

09/18/08 12:59pm  
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Larry  
Reynolds: Hello.

Deanna  
Coleman: Hi, Larry. It's Deanna.

Reynolds: Hi Deanna. How are you?

Coleman: Good. How are you?

Reynolds: Good.

Coleman: Um, obviously that conference call was called off this morning. Um, have you talked to Tom since our conversation?

Reynolds: No, I haven't. Have you?

Coleman: Uh, just briefly today. So, he just said he had too many calls going on and he wanted a conference call with the three of us tomorrow.

Reynolds: What?

Coleman: So yeah. Okay.

Reynolds: So.

Coleman: All right. Have you talked to Greg Bell or has anyone called you?

Reynolds: No. I don't want to talk to Greg until I figure out what our plan of attack is.

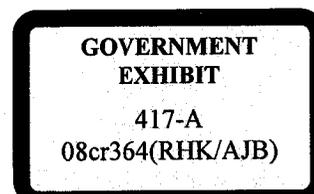
Coleman: Right.

Reynolds: I think that's probably the smart thing. Cuz I don't wanna say anything that is going to be contrary to what Tom said.

Coleman: Right, no, I agree.

Reynolds: Right now I don't know exactly what Tom is saying.

Coleman: No, I don't either.



Reynolds: I, I, Deanna, I think we have to find out. Then I think we gotta do one really concerted plan of attack and try and stick to it.

Coleman: Right.

Reynolds: Now, who else is owed and, you said Greg Bell is the number one true problem, is that correct?

Coleman: Um, yeah, hold on a second, I'm just gonna shut my door. Greg Bell, um, and then

Reynolds: All right, so Greg is what - 2.3 million, 2.2 million?

Coleman: No, Greg is, um, a little over a million. I'm sorry, a little over, um...

Reynolds: A billion?

Coleman: ...a billion, I mean, yes, a little over a billion.

Reynolds: Okay. I thought it was more than that.

Coleman: No, it's like 1.2, 1.3...

Reynolds: Okay.

Coleman: I don't have the exact numbers.

Reynolds: Okay.

Coleman: And then we have, um, Palm Beach Partners, which is Frank Vennes, um, I mean he manages that fund for us. It's Bruce and

Reynolds: Alright.

Coleman: I can never remember that other guy's name. They're about the same as Greg Bell. They're a little over a billion.

Reynolds: Okay. How much does Frank know?

Coleman: Um, that's a very good question. Um, I think he knows quite a bit. I don't think he wants...

Reynolds: Okay.

Coleman: ...to believe it, but I think he knows it.

Reynolds: No, I would think he does cuz Frank for many many years ago that I, I've spoken with Frank and dealt with Frank. Frank was quite sharp.

Coleman: He was quite what?

Reynolds: He's sharp.

Coleman: Sharp, yes.

Reynolds: He's very very clever, and I think of all the people that money is owed, he'd be the one to do virtually anything to get it back.

Coleman: Oh, and, and there's greed. He's getting a nice commission, Larry, from

Reynolds: No, no, I, I understand that.

Coleman: Yeah.

Reynolds: He certainly doesn't wanna lose any of that.

Coleman: Right, well and he gets commission from, um, Palm Beach Partners and from Arrowhead and all those guys.

Reynolds: Hm-hm. Okay. All right, so that's like a little over two, with the other, the other ones.

Coleman: Well then Frank Vennes, uh, manages, like I said Jim Frye which is Arrowhead Capital and Metro One. And then Frank's personal Metro Gem, Inc. That's a mixture of it. We have, you know, smaller investors, um, and we have um Jim Granat with...

Reynolds: Right.

Coleman: ...with Ark Royal. They're about a hundred million. Uh, you know, it's, the others is just, it all adds up to be about, about a billion dollars.

Reynolds: Okay.

Coleman: But, um, Greg

Reynolds: So the others include Lance and whatever the other

guy's name is, uh

Coleman: Yeah, it includes the other, a couple other hedge funds. Sabeses, you know there's 20 million. Um, you know, for a billion dollars, 20 million, I mean it just all starts adding up.

Reynolds: No, I understand. It isn't much but in the total picture. Has Sabes been any problem (UI)?

Coleman: Sabes are creating problems for us right now but that's nothing that you can handle. That's something Tom has to handle.

Reynolds: Oh, no two ways about it. No two ways about it. That's one that I think Tom can handle.

Coleman: Yeah.

Reynolds: If, if he just faces up to it.

Coleman: And then we have, um, you know, Acorn Capital, Marlon Quan, that's what, 260 million.

Reynolds: I thought that was taken care of. That isn't taken care of yet?

Coleman: Well, no, it's, it's not. It's, um, you know, we've signed an agreement, oh, I don't know when it was, a couple, four or five months ago. We were supposed to pay them ten million dollars a month, um, on the first of every month. Well we made one payment or one and a half payments, and then we went into default and that's when they, um, did the lawsuit on Tom personally. And then Fortress came through and gave them a letter saying that they're gonna buy 'em out. Basically, Fortress is only buying us time.

Reynolds: Oh, I, I sorta got that opinion.

Coleman: Yeah. Do you know who Fortress is, or?

Reynolds: The guys from, uh, Euro-European Fortress?

Coleman: Oh.

Reynolds: You're talking about the guys that, that, uh, what's his name, uh, the guy from LA he's associated with.

Coleman: Yeah, um,

Reynolds: Winterspow-

Coleman: Henry.

Reynolds: Uh, Wintersteen.

Coleman: Yeah, Henry, Winterstern, yeah.

Reynolds: Hen-Henry Wintersteen.

Coleman: Yeah. See, I don't, I don't know who Fortress is so I'm not, I mean I know who they are but yet I don't know anything about 'em.

Reynolds: Yeah. Does Raimey have anything to do with any of this?

Coleman: Ramy doesn't. Tom, Tom keeps mentioning Ramy's name and I think he's coming here this afternoon.

Reynolds: Okay.

Coleman: Um, but I don't really know what role he has. He keeps saying that he's gonna get money from Ramy, or Ramy is gonna get us money. But, I haven't seen any of it. And like I said, I don't know what role he plays.

Reynolds: Oh. I met with Ramy a couple of times, we've talked. And with Henry Wintersteen.

Coleman: Was that out in Vegas like about two...

Reynolds: Yeah.

Coleman: ...months ago.

Reynolds: Yeah.

Coleman: Okay.

Reynolds: Now, Ramy at one time was with worth an awful lot of money, worth four or five hundred billion dollars.

Coleman: Ramy is, really?

Reynolds: Was.

Coleman: Oh, was, okay.

Reynolds: Was. Uh, he was with Adnan Koshoggi.

Coleman: With who?

Reynolds: Adnan Koshoggi. Adnan Koshoggi is, Koshoggi at one was the largest arms dealer in the world.

Coleman: Okay.

Reynolds: He was selling everything from small handguns to jet fighter planes.

Coleman: Wow.

Reynolds: All right, so, Ramy made quite a bit of money but I guess in order to stay out of jail, he had to give a lot of this money to the government in fines and all that stuff.

Coleman: Why, um, what kinda guy is he that he had to give money to stay out of jail?

Reynolds: Well, I think they fined him just a, a huge huge fine for what he was doing.

Coleman: Oh, cuz it was illegal or what?

Reynolds: Oh, sure, sure.

Coleman: Oh, okay.

Reynolds: But I think the situation is that he has some very very good connections. I mean he can, like he says and leads everybody to believe, he can make personal phone calls to private numbers to talk to various dignitaries all over the world.

Coleman: Really?

Reynolds: Well. Let's say we believe 90 percent of it. Helpful if we believe 50 percent, he still could be very helpful.

Coleman: Well, exactly. The problem is he hasn't brought us a penny yet and it's been now what

Reynolds: I know. I, I understand that. Henry, I don't know how

much money Henry can get or bring in, but I think Henry can be a terrific stopgap for the immediate future.

Coleman: Okay.

Reynolds: I don't know really what else he can do. If he does anything else, I'd be shocked. But, I, I think he can help in some certain way. Eventually, the problem's gotta be addressed.

Coleman: Right.

Reynolds: I mean, we-we're gonna come up with a lot of ideas and stopgaps and bullshit stories to, you know, to work things out.

Coleman: Right.

Reynolds: Uh, gotta find some type of solution for at least some of these things. It's gonna be an awful lot easier if we can get a real story from Tom, how much Frank (UI) and how much Greg really knows.

Coleman: Yeah, you know, I, I, I think Frank knows, um, he, I think he knows that a lot of these PO's are fake PO's, um

Reynolds: I bet you dollars to donuts he does.

Coleman: Yeah, he just doesn't wanna believe it and he just won't come right out and say it. But, I, I'm almost positive.

Reynolds: Well, (UI) jeopardize his (UI).

Coleman: Yeah. Greg Bell, I have no clue what he knows and what he doesn't know.

Reynolds: That's the key. And I think Grel-Greg is in a situation, I, I know he's in a situation now that he doesn't like. The biggest problem is the redemption problem. And I think he's petrified of having some agency come in and check his books. And how he's prolonged it so long, I don't know. But I think he's really afraid that someone's gonna get in and see these invoices dating back to God knows when.

Coleman: Right.

Reynolds: And I don't know when these invoices were written. I don't know who wrote the invoice. I don't know what they say. I know nothing about it. But I know they're there.

Coleman: Right.

Reynolds: Greg mentioned to me at one time (UI) it's like I didn't even hear him.

Coleman: Okay.

Reynolds: I changed, I changed the subject fairly quickly because I had no idea what to say.

Coleman: Right.

Reynolds: It's like you got a situation where he said something and I say no, he says oh, Tom and I discussed it and I thought you knew about it.

Coleman: Oh, he would say that him and Tom discussed it?

Reynolds: No, I didn't want him to say that to me.

Coleman: Oh, okay.

Reynolds: ...cuz I wouldn't know what answer to say.

Coleman: Right.

Reynolds: You know, I can give you a story if I know what's been told but I don't wanna start, maybe give the wrong answer.

Coleman: I don't blame you.

Reynolds: I think, you know, that makes everybody look fairly silly. You know, I think Greg understands that not everything here is as it seems.

Coleman: Right.

Reynolds: I don't think, I don't think he wants to believe it. I think he's looking for some way to clear this mess up. Because if it gets bad for Tom, it gets really bad for Greg.

Coleman: And, I, I agree there.

Reynolds: All right. So we gotta figure out a way that everybody can be helpful. Maybe there are things that Greg can do that we don't know about.

Coleman: I thought it would be nice

Reynolds: Certain things that he's willing to do. Not willing to do for any love for anybody here, but for himself.

Coleman: Right. That's why when we have that call tomorrow, you know, I'll ask Tom and he doesn't always tell me

Reynolds: He doesn't tell anybody. Tom's (UI) telling the whole story.

Coleman: I know. So he'll tell me, you know, yes and no on the same sentence. But if we could pin down if Greg Bell knows or not, so we can talk to Greg, you know, maybe not quite as frank as we're talk-, you know, quite as open as we're talking but if we could just ask Frank, er, not Frank, I mean Greg Bell, find out if Bell knows what's going on or not, it would be very helpful to us.

Reynolds: But, he must know something. I mean hey, look, let's say he came to me, he said to me, look, uh, Costco invoices are nine months old and hundreds of TVs, I wouldn't believe two words of it.

Coleman: Right.

Reynolds: And I'd probably check it out. I mean, has Greg ever checked anything out? Has he ever spoken to anybody? Or tried to find out?

Coleman: Uh, no the only thing he, um, said to me, and to Tom, was on the BJ's purchase orders. And he said he has more outstanding with BJ's than what they do in business. And then Tom told him that BJ's has a side, side deal where they do wholesale business, that they don't report.

Reynolds: That they don't report?

Coleman: Yeah. That they have another company that they do the wholesale business through, that's not a public...

Reynolds: I'm sure it's, it's a company that's out of the country.

Coleman: Yeah. So.

Reynolds: Well, Costco has a deal where they, they have a wholesale deal I think it's in Korea but I'm fairly sure that if, if, if you take a look at their reports and their volume earnings, some place it's in there.

Coleman: Right.

Reynolds: I mean Greg's a, you know, a really smart guy. I can't believe that he'd buy that story.

Coleman: Uh, I, I, well's that's why I said, he's gotta know. But, I don't have a clue if he does or not. So we need to find out if he knows what's going on.

Reynolds: And, and the other question is, we gotta find out really how much money Tom can get. (UI) in the fairly near future to start satisfying at least a few of these people or all of these people (UI)

Coleman: Right.

Reynolds: Whatever happened to this three billion? Where, where did it really go?

Coleman: Well, it's, you know, a lot of it is to pay interest. Um, you know, when you start paying this high of interest, you have interest after interest, um.

Reynolds: Oh, that, that part of it I understand.

Coleman: You know, you have Polaroid who's not making money and we paid how what, 240, 260 million dollars for Polaroid. Um

Reynolds: Yeah.

Coleman: Sun Country's not making money. We paid how much for Sun Country. You have the retail stores that have been losing money and we're in debt in about 20 million plus in retail stores. Every company bought, Tom has owned, Larry, has not been successful. And that money has all come from PCI. You know, Tom's got a gorgeous house on Lake Minnetonka and a gorgeous house in Florida.

Reynolds: Oh, I understand that but that's small when you're talking about three billion.

Coleman: Well, yeah, exactly, it is very small.

Reynolds: (UI)

Coleman: You know, when you start talking about the pa-planes and, well all these companies, um, it all adds up. It doesn't, you know

Reynolds: Sure.

Coleman: Three billion dollars is a lot of money, but start figuring the interest on, on ten million and pretty soon a hundred million, and then pretty soon 500 million, and then pretty soon a billion. It doesn't take long to get to three billion.

Reynolds: All right, we gotta figure out a way to really alleviate this and then Tom's gotta figure a way to get some money in.

Coleman: I agree.

Reynolds: But, the paper trail could be disastrous here. I mean, it's, it's robbing Peter to pay Paul, I understand that.

Coleman: Right.

Reynolds: We just gotta figure out how to satisfy a few of these people. Now who seems to be the most persistent, I mean, I know the, the guy with 72 million is really getting aggravated.

Coleman: The guy with the 72 million?

Reynolds: Yeah, uh,

Coleman: Oh, Michael

Reynolds: (UI)

Coleman: Michael Liss through Ritchie Capital?

Reynolds: Is tha-, is it Ritchie Capital we talk to every

Coleman: Oh, oh, you're talking about, okay, Interlachen you're talking about. Interlachen

Reynolds: Interlachen, yeah.

Coleman: Yeah, yeah.

Reynolds: Those two guys sound like they're really getting very upset.

Coleman: You know what, they're not due until the middle of October.

Reynolds: I understand that.

Coleman: They're getting upset because I can't, I, you know the biggest problem is, is not on all of them but for Ritchie Capital, and on that there one, Tom's talked to 'em and started this deal with them and told them what we were selling them, um, and then he wants me to take over. Well, I don't know what Tom's told 'em. So I'm kinda like lost. Um

Reynolds: I, it's, it's a very difficult situation to be in. I mean, telling him that the Panasonic has a problem, will buy us 30 days.

Coleman: Right.

Reynolds: Well, that's fine but, but the note becomes due then.

Coleman: Right.

Reynolds: Uh, you know, what's going to happen after that, can Tom raise some money to at least pay these people partially? Cuz I can honestly see these people as a real serious problem in the near future. I, I think after the note becomes due, they're gonna change their tune if they don't get paid some money.

Coleman: Oh, I think come October 18th, they will, um, if they don't have most of their note paid off by then, they will file on Tom.

Reynolds: Well, uh, I'm not sure of most of the note. I think they can, I think they could be swayed with some partial payment and a few promises.

Coleman: See what, those two guys

Reynolds: At least it shows some type of good faith.

Coleman: See those two guys, Larry, Interlachen, um, what is it, Greg and, um, Lance?

Reynolds: Yeah.

Coleman: They were in our office probably about a month ago, month and a half ago, um, Tom was trying to get some more money, I think roughly 40 million, I think it was, and I might be wrong on that dollar amount. But he was trying to get more money from them. So we showed 'em our financial statements, I shouldn't say we did, Jim Wehmhoff showed 'em the financial statements. They met with Jim and Michael Phelps, Michael Phelps, um, oh probably for 3-4 hours. And then they noticed on Petters Group, they asked for Petters Group financial statements. And they noticed on that that we owed Ritchie Capital 150 million. And that's what scared 'em off. And ever since then, they've been just really nervous because we owe them 150 million and we're behind and can't pay 'em.

Reynolds: To Ritchie Capital.

Coleman: For Ritchie Capital. But

Reynolds: All right, so then...

Coleman: But Interlachen

Reynolds: So they know each other quite well.

Coleman: Interlachen found out about it. I do believe Ritchie Capital and Interlachen know each other, yes.

Reynolds: Th-they have to.

Coleman: Yeah.

Reynolds: They have to. All right, so you, what we really don't want is someone like Interlachen bringing a suit and forcing other people like Ritchie Capital to follow suit.

Coleman: Right.

Reynolds: For fear of being left out.

Coleman: Yeah.

Reynolds: Well we, we got a lot of work to do next week.

Coleman: We do. Well, and like I said, hopefully, uh, I think one of our, well there's a lot of main goals but one, if we could just find out if Greg Bell knows or not so we know what we can and cannot say to him.

Reynolds: Well, it's very true, I mean Greg, Greg is gonna wanna do this to save his own business cuz if this goes down, I think Greg goes with it.

Coleman: Yeah.

Reynolds: Do you agree with that?

Coleman: Yeah, yeah, you know, I just, I don't know how his hedge fund works so I don't know if he's in compliance with his hedge fund or not.

Reynolds: Uh, in compliance?

Coleman: In compliance with it, right.

Reynolds: He's gonna be so far out of compliance because of Petters' deals it isn't even funny.

Coleman: I would think so but like I said, I don't know how it works, and

Reynolds: Oh no, he has to be.

Coleman: Okay.

Reynolds: I mean, that's, that's why he's asking for these new invoices. You gotta show me everything he's got there. Now, how, how far back, what's the dating on the old ones?

Coleman: Um, let's see here, hold on. Okay, he has, there's one there, I have to pull 'em out of the files, just hold on. Yeah, his oldest one, wow, um, his oldest one would be a national PO...

Reynolds: Okay.

Coleman: ...that is dated October of 2007.

Reynolds: Okay.

Coleman: Invoice dated February of 2008. So it's almost a year old now.

Reynolds: Oh, he's gotta be way out of compliance on everything.

Coleman: Yeah. And that's the oldest one. And then he has Boscov's PO's which they filed bankruptcy.

Reynolds: Boscov's, yeah.

Coleman: Yeah.

Reynolds: That's, now have you ever talked to him about that?

Coleman: About what?

Reynolds: Boscov's.

Coleman: Um, yes. Um, what we told people with the Boscov's PO, um, is that a lot of 'em had not shipped, so the merchandise is still in the warehouse. So to date, Greg Bell has, um, all the merchandise that was shipped for Boscov's he's replaced with Sam's or BJ's PO's except for one PO he has left with Boscov's.

Reynolds: Do you know...

Coleman: That's been invoiced.

Reynolds: Do you know how much money?

Coleman: Oh, um, right off hand, I don't know. Probably 3-4, 3 million.

Reynolds: That could present a problem. (UI)

Coleman: Oh, you're breaking up. They're what?

Reynolds: They may have to put Petters or whatever entity he used on the list of creditors they send out.

Coleman: Right.

Reynolds: What actually happens is when they send it out, they

send it to all the creditors, and every creditor there sees who the other creditor is because at some point in time what they do is they elect the creditors committee.

Coleman: Right.

Reynolds: And it's usually made up of either or both couple of local people who can always attend depending on where the company is, and the largest creditors who have the biggest stake.

Coleman: His invoice was for 4.8 million.

Reynolds: That would probably make you probably one of the larger creditors, not the largest but that, that's a fair amount.

Coleman: Right.

Reynolds: All right, we got to address that (UI). That's something could stumble on by accident.

Coleman: Well and Greg's gotta know that. I mean, he's gotta, I don't know, it's just weird, he's gotta know that they're not real.

Reynolds: He may not wanna know, Deanna.

Coleman: Yeah, I know.

Reynolds: You know, it, it could be just complete denial, which I think Tom is part of it.

Coleman: Oh, I know Tom is, complete denial.

Reynolds: All right, so we gotta snap him out of it and work, uh

Coleman: He talks to me all the time like these are real purchase orders.

Reynolds: Excuse me?

Coleman: I said Tom talks to me like these are real purchase orders, Larry.

Reynolds: Yeah, yeah, I understand.

Coleman: Like, what are you talking about, Tom?

Reynolds: I understand. All right, let's, we'll work on him, and we'll come up with some solutions and possibilities. We just gotta find out how much Greg knows.

Coleman: Right. Okay, well hopefully we'll have that conference call tomorrow. Um, I will, um, keep pushing Tom on it. I just can't promise anything but

Reynolds: I, I

Coleman: You know.

Reynolds: I know. We at least talk to him to at least show him.

Coleman: Yeah, even it's for five minutes, it would be helpful.

Larry Excuse me?

Coleman: I said even if we had a call for five minutes.

Reynolds: No, no, I'm talk, I'm flying out I think Wednesday morning.

Coleman: Right, no, I know that but I'm

Reynolds: When he comes back, he's gotta make some time.

Coleman: Right.

Reynolds: Cuz he's the only one that can tie up some of these loose ends so that we can talk to people. Even if we need him for an hour to just sit there and go through some of this shit so we really get a full understanding of what it is.

Coleman: Right.

Reynolds: And then we'll see if we can prioritize it and see which appear to be the most crucial problems right now based on time.

Coleman: Right.

Reynolds: Is there any equity in anything that he can pledge, give, borrow on?

Coleman: Tom?

Reynolds: Yeah.

Coleman: Yeah, you know, I just, I'm not, I don't know what all he has out there left. I know he is pretty well maxed out. But I know he still has...

Reynolds: I'm not, I'm not talking him personally. I'm talking corporate.

Coleman: Right, corporately. He's pretty well maxed out on that. I think he does have like some Zink stock, maybe UBid and Fingerhut stock. The problem is, Larry, none of the companies are worth that much. You know, you talk to Tom and he thinks Polaroid is worth three billion dollars. Well Polaroid's not worth five hundred thou, I mean worth five hundred million if you ask me.

Reynolds: Is, is Zink doing any business?

Coleman: Um, Zink I think will be worth some money, but I think you're looking at a year or two down the road.

Reynolds: Is, is Pogo selling now?

Coleman: Right, no, because right now the only place, um, Bob has it is at Polaroid. Polaroid doesn't, they don't know how to sell, they have a horrible sales team.

Reynolds: Polaroid is, I thought Best Buy, Best Buy isn't selling Pogo?

Coleman: Well, Best Buy, right, Best Buy is selling it through Polaroid.

Reynolds: Okay.

Coleman: But Polaroid doesn't have any money for advertising or for marketing. Um, Dell is going to be picking up the printer I think Bob said it was the end of this year, I think Dell is gonna pick it up. And then Dell, of course, will go out I'm sure in full force and advertise and market it. But, um, Tom and Mary and whoever else made Bob sign, um, an agreement that he would not sell it to anyone else and he would let Polaroid have the first chance at it.

Reynolds: Who signed the agreement?

Coleman: That's what Tom and, I don't know who was all involved in it. Bob had to sign an agreement with Polaroid that he would not go out and market it to

Reynolds: Bob who, Bob White?

Coleman: Bob White. Because Bob White's in charge of Zink. But it was Mary and Tom and I think David Baer and all those guys, they made Bob basically, I shouldn't say they made him but they asked him and, um, basically they did make him because they were gonna cut off financing if he didn't sign it. By saying that Polaroid had the first right um to sell it. So they, Zink could not go out and try to get any other company to sell it. It was just Polaroid.

Reynolds: Okay.

Coleman: So.

Reynolds: All right.

Coleman: I know, it, it doesn't make any sense but.

Reynolds: Now what's the story with O'Shaughnessy? Is his company outta there or in there?

Coleman: His company is still in here. He closed down Elements White Goods, the White Good part of it.

Reynolds: Okay.

Coleman: But he still has the electronics part of it.

Reynolds: Okay.

Coleman: Do you ever talk to him?

Reynolds: He never calls me back. The only time he'll call me back is when he's desperate for something.

Coleman: Yeah.

Reynolds: I actually want nothing to do with him to be honest with ya.

Coleman: Oh, I don't, um, I don't blame ya, there's a lot of people like that.

Reynolds: Yeah, uh, he's, uh, he's a user, we needed him for something, uh, about a month ago he coulda been a little helpful, never called back.

Coleman: Oh.

Reynolds: Never called back in a, in a week. I must have sent him four e-mails, five e-mails and never, never heard a word from him. So I just don't want anything to do with him. Nothing.

Coleman: Okay.

Reynolds: I mean nothing good comes from this O'Shaughnessy.

Coleman: Right.

Reynolds: He's out for himself and for nothing more and he's very short sighted.

Coleman: Nope, I agree.

Reynolds: And I'm trying to see if we can do some stuff with UBid, uh. I'm dealing with some of the dumbest people I've ever met in my life. Really.

Coleman: Who are you dealing with?

Reynolds: Tim Tackeson.

Coleman: Oh, and he's not working out?

Reynolds: He's there. They honestly don't have the vaguest idea how to buy the right type of close-out merchandise for the right price.

Coleman: Really?

Reynolds: They really don't.

Coleman: What is, is Jim, Jim Potts is involved in that now, right?

Reynolds: Who?

Coleman: Jim Potts.

Reynolds: I don't, is he? I don't know.

Coleman: Oh, okay. You know who Jim is though, don't you?

Reynolds: Yeah, sure, sure.

Coleman: Yeah.

Reynolds: Jim Potts was the CEO. He's a pretty bright guy. He wouldn't have the vaguest idea how to buy a close-out or new piece of equipment, that's not his forte. His forte is a front man. And at times I guess he's pretty good. I don't know why they changed the name. They...

Coleman: (UI) To En...

Reynolds: ...changed the name to Enable Holdings.

Coleman: Ena- yeah.

Reynolds: Beyond, beyond me why they did.

Coleman: Yeah, I'm not, I'm not sure why they did it either.

Reynolds: And there ah, people ask us the wrong way. They, I'm trying to help 'em with a few things but it's, it's difficult. They opened this red tag site.

Coleman: So they, okay.

Reynolds: Redtag.com.

Coleman: So that's on, um, UBid's site is redtag.com?

Reynolds: Yeah, yeah, they opened a site called redtag.com. It sells all types of other goods. Ubid is an auction site.

Coleman: And is redtag.com part of UBid then? I don't get that.

Reynolds: Yes.

Coleman: Okay.

Reynolds: Uh, why they picked the name red tag I'm not too sure.

Coleman: Maybe because we had losses or something on it.

Reynolds: Wouldn't make any difference, it's owned by Enable Holdings. Tom owns (UI)

Coleman: Okay.

Reynolds: I know there's a lot of losses but I don't think that by taking the name you can buy the loss carry forward (UI). But if you go on the site, it's a fairly amusing site. And take a look at handbags. Last I saw the other day, they had five handbags. Uh, four were for about nine dollars, and one was for 500.

Coleman: Wow, what was the 500 dollar one, Prada?

Reynolds: Yes, something name brand. But I'm trying to explain (UI). You can't do it this way. You gotta have categories. You can't start (UI) when we only have five to start with. He said all right, then put the four of 'em on and hold the 500 off until Christmas. Maybe you'll get some bids. It was ridiculous. You should get four for the same price. Oh yeah, yeah, I understand what, okay fine. They don't have the vaguest idea. Don't know how to market (UI).

Coleman: Right.

Reynolds: (UI) the best they can do, I hope they do.

Coleman: Yeah.

Reynolds: So try to help the little there but it's much more difficult than anybody would, it could be.

Coleman: Right.

Reynolds: So we'll see what happens. I know Tom, Tom is the biggest stockholder there.

Coleman: Tom is the biggest stockholder?

Reynolds: Oh yeah. Yep.

Coleman: Okay.

Reynolds: But these, these people got, they got a big office, nice office, maybe sort of an overkill, they got too

big a place.

Coleman: Well, it's, you're talking about UBid, all of it?

Reynolds: Yeah.

Coleman: Yeah. Okay, yeah.

Reynolds: Okay, for the amount of volume they do, they really should be able to run it out of an office with, uh, eight, ten people, six people.

Coleman: Well how many employees does UBid have now or Enable Holdings, whatever it's called?

Reynolds: I, seemed like quite a few when I was there. They take up almost a whole floor.

Coleman: Okay.

Reynolds: So, uh, I don't know. It's a strange little operation. But again, (UI) tried to make an offer on Sony stuff. And I had the stuff sold, then he couldn't get it. But it would've ended up being a substantial deal. But I told him you're paying too much, paying too much. Well, it's a good price, good price. I said check Best Buy. The nine SKU's that you're offering, Best Buy just marked down eight of 'em, \$50 a piece and the ninth one \$100.

Coleman: Wow.

Reynolds: Oh, they couldn't, they couldn't. Let's, well they did. He said well they can't do this and, sure enough, he walked away, he wasn't happy about it, and Sony still has all those computers plus about 6 or 7 million dollars more.

Coleman: Really?

Reynolds: But they still have because the price is just insane.

Coleman: So, okay.

Reynolds: Well, we'll see if we can figure out something for these people also. I mean there should be some potential there to make this thing work.

Coleman: I would think so.

Reynolds: Just gotta have somebody there who truly understands what we're trying to do.

Coleman: So I don't get this, I just went on UBid's website here and I clicked on red tag. It's, it's, it's the same as UBid, right?

Reynolds: It looks very similar.

Coleman: So what is

Reynolds: It, it's not an auction. You, you can go in and buy, take a look at handbags.

Coleman: Oh, it's just, okay, it's not an auction site, you just buy it for that price they're advertising it...

Reynolds: Right.

Coleman: ...where UBid is on an auction site, gotcha.

Reynolds: Right.

Coleman: I knew UBid was an auction site, but it looks identical.

Reynolds: Yeah.

Coleman: So in the red tag the handbags?

Reynolds: Yeah, take a look at handbags.

Coleman: Oops. Oh it didn't come up as a search item. Um, new arrival electronics, jewelry, watches(UI).

Reynolds: It isn't on there?

Coleman: Well I typed in handbags and it didn't come up. So I'm

Reynolds: They took it off. They had it on the other day. Cuz I'd say there were five of 'em.

Coleman: So, come on. So, Larry, you probably knew for a long time, but when did you figure it out that we were having problems? Or that we're...

Reynolds: A year ago.

Coleman: A year ago?

Reynolds: Yeah.

Coleman: Okay.

Reynolds: I knew that something wasn't right. I didn't know exactly what. Something was just completely wrong.

Coleman: Yeah.

Reynolds: Yeah, I'm not hitting the site now but, the, the red tag site.

Coleman: I've been

Reynolds: Which looks very very similar to the UBid. (UI) what the hell was it (UI) anything else, here it is, handbags. Go all the way down to the bottom.

Coleman: I just typed in bags now, did a research there. Where did you find handbags.

Reynolds: At

Coleman: I can't find 'em still.

Reynolds: Uh, uh, all the way down to the bottom of the site. They've added some since I was in there the other day. They bought more handbags.

Coleman: What did you type?

Reynolds: (UI)

Coleman: What is that, what is a word there so I can do a search? Cuz I can't find 'em.

Reynolds: You go on the site and you go down to handbags.

Coleman: On red tag site, okay.

Reynolds: Yeah.

Coleman: I have new arrivals, computers, electronics, televisions, watches, jewelry, home and garden,

everything else.

Reynolds: Oh, they, they've added many new handbags. They've added two more.

Coleman: I don't know why but I'm on a different site than you then.

Reynolds: (UI)

Coleman: What site? You kinda broke up.

Reynolds: I said dot com.

Coleman: Redtag.com, yeah.

Reynolds: (UI)

Coleman: I can't hear you.

Reynolds: Go all the way down, if you go all the way down to the bottom, (UI)

Coleman: On the bottom, I have everything, oh handbags, right there, everything else, handbags. Fendi for 675. And then, yeah. Hello?

Machine: Your call has been forwarded to an automated...

Reynolds: Deanna.

Coleman: Hi. I lost ya.

Reynolds: Do you, do you see that there on the bottom?

Coleman: Yeah, they're

Reynolds: 675 for (UI)

Coleman: Yeah, the Fendi, I mean it's not even, well when we did the close-outs with Costco on the Fendi and Prada, we only paid what? 150, 200 dollars a handbag.

Reynolds: Right.

Coleman: That's ridiculous.

Reynolds: (UI) Believe me. So we'll see what happens.

Coleman: Yeah, okay.

Reynolds: All right, then I will talk to you tomorrow. See if we can get together there, go through it.

Coleman: Sounds good. I'll let you know in the morning what time.

Reynolds: Good.

Coleman: All right. Thanks, Larry.

Reynolds: Thanks, Deanna.

Coleman: Bye.