

09/16/08 1:20pm  
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Deanna

Coleman: Um...

Bob

White: And now we're talking to...

Coleman: Um, what's his name? Um, John Wappler.

White: John Wappler.

Coleman: From Ritchie Capital.

White: Yeah.

Coleman: And it's regarding the...

White: PlayStations.

Coleman: ...PlayStations, and then that 150 million, um, Tom told him, and the note was written that way, um, that it was used for, uh, to pay off hedge fund.

White: Yeah.

Coleman: To pay off other investors.

White: Yeah.

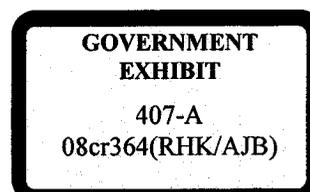
Coleman: Um, and then I got to the point where about a month ago, month and a half ago, I lose track of time. They came, um, John did, he was here.

White: I remember he was here. Yeah.

Coleman: ...was like here for almost a whole week.

White: Yeah I remember.

Coleman: Anyway he wanted to know what hedge funds or what investors that was used to pay off. So Tom wanted me to do a spreadsheet and I talked to Tom today about it. And of course he didn't remember anything about it. And, I'm going, and then he finally started remembering about it. So I gave him this here hedge fund and these are actually some of the hed...these are actually.



White: Things that we paid.

Coleman: Things that we paid...

White: Okay.

Coleman: ....um, when we got the 150. Um, but now he's calling to find out has BJ's, or Sam's, or Boscovs paid any of these yet. Um, you know, and they're so old that, you know.

White: Yeah, yeah.

Coleman: Um.

White: And the agreement was we were gonna (UI) pay them off or is he just asking?

Coleman: Well, that's what Tom basically told 'em, or David Baer or someone basically told 'em that. You know, they don't have the first collateral or anything so by rights you don't have to but yet...

White: Yeah.

Coleman: Tom's told 'em that.

White: Yeah.

Coleman: So it's just covering up our lies. And then we have that Sony PlayStations for 31 million. Um, he wants to know what's going on with that. That was due. It was a 120 day note and the note was written. Oh we had the money in March so...

White: March?

Coleman: ...March, April, May, June, July. So it was due the middle of July.

White: August, September, two months, 60 days past due.

Coleman: And this is the spreadsheet that, um, I had to do for them showing that 3.5 we were supposed to receive the middle of August and 6.5 in September.

White: Um hum.

Coleman: And another 11.5 million in September.

White: Okay.

Coleman: He wants to know where we're at on this.

White: Everything is slow. I mean I don't know how to answer other than to say everything is slow.

Coleman: Oh I know, I know...

White: Yeah.

Coleman: I don't know either. But if you could help me out, that would be great.

White: Sure.

Coleman: So let me call 'em. Um.

White: Now why did you want to talk to Larry Reynolds?

Coleman: Because from time to time...

White: Did he request that?

Coleman: ...when he calls. No. Um, I run out of things to tell him so I tell him, Tom and Larry, um, everyone wants to know about (UI) you know.

White: Yeah.

Coleman: Because everyone is so late.

White: Yeah, yeah, yeah.

Coleman: I don't deal with the collections. Tom and Larry deal with it.

White: Yeah, yeah.

Coleman: So they know Tom's impossible to reach so they wanna talk to Larry now.

White: Yeah. I hear ya.

Coleman: So here we go. I'll just give him a call.

White: What is Tom's (UI) Tom say?

Coleman: He doesn't know what to tell him.

White: (UI).

John

Wappler: Hello, this is John.

Coleman: Hi, John. This is Deanna and Bob White.

White: Hi, John, how are you?

Wappler: I'm good.

White: Good. Blue sky, gorgeous day.

Wappler: You know I said the same as. Same here actually.

White: And it's coming towards the last of 'em that we're gonna get so, ah.

Wappler: Time to batten down the hatches, huh?

White: Yup, yeah, winter's on the way.

Wappler: Yeah. Yeah.

Coleman: Um, I was not able to, um, get ahold of Larry so I'm not sure. I, I left him a message and I sent him an email, um, but he has not called me back yet.

Wappler: Hey, hey Deanna, I'm sorry, Could I put you on mute for one second?

Coleman: Sure.

Wappler: Hold on for one second.

Coleman: So.

White: You never know if (UI).

Coleman: (UI) put us on mute to overhear our conversation. But, ah, Tom said he was still working on trying to cover Ted Deikel's 10 million dollar check so we know he's working on something, I don't know what, he's working on.

White: He's trying to find somebody that's selling notes (UI) inventory boxes. (UI).

Coleman: (UI)

White: (UI)

Coleman: All I know she makes way too much money for what she does, which is nothing.

White: Yeah, yeah. Well we should take him off mute. He may be there.

Coleman: No, we'll (UI).

White: Oh (UI).

Coleman: He's not on hold he just (UI) he can't hear us talk.

White: Yeah, yeah. Yeah I gotcha.

Wappler: Hey, guys, I'm sorry about that.

Coleman: Oh not a problem.

Wappler: I gotta, I got a (UI) and I'm trying, I'm trying to coordinate maintenance guys on so.

Coleman: Yeah, okay.

Wappler: Anyway, anyway. Where, where, where were we?

Coleman: You wanted a conference call, um, with Larry but like I said I wasn't able to get Larry, um, so maybe I don't know, maybe Friday might be better for Larry?

Wappler: Okay.

Coleman: So.

White: So.

Wappler: Ah, yeah that's, whatever ah, whatever makes sense, um, I'm just looking for kind of ah, you know I think the first kind of priority is just kind of an update on, um, you know kind of a PlayStation thing where, ah.

Coleman: Yeah.

Wappler: How good or bad should we feel about that deal?

Coleman: Yeah. You know did you talk to Tom at all when you guys were here? You and Thane were here, um, about the PlayStations or anything?

Wappler: He said, he said that he thought it was still a very good deal but he wanted to get some more information, um, and so I kinda also talked to you and then you kind of suggested a conference call and so I just, you know, kind of going down parallel paths, I guess.

White: I don't think we have any reason to believe there's anything wrong with the deal in any way. It's just everything is slow pay is all.

Wappler: Yeah.

White: And that's all.

Wappler: Um, what do you guys think about it? As I understand it those are the PS3's and the 40 gigs. How does the introduction of the 80 gig, ah, model impact that deal? Should that make us nervous?

Coleman: I, I don't believe so. No.

White: I, I

Wappler: I, I'm sorry. Could I?

White: I, I believe there's still.

Wappler: (UI).

White: I was saying that I believe they're still selling through without a, a the 40, the 40 gig is.

Wappler: Right.

White: So.

Wappler: Yeah that. I think they are still selling through. I was just wondering, you know, there may be, there may be some cushion I guess (UI). I'm purely speculating. You guys obviously are closer to it than I am. Obviously. One thing that, I guess, gave me comfort was, you know, most of these went international. You

know maybe there's some exchange rate benefits that we're, you know that we're seeing, (UI).

White: Yeah.

Wappler: You know if it's. (UI) a 40 gig sells for 300 pounds in the U.K., you know, that's 500 bucks or whatever and that's still. You know so chop that in half and still everybody can still, still do okay.

White: Yeah. Let's, let's, let's hope they.

Wappler: But anyway that, that kind of stuff that's my main concern, I guess, is a, you know, are we seeing additional risk now that there's a, you know, a new model out there and, you know, does anybody have any fears of ah, you know, slow pay, you know (UI).

White: Why, why don't I. I'll try to answer that specifically but I, um, I, I'm not tha- that concerned about it.

Wappler: Yeah that's fine.

White: Yeah. Okay?

Wappler: Yep. Understood.

White: But we should ah. We should hope that the exchange rate doesn't get worse even, even if it might help this deal.

Wappler: Right, right. But I'm just, like I said, I don't know. (UI). Yeah I think if you, if you look at the PlayStation 3 prices in the U.S. and I think they're at about 350, 340 bucks which I think is about where we sold these at. I think we sold them a little lower.

White: Oh.

Wappler: But that's not a lot of cushion once the 80 gig gets out there.

White: Yeah.

Wappler: Um, so that's kind of one thing, and I.

White: Well.

Wappler: And I guess, Deanna, have we seen anything? Has there been any sort of movement, has any of these PO's been paid yet? Ah, you know, pretty old spreadsheet. Have you seen any, any updates? Anything, have there been any payments at all?

Coleman: Yeah, no, not on, not on them, there haven't been any payments. Um, and I just, you know, briefly talked to Tom, ah, but you guys are using other collateral now for your 150 million note, right? I mean this was never used as collateral, was it?

Wappler: Ah, yeah, correct, correct. I mean, I'm just trying to figure out. I mean obviously, pay- payments are good for everybody, right?

White: Yeah.

Coleman: Right.

White: Yes.

Wappler: Ah, so they're not necessarily tracking 'em, you know, deal by deal or anything. I'm just trying to get an idea of what the, you know, what the (UI)

White: Well, I think now that back to school has happened and so on I think we should start to see some movement and that, that's been.

Wappler: I'm sorry, say that again?

White: I think now that back to school has happened we should start to see some movement on, on some things. Just, just I think retail is starting to.

Wappler: Right.

White: Unless this debacle yesterday frightens the hell out of everybody but I, I think that, um.

Wappler: Sure.

White: Um, I, I think.

Wappler: Um, okay. When do you, should we try to hook up later in the week, is that kinda the...

White: Sure.

Coleman: So yeah and you know maybe Tom could even join us, um...

Wappler: Sure.

Coleman: ...I could see if he couldn't join us.

Wappler: You guys whatever. You, you tell me whatever, whatever makes sense I was ah. You know, I was just kinda going off your suggestion, I might as well keep on following.

White: Okay.

Coleman: Yeah that sounds. Let me check what Tom's schedule is like and maybe on Friday or Monday we can have another conference call and I'll see if Tom wants Larry in on it or what.

Wappler: Sure.

Coleman: Okay.

Wappler: Sure. Okay.

White: Thanks, John.

Coleman: Thanks, John.

Wappler: Alrighty. Well, I guess that, that's all I got.

White: Yeah.

Coleman: Okay.

White: Okay.

Coleman: Thanks.

White: Talk to you later. Yeah, bye.

Wappler: Okay, thanks guys.

White: Yeah, okay, bye.

Wappler: Alright.

Coleman: I thought he was going to ask a lot more questions.

White: Yeah..

Coleman: Okay.

White: Ah there's still a basic problem there. A big debt looming out there somehow or another that's getting closer and closer to doomsday. I wonder what the Russians are doing at this point. The val-, the price of oil has been dropping.

Coleman: Um hum.

White: Um, they, they may be saying we don't know, we wanna conserve because the whole economy might be collapsing. Maybe we don't wanna do this deal. Well maybe they. Maybe all the more wanted to do it.

Coleman: Does Tom still have a deal going on with the Russians?

White: Thought so.

Coleman: I, I don't know. I haven't asked him and he hasn't said anything.

White: But the, the problem is when something goes silent you assume that it never existed or it's not very good and (UI). We've seen him what been trying to pushing to get Girard to complete the deal but I think Girard's doing it knowing that Russians are gonna buy it. I don't know.

Coleman: Have you heard anything more about Girard?

White: Ah he mentioned like yesterday he was trying to push the Girard deal. I know that Girard just wrote a check for 5 million (UI). He's on Zink's Board. We didn't ask him for the money. We were investing somebody else, someone else is putting money in and he said I would rather do it than them he said and he wired 5 million bucks.

Coleman: To Zink?

White: Yeah. He's on the Board of Zink.

Coleman: So how much money has he put into Zink?

White: He put in 12 before them and 5 now.

Coleman: So how? What part of Zink does he own? Does he own more of Zink than Tom apparently?

White: No, no, no, no. I think he owns like 12 percent.

Coleman: And you own how much?

White: Um, probably less than he does. (UI). Tom owns like 50 percent.

Coleman: Okay. Is that Tom or PCI?

White: Well PCI but they just transferred it from PCI to Petters Holding or?

Coleman: Petters Group?

White: Petters? PGW Withholding, LLC.

Coleman: Why?

White: I assume to borrow money against.

Coleman: PGW are, well.

White: Petters World.

Coleman: PGW?

White: P. Petters Group Worldwide probably.

Coleman: Oh, okay. Petters Group Worldwide.

White: Holdings, LLC.

Coleman: I can't even keep up with all these companies. So they just transferred the PCI stock to that, Petters Group Worldwide?

White: Yes. And the reason I know that is that Wendy called me saying they just had instructions to transfer the stock from PCI to Petters PGW Holdings, LLC. What's going on? And I said.

Coleman: Well how about the money that PCI loaned or gave to Zink, then? What happens with all that, the debt?

White: It, it's all stock. It's all.

Coleman: So if we just gave the stock to Petters Group. Well, I mean the. What, we're gonna hold on to the debt and we're just gonna give the stock, and the assets away?

White: Oh no but. Um.

Coleman: I guess Jim would know that.

White: There was. Most of the money that went to Zink went for stock, okay, and so the. I don't know what, how it transferred. I mean what in hell?

Coleman: I guess it doesn't really matter.

White: No.

Coleman: The Petters Group or Petters Company, and it's all Tom's companies anyway, but it's just interesting.

White: I know, I know, and we don't get. I know. And the reason I wanted it in there, in P, in Petters Company was I wanted the gain to go against the losses we've got there. But Wehmhoff is all in on it and he's making sure taxes are right but, you know.

Coleman: Well, you know why Tom probably did it, is because if the thing does make it big, it would go to pay off PCI's debt and he wants the money himself.

White: Oh.

Coleman: You know that's why.

White: I know, (UI).

Coleman: Ah, I agree. I don't either and there's. We can't stop it I mean it's.

White: I know that's the reason. You know the reason that I, I, I took ownership of Zink.

Coleman: Um hum.

White: Was because I could run it without them interfering. You know Zink would not exist if, if you tried to do it inside this group.

Coleman: No, I know.

White: There's not a chance in hell and it, it was almost impossible to get it done just as arm's length as it was.

Coleman: Um hum.

White: Cuz they made numerous attacks to take it over. I mean just crazy. What a group.

Coleman: Unreal. For something Mary and Tom or Jim or someone they wanted to do something with it then.

White: I think they're borrowing money against the stock.

Coleman: Are they?

White: I assume so. I assume they're pledging that as collateral against loans. Somebody asked, it's the only real thing we have.

Coleman: Um hum.

White: Out of everything. Zink is the only real thing we have. Thank God I forced it (UI). I mean buying Zink products otherwise, otherwise there'd be fucking nothing.

Coleman: If you were waiting on Polaroid you'd be still waiting.

White: I know. That's why. And it's gonna help Polaroid anyway because Dell will advertise and try to push it and asking people going to there and see it and know what it is and buy it.

Coleman: Right.

White: I mean it, it, and some kid has it the in school and then another kid will want it. That's the way it works and it's just so. Anyway. They are just. I don't like working with this group at all very much.

Coleman: With Mary and Camille and?

White: The only person. The only person that I enjoy working with really, Jim is nice, and I enjoy working with you. I don't. I mean we can talk and be honest with each other. And I know that if you say something I know that

that's what it is. If Tom says something, you know, I don't have the slightest idea of what it really means and Jim will be straight with us. He, he will omit things, I'm sure, but he will.

Coleman: Right.

White: When he says something it's, it's gonna be true.

Coleman: Right.

White: And then you got. I mean who else (UI) around here?

Coleman: Um.

White: Um, and they all because of various comments that Tom has made and read some e-mails all think that I'm just, you know, a creep that's stolen everything from Tom.

Coleman: But, ah, he. I mean he. He bad mouths you and I'm sure he bad. I mean, he bad mouths you and he does it in front of me....

White: Yeah.

Coleman: ....and I'm sure he's done the same thing about me in front of you or in front of other people and it's, you know.

White: No, he doesn't do it to you. He really doesn't. Um, he will, ah. He will say maybe when I'm not there but just lately he's saying, he has been saying oh Deanna's under a lot of pressure she needs to take some time, a brea...a break. But, ah. I.

Coleman: If I take a half a day off he complains because I'm gone.

White: I know. I know. You know. But.

Coleman: And he has to.

White: Hell, I've read, read the e-mails that Bob White forced him to do this or that or bad decisions...

Coleman: Um hum.

White: ...that he made me make or whatever. I've. I've read

that and I've heard, you know, Tom, it's bad, he's not.

Coleman: He uses you as an escapegoat. Escapegoat quite a bit.

White: (UI). Yeah (UI).

Coleman: Yeah, Can't say it.

White: Yeah.

Coleman: He does, yeah.

White: And I don't know what all he's been like Frank. I'm terrified what he's told Frank.

Coleman: Well it's kinda funny. Now it's not such a big deal, um, for you to office out of here. Before you couldn't even be in the building.

White: But why? Yeah, why, what's because he said some things.

Coleman: Um hum. Yeah either that or he was just. Were you guys in a fight that week where he was mad at you and he just wanted you outta here?

White: (UI). I haven't done. I don't do a goddamn thing.

Coleman: I know.

White: You know, all I've done is he gets pissed off at me because I don't come up with a solution for this mess.

Coleman: Um hum.

White: Or I suggest solutions that he doesn't like 'em.

Coleman: Um hum.

White: I mean I make a suggestion and he drags everybody else in. And they don't understand the deal. They don't understand what's going on so they like the whole thing to buy Kodak I would love to have owned Kodak right now and have spent that 2 billion dollars.

Coleman: That would have been nice. Yeah that. You know that would have helped a lot.

White: Yeah. And then we might be in a terrible struggle still.

to try to make Kodak work and it might not work. But you know what? Big, friggin, deal. You know I'm, I'm serious. I don't.

Coleman: I know.

White: I don't care if a lot of people lose a lot of money or anything else, I just don't want it to be illegally. And Tom seems to, he goes back to this, and I haven't heard it in awhile, nobody's lost a dime that we've taken so it's not really gone.

Coleman: Well it really doesn't matter if someone lost a dime or not it's what we're doing is not right.

White: Yeah, it doesn't. It. Somebody is putting money in and they think it's absolutely safe and secure...

Coleman: Um hum.

White: ...and the truth is it's a total Ponzi scam and whether or not somebody's lost it to date, it's irrelevant. So what we've done is, is unethical and illegal and immoral and.

Coleman: Um hum.

White: I can't say much else about it.

Coleman: Said enough.

White: They're putting up a sign Petters Group, Worldwide, and (UI).

Coleman: Yeah. (UI).

White: It's funny Tom will keep saying, he'll make remarks to me. A long time ago he's been saying what should we name it and I said well Petters is a nice German name for a, you know, we can call it Petters Company and then he, then he blames me but you know his, his ego is such there was no way it was gonna be named anything but Petters Company in the beginning.

Coleman: Oh yeah well look at Petters, the Petters this and the Petters that. Every company he owns is Petters Company.

White: Petters Group, Petters Capital, Petters.

Coleman: He's got an ego, that's for sure.

White: Petters, Petters. But what's so funny to me is that he'll say to me it's your fault that it's named Petters Company (UI).

Coleman: Hum.

White: Is that such a...

Coleman: Unreal.

White: Yeah, well. Alrighty.

Coleman: Thanks, Bob.

White: If you learn anything let me know. If I talk.

Coleman: Well.

White: I'm gonna call Tom tonight and see how he's doing.

Coleman: Give me a call, let me know what you find out.

White: Yeah I just. I may not reach him. I do it frequently and there's no answer.

Coleman: Yeah 50-50 chance.

White: Yeah.