

09/15/08 11:06am
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Bob

White: Do you wanna give him a call?

Deanna

Coleman: Um, yeah, he's already called once already. I just don't, didn't want to answer until you got here.

White: Yeah. I'm set then.

Machine: Message received today at 11:04 a.m. from an outside caller at 847-504-1593.

White: That's Greg Bell.

Coleman: What?

White: That's Greg Bell's number.

Coleman: It is Greg Bell's number.

White: I recognize that.

Greg

Bell: Deanna, hi, this is Greg. Um, thank you. Please give me a call. Thank you very much.

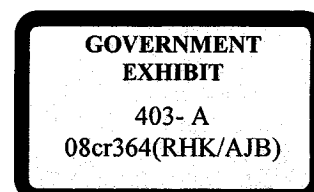
Machine: Message deleted.

Coleman: Do you think, um, do you think Greg Bell knows anything about this? I mean do you think he thinks that this is all legit? Are you, what do you think?

White: I think he's very questioning the whole thing. I think Tom has told him inconsistent stories, I'm sure. About well, there's some problems with some of it, this and that, and. I mean, he knows very well and then he came up to that stupid letter saying that the things, that they are payable and, and he doesn't know how to believe what.

Coleman: The letter. What letter?

White: There's a letter from JV, BJ's saying that, you know, that we owe, and I think saying.



Coleman: All the letters that you did?

White: Yeah.

Coleman: That Tom wanted you to do?

White: Yes. You know, that just says, hey they're all good. And that makes him wonder what the hell's going on because, you know, I don't know. If I were Greg Bell I would be. I remember he was laughing at you, at you saying, JB, how can, you got more.

Coleman: Oh.

White: To them than they.

Coleman: On BJ.

White: Yeah.

Coleman: He wasn't laughing. He was wondering why we could possibly have.

White: Yeah, more than. But I mean.

Coleman: More purchase orders out to BJ's than what BJ's even buys in a year.

White: Yeah, and I mean he was saying come on guys.

Coleman: But then Tom told him that it was for, um.

White: Yeah, they do, they do some wholesale.

Coleman: Yeah.

White: And he believes that or maybe doesn't believe it. He doesn't know what to believe. You know. And the key note is that he wants out of this mess. And he's gonna play along with it because if he acts hard ball, he knows that he kills this.

Coleman: Right.

White: And so, he doesn't know for sure and he doesn't want to know for sure because that makes him part of the problem.

Coleman: Yeah.

White: So he'd rather pretend that it's good.

Coleman: Right. Okay, here it goes.

Greg

Bell: Hello.

Coleman: Hi Greg. It's Deanna and Bob White.

Bell: Hi guys, how are you?

White: We're good.

Coleman: Good.

Bell: Good. Ah. Thanks for giving me a call. You calling about the collateral, right? The collateral accounting stuff (UI).

White: We're just calling cuz there's a message to call ya.

Bell: Okay. Ah. After getting Tom's message, right?

Coleman: Yes.

Bell: Okay. So here's what I asked you about a week or two ago. We need some help basically, ah, back up for our collateral, right?

White: Okay.

Bell: You know we have two things. We have a bunch of stuff that's already accounts receivable, so the product is shipped. So, there are two things that they'll do it. One is either a letter from retailer informing (UI) the accounts receivable which probably (UI) and I'm not sure if you can get that. The other one is basically confirmation that they got the product. So either some kind of bill of lading or somebody signs off that the product is shipped to them.

Coleman: You talked to me about this a couple weeks ago?

Bell: I think so. I called you because somebody was supposed to work on it and I thought it may be you. But, whatever, you said you had no idea what I'm talking

about. (UI) probably is that Tom forgot to get it or something.

Coleman: Okay.

Bell: Yeah. So that.

White: So there's one, one of.

Bell: One of two things I was asking. So that's kind of what the receivable components, right?

White: Yes.

Bell: And then, on inventory component if you have either ideally because, yeah, you know, some kind of work out (UI). Inventory account or something like that. Verifying that the merchandise is there. If you cannot get the (UI) warehouse maybe when Larry delivered the product. There is some kind of thing that is was, it was delivered there. So you can verify both our inventory and receivable collateral.

White: Okay.

Bell: That make sense?

White: Yeah.

Coleman: So you want that, you want a letter from the retailers? Didn't, um, Tom give you a letter from the retailers a couple, about a month ago?

Bell: Yeah. No, it was that confirming purchase order and it was only, like a, it was a (UI) covering only sort of it. So it really was not, ah. And again, if you cannot get the letter from the retailer end which is maybe problematic, right?

White: Um hum.

Bell: Then we need to go for bills of lading and verified for shipping documents basically.

Coleman: What kind of letter from the retailer are you looking for?

Bell: Well, basically it would say we confirm that we have X

amount of spending. Right. That's our receivable balance to you is X.

Coleman: Like what Tom gave you before then?

Bell: Well that's what, no, yes, same (UI) but that's we confirm your purchase orders, right? Which ah, you know, I wish (UI).

Coleman: I didn't.

Bell: (UI), if that's what you can get that's what the.

White: Yeah, that's right, that's right.

Bell: (UI), that what our only covered, what two hundred million dollars. Right? It did not cover the stuff that's already shipped, you know what I'm saying? And, and

White: Yeah.

Bell: so the BJ letter covers only two hundred million dollars worth of product but we have what, five hundred million worth of stuff there.

White: Okay.

Bell: So the math does not add up.

White: All right. So maybe we need to talk to somebody else at Sam's and BJ's. I don't know. Let's.

Bell: Yeah. You see what I'm saying because their (UI) is one (UI) not yet shipped. Right? So that, again, if you can get them (UI) verification, that's okay too.

White: Yeah.

Bell: You know what I mean? But that's basically what they're trying to get.

White: Okay. Let, let, let, I'll see what. I don't know for sure. Okay. But I understand the point you're making.

Bell: Yes, we've been paying for the orders that, you know, are having no payments or stopping to make sure that it is becoming proper collateral is there.

White: Got ya.

Bell: But, yeah.

White: All right.

Bell: Um, all right? And then Deanna since I have you on the phone I know you may have spoke of this (UI). How you will come and you (UI) deals this week.

Coleman: Yeah. I, I, um. You know, what kind of deals are you looking for? Or are you.

Bell: Ah, well, Sam's would be preferable, right.

Coleman: Okay.

Bell: Followed by BJ's. And I guess maybe then National, now that you come to think of it. If you have nothing (UI) this shit is so old.

White: Okay.

Coleman: Are you looking at just replacing the Boscov's or are you looking at replacing the old POs?

Bell: Ah, well, replacing. We still have one Boscov's, right? So I think we only got like one million to get it replacing old POs basically because the POs and stuff getting really old.

Coleman: Okay.

White: All righty. I'll, I'll see what we can do. Okay?

Bell: Okay.

White: All righty.

Bell: Thank you so. Yeah, (UI).

White: Thank you. Greg.

Bell: Because obviously it's because of, you know, because of things are really stale. Right. So I mean (UI).

White: Yep.

Coleman: Right.

White: All right.

Bell: Because we are in default, you know, all the times that (UI) bank default and all kinds of stuff, so. So, here we are. So, I appreciate obviously you guys, obviously the sooner the better. I just really, really hope so.

Coleman: Greg, does doing these POs, replacing the old POs with the new POs, Greg, does that help your audit and your bank and that stuff. Helps.

Bell: Correct. Correct.

Coleman: Helps your hedge fund?

Bell: Yeah, yeah.

White: Okay.

Bell: Yes, because there are obviously, if there is nothing coming in, it's it's raises all kinds of alarms, you know what I mean? Because aging gets worse and worse everyday, you know what...

White: Gotcha. All right.

Bell: So.

White: Okay.

Bell: Yeah.

White: We got it. All righty. Thanks Greg.

Bell: Thank you very much.

White: Yep.

Coleman: Okay, thanks.

White: Yep.

Bell: Thank you guys. So all, I'm gonna hear from you in a couple days or something or?

White: Yep.

Bell: Okay. Thank you.

White: Yeah.

Bell: And Deanna, you'll let me know about the deals, right?

Coleman: Um, I will, yes. Right now I don't have any, um.

Bell: Okay.

Coleman: I'm gonna find out from Tom what, what there is.

Bell: Okay.

Coleman: But right now I, yeah. I'll, I'll let you know.

Bell: Hey, if we could probably borrow between ten to fifty million on a daily basis. So if you were to have a lot of deals we could probably just turn it twice or something a day. You know what I mean. I'm not sure if we could borrow more at, at market being pretty crazy right now. But...

Coleman: You, you said ten to fifty million?

Bell: It looks like you don't have a lot of deals anyway so that discussion is probably academic. So.

White: Well, who knows what Tom, Tom may have. I don't know for sure.

Bell: Okay.

White: Okay. All right.

Bell: Yeah, Tom actually, when Tom and I talked another day. He mentioned to me that you guys may have, what, 350 million in unpledged paper or something.

Coleman: 350 million in deals?

Bell: Yeah.

White: Well.

Coleman: Okay.

White: All right.

Bell: Okay. All right.

White: Okay.

Bell: Thanks, thanks you guys.

White: Yep, okay, bye.

Coleman: Thanks Greg.

Bell: Bye, bye.

White: We got 350 million dollars in unpledged deals? Does, when does people believe any of this shit.

Coleman: Oh, I just. This is just getting worse and worse all the time. A letter from retailers. You did one on Sam's, then on BJ's, right?

White: Yeah.

Coleman: Cuz Tom asked you to?

White: Yeah. The problem is.

Coleman: Inventory count at the warehouse and received the merchandise. Bill of lading. And we can't do any of this. No, I'm not saying we can't, we can, but.

White: Oh yeah. We can spend months. I mean. It's so

Coleman: All right. So I guess we'll, um.

White: You know what it is.

Coleman: Wait and see.

White: We need to talk to Tom.

Coleman: Talk to Tom?

White: Yeah and we've got (UI).

Coleman: We can trying calling him. I don't think he's landed yet though.

Coleman: Did I call that right? 612-471.

White: No, that isn't his number. 612-741-

Coleman: Oh 741-3200.

White: Yeah. Put a (UI). No, he's not landed yet.

Coleman: Leave him a message?

Tom

Petters: Hi, I can't take your call right now. Please leave me a message and I'll return your call as soon as I can. Thank you and have a great day.

Coleman: Hi Tom, It's Deanna and Bob. Um, we just got off the phone with Greg Bell. Could you give us a call. We need to go over some stuff, um, as soon as possible, cuz we need to get back to Greg Bell, um, today yet.

White: Well, no, he said we'll hear from him in a couple days.

Coleman: Well, I know but we need to get back to him to let him know, um. So give us a call as soon as possible. Thanks.

Coleman: If you tell Tom a couple days, he won't return your phone call for a couple days.

White: Yeah.

Coleman: You should know that by now Bob.

White: I know, I just. You know, I just hate dealing with saying false deadlines because I'd rather have the honest truth instead of playing these God damn games.

Coleman: I agree a hundred percent.

White: And I just hate being involved in saying something that's false. I, I, I mean we lie so much. I just, little things we don't have to lie on a trail. We can't be telling Greg.

Coleman: This is Deanna.

Larry

Reynolds: Hey Deanna. How are you?

Coleman: Good, how are you Larry? Hello?

Reynolds: Yep, we're here. You hear me?

Coleman: I can hear you, yeah.

Reynolds: Anything up for this week?

Coleman: Ah, no, I just talked to, um, just talked to Greg Bell.
Um, have you talked to him lately?

Reynolds: No, I haven't. Not in the last week.

Coleman: Okay.

White: He's just, he's trying to figure out how to, how to work through things and he's trying to look for any way to verify anything and he wants to replace some POs with newer ones, so.

Reynolds: He wants to what?

White: Replace some purchase orders with some newer ones. So they don't look so old.

Reynolds: Kay.

White: So we may be doing some of that. Other than that, all's, um, I, I don't know that there's anything more that, that you would be involved in, other than if we have to come up with some warehouse stuff somehow.

Reynolds: Ah, what about Lance and (UI).

Coleman: You know I have not talked to him, um, since then.

Reynolds: No, no, I didn't think you had (UI).

Coleman: I can't. What was that?

Reynolds: I said what are we going to say this week.

Coleman: Oh, I know. I got to talk to Tom. And find out.

Reynolds: Huh.

Coleman: So I'm not one hundred percent sure what to tell Interlachen.

Reynolds: Yeah, that's what I'm curious about. I don't want to

tell them anything that, ah, is going to get us worse than we are.

Coleman: Right.

Reynolds: You know, ah, I know we stalled them off from.

White: We stalled them off for a while, yeah.

Reynolds: Yeah, well, what do we do for an encore?

Coleman: Yeah.

Reynolds: You know, there's only so many recalls and things that can happen.

White: Yeah. Yeah. Well.

Reynolds: Use it once. I don't think we can use it two or three times. But not at this late stage.

Coleman: Right.

White: Well, we have to, the real, the real solution is to come up with some money.

Reynolds: I'm sorry. I couldn't hear you Bob.

White: The real solution is to come up with some money.

Reynolds: I understand that. (UI) If that can be done (UI).

White: Yep. And um.

Reynolds: In lieu of that.

Coleman: If what?

Reynolds: I say in lieu of that what do we do?

Coleman: Oh.

White: I don't know yet, Larry. We have to continue to figure out playing Peter against Paul.

Reynolds: All right. That's all right.

White: All right. We don't know anything right this second,

that's for sure though.

Reynolds: Okay. Is Tom on his way to West Palm?

White: Yeah.

Reynolds: Okay.

White: All right. Talk to ya.

Reynolds: All right.

Coleman: All right, I'll talk to you later.

Reynolds: Alright, Deanna.

Coleman: Um, bye.

White: Bye.

Coleman: What has Tom told Larry?

White: Tom told me Larry knows everything a hundred percent.

Coleman: He knows that this is all bogus.

White: That, to quote him, is, ah, Larry knows everything. I don't now what (UI). It may be not quite everything. You know, I mean, who, I mean, that's the problem with this thing. You.

Coleman: So who all, who all do you think knows?

White: I'm pretty sure you know.

Coleman: Yeah. I know.

White: And, I'm pretty sure I know. And I can't say for sure if Tom knows.

Coleman: Tom knows. He just doesn't want, ah, think about it.

White: And Wehmhoff knows pretty well.

Coleman: Do you think Wehmhoff knows everything?

White: He knows pretty well.

Coleman: Oh.

White: He doesn't know everything. He doesn't know how far back. He doesn't know. He said the other day, when we were all in there, you were saying. There haven't been any real deals for years.

Coleman: Well Tom acted liked these are real purchase orders.

White: I know.

Coleman: That's like, what are you doing Tom.

White: Yeah.

Coleman: And he told me later that it was because Jim's in there. So that's why I didn't know if Jim knows everything or not.

White: Well

Coleman: Half the time I don't know if Tom. I think Tom believes that these are real deals half the time.

White: Yeah, I know. That's why I said.

Coleman: He just.

White: I don't know for sure what Tom knows. You know, and he lives in his fantasy world once in a while.

Coleman: Well, once in a while, all the time.

White: Well, the reality is fairly ugly and so it's much nicer to go to fant, fantasy land.

Coleman: And Frank knows, we know, I mean. He's gotta know.

White: Yeah. So. Greg knows basically.

Coleman: You think Greg knows? I don't know about Greg. I don't think he would be asking for this stuff if he knew.

White: He's got some idea. He's got some idea.

Coleman: You'd have to, yeah.

White: He's gotta know. I mean got another 350 million in

unpledged deals. Sure. That's just bogus that he doesn't know. In. You know. Everybody's knows to various stages and they don't want to know. They, they really want to give us the image that they know because it, if in a courtroom we can say well we've had conversations with Greg, you know, about phony up this deal or that deal, then he's part of the whole conspiracy.

Coleman: Right.

White: And so he doesn't need. The last thing in the world is it Frank or Greg want to say to us. They have to pretend to us it's the real deal.

Coleman: Right.

White: I mean. When we were trying it before. I said it pretty clearly to Greg. Well, when you come up with some deals that are, none of these seventy million future deals or whatever.

Coleman: I don't remember that.

White: Well, three months (UI), so we're gonna do some big, one.

Coleman: Oh, those, well, but. I forgot all about those. That was one, um.

White: Yeah, I know. But I'm just saying. Greg knew. He had a very clear idea what that was and he, and and he did not want. It was a clear conversation. I'm saying we don't have that we could do this sort of a thing.

Coleman: See but then when I, um. I forgot all about that. But then when I called him and told him that I had the two purchase orders.

White: I know.

Coleman: There were just blanket POs. He was like.

White: Yeah. I know.

Coleman: In shock and couldn't believe I was calling him on it.

White: Yeah, well. Then I think he had some second thoughts.

Coleman: Okay.

White: Cuz I was pretty explicit, you know we don't have that but we could do this.

Coleman: Okay.

White: And, um, and he, he would have been very much been part of the fraud if he would have gone along. So what did you (UI) weekend?

Coleman: Not a lot. Just went to Elbow Lake. You know. That's about it.

White: (UI)

Coleman: Just fine.

White: (UI).

Coleman: He's doing really good. He goes to Rochester Wednesday and Thursday. Um. For all the tests again to make sure he's cancer free and.

White: Did they do surgery and or did they?

Coleman: Well, he had chemo

White: Oh he had chemo

Coleman: for nine months and then they did surgery and took out his two ribs.

White: Two ribs?

Coleman: Or three ribs, I mean. They took out three ribs.

White: (UI)

Coleman: Um, hum. So. But yeah, he's done and he's doing great and feeling good and. So hopefully this won't come back.

White: Yeah, how long has it been now?

Coleman: Ah, it's only been. What he finished chemo in April, May? So it hasn't been that long.

White: I think what I've always heard is you gotta make it like five years.

Coleman: Yep, five years before you're, before they will say he's cancer free.

White: Yeah.

Coleman: Yeah.

White: (UI) It's interesting. As you get older, it's, you know. Before long it becomes a well. Before long I'm gonna croak, I wondered whether it's gonna be this or that or what. You know.

Coleman: You're not thinking about that already, are you Bob?

White: No. Well, I, I'm close to 70 for God's sakes. You know.

Coleman: You still have, ah, some good years.

White: I know. But, I mean, you're. You still, it's still getting closer to the point where you.

Coleman: I don't know. I talked to Jim Wehmhoff this morning. I don't know if that audit is on or off for tomorrow. With Palm Beach.

White: We have to assume it's off.

Coleman: Well, Tom sent that email. I think you were copied on it. That it was off. But Jim, for some reason, thinks it's still on.

White: I don't know. I have no clue. I have no clue. I know this that it's going to be very difficult to get through any God damn audit when they come up here.

Coleman: Well, we're gonna have nothing for them.

White: Well, we can put them in a room and call those files and they can discover that you have all of them.

Coleman: Okay.

White: Hey Deb. Do you happen to know if (UI).

Female: Like one of those that I gave you.

White: Some pieces of paper.

DeAnne

Anderson: This is DeAnne.

Coleman: Hi DeAnne. Do you know when Tom lands?

Anderson: Um, probably around 1:30, so 12:30 our time.

Coleman: Oh okay, in about an hour. Okay.

Anderson: Yeah, I would say give or take.

Coleman: All right then.

Anderson: They didn't take off on time. But.

Coleman: Is he, um. Did he take commercial? or private?

Anderson: Private.

Coleman: Who went with him?

Anderson: Ah, you know, I don't know exactly but Tom Hay, Tom Salmen, ah, Joe Schmidt. I don't know who else was on there. Ah. Bill Dunlap was going to go but didn't so. I know those four for sure.

Coleman: Okay.

Anderson: All right.

Coleman: Thanks.

Anderson: Bye.