excluded?

7 A That's correct.

8 Q And what's your opinion now?

9 A I think they have to be included in order to have a full  
10 view of the financial operations of Uncle Nearest, just  
11 because of the amount of transfers that were back and forth  
12 between entities that are a part of the receivership and those  
13 entities that are not a part of the receivership.

14 Q Okay. You also, you and Mr. Collins were discussing, on  
15 his cross, that you were finding the Weavers' conduct to be --  
16 I think you said media and conduct were making things more  
17 difficult for you?

18 A That's what third parties were telling me is that it was  
19 impacting things.

20 Q Okay. And what -- and so do you think that -- do those  
21 third parties include prospective buyers?

22 A Yes.

23 Q Okay. So buyers have given you that feedback in  
24 connection with their --

25 MR. COLLINS: Your Honor, I would object on hearsay

1 grounds.

2 THE COURT: Overruled.

3 THE WITNESS: They have.

4 BY MS. LIGGINS:

5 Q Okay. Thank you. The last thing I want to touch on is  
6 Chapter 11. You were discussing Chapter 11. You said that  
7 you had considered Chapter 11. Are you still considering  
8 Chapter 11 today, or is that something that is past tense?

9 A I'm still considering it today, primarily because a  
10 number of the potential buyers have raised that, that they  
11 would like to buy assets out of a 363 sale, which I  
12 understand, obviously, as a bankruptcy lawyer.

13 Q Okay. So that would be you putting the company and/or  
14 some related entities into a Chapter 11 process and then you  
15 serving as the debtor in possession in that case?

16 A Correct.

17 MS. LIGGINS: Okay. No further questions, Your  
18 Honor.

19 THE COURT: Thank you.

20 Mr. Campbell, did you have anything?

21 MR. CAMPBELL: Very short. Maybe a minute and a  
22 half, Your Honor.

23 THE COURT: All right.

24 REDIRECT EXAMINATION

25 BY MR. CAMPBELL:

## Young - Redirect

1 Q Mr. Young, when you were appointed receiver, you hired a  
2 series or a team of professionals to help you with the matter,  
3 correct?

4 A I did.

5 Q And do you rely on those professionals to give you  
6 information to make your decisions?

7 A I do.

8 Q And I assume you've read the receivership order multiple  
9 times?

10 A Multiple times.

11 Q Do you believe the receivership order mandates you to  
12 grow this brand?

13 A It does not.

14 Q And in your affidavit you mentioned some of your  
15 experience working on some larger Chapter 11 cases, Service  
16 Merchandise, Murray, Regal Cinemas, which we know here, and  
17 James River Coal. Were those liquidations or reorganization  
18 cases?

19 A They all started as reorganization. Murray liquidated.  
20 Service Merchandise liquidated. Regal Cinemas was an asset  
21 sale. James River was a refinance.

22 Q As part of your work on those cases, did you evaluate  
23 both options, both a reorganization and a liquidation option?

24 A Yes.

25 Q And did you review financing options and lending options

1 for those?

2 A We certainly did.

3 Q So you have experience in that field?

4 A I do.

5 MR. CAMPBELL: No further questions, Your Honor.

6 THE COURT: Thank you.

7 All right. Mr. Collins, I understand that you're  
8 reserving the right to call this witness again later. Did you  
9 have anything at all right now?

10 MR. COLLINS: Let me -- just a couple, because there  
11 were a couple points that were just brought up.

12 THE COURT: Okay. All right.

13 RECCROSS EXAMINATION

14 BY MR. COLLINS:

15 Q So you just testified that the receivership order doesn't  
16 require you to grow the value of the company, correct?

17 A That's correct.

18 Q Okay. But it does require you to preserve the value of  
19 the company?

20 A Yes.

21 Q Right. So if it came into the receivership on an upward  
22 trend, then you had more value at that point, correct, than it  
23 has today?

24 A I'm not sure I agree. I understand your question. I'm  
25 not sure I agree with your conclusion. I'm not sure that it

## Young - Recross

1 came in on an upward trend. I don't think you can make that  
2 determination just looking at Nielsen data.

3 Q Okay. And then on your experience, all the cases we just  
4 talked about, what was your role in those cases?

5 A That was when I was at Bass Berry. So I was with a law  
6 firm, obviously, so I was an associate at a law firm in all of  
7 those cases.

8 Q Okay. So there were two partners ahead of you that were  
9 handling those cases directly, correct?

10 A One, one partner ahead of me on some of those cases.  
11 There were, there were some where there were two partners  
12 ahead of me.

13 Q Correct. And then in some of those cases you guys were  
14 co-counsel with Skadden Arps, for example?

15 A I think in all of those cases we had outside counsel.

16 Q Right. And you were the outside -- the client was to  
17 Skadden Arps and those bigger firms. You guys were just  
18 assisting, correct?

19 A Well, we were local counsel on some of those and  
20 co-counsel on some of those.

21 Q Correct, yeah. So --

22 A Which may be a difference without a distinction, but I  
23 understand.

24 Q So that's -- your personal experience was kind of three  
25 layers away from kind of being on the front edge of that

## Young - Recross

1 negotiation?

2 A I wouldn't agree with that. I was intimately involved  
3 with a lot of those conversations, but --

4 MR. COLLINS: That's all I have, Your Honor.

5 THE COURT: All right. Thank you.

6 Thank you.

7 All right. Mr. Collins, your next witness, please.

8 MR. COLLINS: I call Kate Jerkens.

9 THE COURT: Ms. Jerkens.

10 MR. COLLINS: Yeah, Katharine Jerkens.

11 THE COURT: Ms. Jerkens, come around, please.

12 THE COURTROOM DEPUTY: Go ahead and raise your right  
13 hand.

14 Do you solemnly swear your testimony will be the truth,  
15 the whole truth, and nothing but the truth, so help you God?

16 THE WITNESS: I do.

17 THE COURTROOM DEPUTY: Have a seat, please.

18 THE WITNESS: Thank you.

19 THE COURTROOM DEPUTY: If you'll scoot close to these  
20 microphones.

21 THE WITNESS: Sure.

22 THE COURTROOM DEPUTY: Please state your full name  
23 for the record.

24 THE WITNESS: Sure. So my name is Katharine Jerkens.  
25 It's K-A-T-H-A-R-I-N-E, and it's Jerkens, J-E-R-K-E-N-S.